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Committee on Assessment and Taxation
Kansas State Capitol
300 SW 10th St.
Topeka, KS 66612

Subject: SB 283 – Opposition - Impact on Business Investment and Job Creation in Kansas –
Written Only

Dear Committee Members:

I am writing to express concerns regarding Senate Bill No. 283, which proposes the elimination of critical business incentive programs such as the Promoting Employment Across Kansas (PEAK) and High Performance Incentive Program (HPIP). These programs have been vital tools in attracting investment, creating jobs, and sustaining economic growth in Kansas. Their repeal would result in substantial financial burdens on businesses and significantly reduce our state's competitiveness for new and expanding companies.

In 2022 Avail Enclosure Systems (Atkinson Industries LLC) completed an expansion in Kansas with a \$1.5 million capital investment and the creation of 20 new jobs at an average wage of more than \$17.00 per hour (then). The Kansas Department of Commerce's incentive proposal for Avail Enclosure Systems included:

- PEAK Benefits: Up to \$100,800 in retained payroll withholding over seven years.
- HPIP Investment Tax Credit: Approximately \$145,000.
- HPIP Sales Tax Exemption: Approximately \$90,000 in savings on sales taxes for capital expenditures.
- Total Value of Incentives: \$335,800.

Since 2022, Avail Enclosure systems has continued to expand due to winning significant amounts of new business and our outlook for additional expansions is likely. If SB 283 is enacted, companies like Avail Enclosure Systems will face higher operational costs, making Kansas a less attractive place for expansion compared to states that continue to offer similar incentives. The loss of PEAK and HPIP would create the following negative consequences:

1. Increased Costs for Businesses – Without the HPIP 10% investment tax credit, businesses making significant capital expenditures will pay higher upfront costs. For a company investing \$10 million, the repeal of HPIP would result in a \$1 million increase in tax liabilities.
2. Loss of Sales Tax Savings on Capital Expenditures – Under HPIP, businesses avoid sales tax on qualifying capital investments, which saves 6.5% or more on purchases. A \$10 million capital investment would result in a \$650,000 loss in sales tax exemptions.

3. Reduced Job Creation Incentives – The repeal of PEAK eliminates the ability for businesses to retain payroll withholding tax for job creation. A company hiring 75 workers at \$60,000 per year could lose over \$2.1 million in payroll retention benefits over ten years. This makes Kansas less attractive to employers considering expansion.
4. Diminished Economic Growth – Removing these programs reduces Kansas' ability to compete with states like Tennessee, Maryland, and Texas, where Avail Enclosure Systems already operates and has leveraged state and local incentives to expand in 2025. Without these incentives, Kansas risks losing similar investments to these states, which continue to prioritize economic growth and job creation through business-friendly policies.

Additionally, Avail Enclosure Systems plays a key role in providing products that align with the growing demand for data centers, battery energy storage and other infrastructure related equipment, all of which are a crucial part of the modern digital infrastructure. Specifically, data centers require significant capital investment, specialized enclosures, and reliable power and cooling solutions—areas where Avail Enclosure Systems excels. The repeal of HPIP and PEAK incentives would hinder investments in this expanding industry, making it more difficult for Kansas to attract and support data center projects, which are essential for economic growth and technological advancement. The economic benefits of PEAK and HPIP far exceed their costs. These programs pay for themselves through increased employment, capital investment, and long-term tax revenue growth. By eliminating them, Kansas will discourage new investment and risk losing businesses to states with more favorable policies.

I urge you to oppose or amend SB 283 and advocate for the continuation of these vital incentive programs. The future of Kansas' economic growth, job creation, and business-friendly environment depends on maintaining a competitive edge. I appreciate your attention to this critical matter and welcome the opportunity to discuss further.

Sincerely,



Zach Harris

Group Controller

Avail Enclosure Systems / Atkinson Industries LLC