

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS KANSAS

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

KANSAS’ RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOB	INCENTIVES
SmartVet USA	\$6.0	51	\$0.7
Starwood Hotels & Resorts	\$5.0	907	\$1.8
Pinamonti Physical Therapy	\$5.2	29	\$0.6
SelectQuote Senior Insurance	\$12.0	290	\$5.0
Epiq Systems	\$7.5	80	\$4.5
Perceptive Software	\$50.0	0	\$26.0
FishNet Security	\$15.2	119	\$14.0
McLane Foodservice	\$3.0	50	\$2.0
Bombardier Aerospace	\$52.7	450	\$16.0
Johnson Controls	\$2.6	182	\$1.2
AMC Entertainment	\$30.0	450	\$47.0
Argenta	\$0.5	27	\$0.4

OVERVIEW OF MAJOR KANSAS INCENTIVE PROGRAMS

HIGH PERFORMANCE INCENTIVE PROGRAM (HPIP)

The High Performance Incentive Program (HPIP) provides tax incentives to employers that pay above-average wages and have a strong commitment to skills development for their workers. This program recognizes the need for Kansas companies to remain competitive and encourages capital investment in facilities, technology, and continued employee training and education.

HPIP offer employers four potential benefits:

- A 10 percent income tax credit for eligible capital investment that exceeds \$50,000 (\$1M in five metro counties) at a company's facility, with a carry-forward that can be used in any of the next 16 years in which the qualified facility re-qualifies for HPIP
- A sales tax exemption to use in conjunction with the company's eligible capital investment at its qualified facility
- A training tax credit of up to \$50,000
- Priority consideration for access to other business assistance programs

To qualify, a company must:

- Be for-profit and subject to state taxes
- Pay above average wages
- Make a significant investment in eligible employee training
- Be either a manufacturer or able to document that most of its sales are to Kansas manufacturers and/or out-of-state businesses or government agencies. A business in any NAICS code can qualify if it is a headquarters or back-office operation of a national or multi-national corporation

RESEARCH AND DEVELOPMENT TAX CREDIT

The Kansas Research & Development tax credit allows taxpayers who make expenditures in research and development activities in Kansas to claim an income tax credit. Expenditures made for research and development purposes must be allowable under the provisions of the federal internal revenue code of 1986. The Internal Revenue Code defines qualified research expenditures as those expenses for activities intended to discover information that eliminates uncertainty concerning the development or improvement of a product. Product is a process, technique, formula or invention.

The credit is 6.5 percent of the difference between the actual qualified research and development expenses for the year and the average of the actual expenditures made during the year and the two previous tax years. The credit allowed in any one tax year is limited to 25 percent of the credit plus any carry forward. Any remaining unused credit may be carried forward in 25 percent increments until the total amount of credit is used.

Kansas shows an average deal value of \$5.11 million with 123 new jobs created per deal

PROMOTING EMPLOYMENT ACROSS KANSAS (PEAK)

The Promoting Employment Across Kansas (PEAK) program is intended to encourage economic development in Kansas by incenting companies to relocate, locate, or expand business operations and jobs in Kansas. During the benefit period, participating PEAK companies may retain 95 percent of the payroll withholding tax of PEAK-Eligible employees/jobs that pay at or above the county median wage where the operations and jobs will be located. Depending on the number of PEAK jobs/employees to be hired in Kansas and their wage levels, the Secretary can approve benefit periods for up to 10 years.

PEAK requires the qualified company to commit to creating five new jobs in non-metropolitan counties or ten new jobs in the metropolitan counties of Shawnee, Douglas, Wyandotte, Johnson, Leavenworth and Sedgwick over a two-year period. The qualified company must also pay wages to the PEAK jobs/employees, that when aggregated, meet or exceed the county median wage or NAICS average wage for their industry. Qualified applicants include for-profit companies in eligible NAICS codes and not-for-profit headquarters facilities. Such companies must make available to its full-time employees health insurance coverage and be paying at least 50% of the premium.

KANSAS INDUSTRIAL TRAINING (KIT) / KANSAS INDUSTRIAL RETRAINING (KIR)

KANSASWORKS is an employer-driven strategic partnership among businesses, economic development organizations, training providers, educational institutions, state agencies and other service agencies. This collaboration operates through local Kansas workforce centers for the purpose of connecting employers to a qualified, well-trained, ready-to-work pool of job seekers to compete in the global marketplace. By serving both employers and job seekers, this integrated system advances the quality of life for Kansas communities.

The Kansas Industrial Training (KIT) program is designed to assist firms involved in “net new job” creation:

- Firms must show they are creating at least one net new job in the State of Kansas. For new companies, any job that is created in Kansas is a “net new job.” For expanding companies, a “net new job” is any job that is created over and above the employee base, which is determined by calculating the average number of permanent full- and part-time employees over the preceding 12 months
- Firms that are creating new jobs that do not satisfy the “net new job” requirement may qualify for assistance, subject to approval from the Secretary of the Kansas Department of Commerce

The Kansas Industrial Retraining (KIR) program is designed to assist companies who are restructuring or retraining their workforce:

- Firms must show they are restructuring their business operations or retraining their workforce due to one or more of the following:
 - Incorporation of existing technology (unable to pay for training associated with upgrades to existing technology)
 - Development and incorporation of new technology (unable to pay for training associated with upgrades to existing technology)
 - Diversification of production
 - Development and implementation of new production
- A company must show that employees to be trained are likely to be displaced because of obsolete or inadequate job skills and knowledge
- A company must retrain at least one existing position
- Program required at least a dollar-for-dollar match from company

Companies submit a Reimbursement Cover Sheet and related documentation, as defined, at the end of the project for actual training expenses. Reimbursements will be based on the proportion of company matching funds, actual expenses incurred, and on the actual number of positions trained in accordance with the company’s approved training plan. The typical funding range of a successful training project has been \$300–\$500 per trainee.

OTHER KANSAS INCENTIVE PROGRAMS

- Rural Opportunity Zones
- Industrial Revenue Bonds
- Community Development Block Grant
- Partnership Fund
- Kansas Bioscience Authority
- Machinery & Equipment Expensing Deduction
- Machinery & Equipment Property Tax Exemption
- Property Tax Abatement
- Inventory Tax Exemption

For more information, contact:

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