
Neutral Written Only Testimony for HB 2304
Rachel Willis, Director of Legislative Affairs, Kansas Department of Commerce
House Commerce Committee
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Thank you for allowing us to respectively provide neutral testimony to HB 2304. The bill requires local governments to provide Commerce with data regarding their local economic development incentive programs. This would include programs like community improvement districts, tax increment financing, business improvement districts and other development initiatives. It also includes grants, loans, leases, land acquisitions and workforce development programs offered by local governments that provide more than \$50,000 in annual incentives. This is an incredible amount of data and should not be a responsibility of Commerce.

Transparency is a core value for the agency and over the past two years, Commerce has worked diligently to improve the transparency database and meet the requirements outlined in the database statute. The database can easily be found from the Commerce website homepage. The tax credit information is updated annually and all the other economic development program information is updated twice a year.

Currently, the transparency database provides statistical data for 106 statewide economic development tax credits and programs. It includes all the supporting information, which are annual reports, benchmarks, program history and more. The primary statistical information is pulled from a table that includes over 13,000 rows and 225,000 cells of data. This information is updated twice a year. To provide this information, Commerce entered into interagency data sharing agreements with four agencies (Department of Revenue, Kansas Housing Resource Center, Insurance Department and Board of Tax Appeals). The agency has been able to create and maintain this extensive database with no dedicated FTE's or funding.

Expanding the database significantly like suggested in HB 2304 is not doable for Commerce without dedicated, ongoing funding and two FTE's. To gather and add information regarding local economic development programs from 105 counties will be incredibly time intensive. The local governments will not be able to directly load their information into the system, so it will have to manually inputted. New coding and layering within the system will have to occur, which will require work from the website designers and consultants as well as an upgrade in Salesforce (the online platform that will house all the transparency database information).

An alternative to integrating all the local economic development information would be to have the local governments provide this information on their websites and Commerce link to those pages. Another option would be for a research institution to take over the transparency database and work with all the state agencies and local government entities to provide integrated data in meaningful reports. With this wealth of data, it will quickly become something that is truly outside of the scope and expertise of the department.

While the goal of the bill is commendable, the administrative burden and costs associated with compiling and maintaining local government economic development information into the Commerce transparency database outweighs the usefulness. The practical challenges of implementation are serious and financially costly.

Commerce respectfully asks that the legislature finds an alternative way to collect and share this information rather than making it a responsibility of the agency.