



March 5, 2025
Senate BILL 283
Opponent testimony
Oral in-person testimony

Chair Tyson, Vice Chair Peck, Ranking Member Corson, and Members of the Committee:

Good morning. Thank you for providing us an opportunity to testify as an opponent of Senate Bill 283 that would, among other things, sunset the High Performance Incentive Program (HPIP) and Promoting Employment Across Kansas (PEAK) program within the State of Kansas. We believe repealing these economic incentive programs would place the State in a competitive disadvantage with other states seeking to attract capital investment and high-paying jobs.

My name is Sam Sackett. I am representing Spirit AeroSystems and our Wichita manufacturing operations. As the largest private-sector employer in Kansas, Spirit is proud to employ more than 12,000 people in the State. Our highly skilled employees engineer, design, and build complex aerostructures for both commercial and defense customers.

As we testified in 2024, elimination of HPIP and PEAK would discourage large capital investments and weaken the State's ability to attract new high-wage jobs from the private sector.

When Spirit announced eight years ago its plans to expand operations in Wichita by investing \$1 billion in capital infrastructure and hiring more than 1,000 new employees, that decision was influenced by incentive packages the State of Kansas put forward.

While a competitive State corporate income tax is important for Kansas to be successful, HPIP strengthens the business case for capital-intensive industries to justify making massive investments in Kansas. The HPIP tax credit mechanism, along with the sales tax relief for materials used in the construction of new facilities, places Kansas in a more competitive position with other states that offer similar incentives. When industries invest 10s or 100s of millions of dollars in machinery, equipment, and facilities, it helps anchor manufacturing jobs in Kansas far beyond the timeframe of the incentive program.

The State's PEAK program is a performance-based incentive specifically tied to new job creation and wages paid by the employer. This program – together with HPIP – made a significant difference to Spirit's expansion business case. Like other performance-based incentives, if the employer does not deliver the jobs or wages, neither do they receive the benefits.

As you explore ways to lower Kansas income tax rates, we respectfully urge the Committee to find alternative funding mechanisms that would not present risks to capital investment in Kansas through elimination of HPIP or place Kansas in a less competitive position for job creation through elimination of the PEAK program.

We look forward to working with the Committee on our shared goals of growing the State's economy and creating high-paying jobs for Kansas families.

Thank you for giving me the opportunity to testify. I look forward to answering your questions.