



Businesses relocating or expanding in Kingman County may be eligible for specific incentives offered by the State of Kansas, individual cities in the county and Kingman County. The KCEDC staff is prepared to assist you in coordinating a custom, aggressive incentives package based on your particular needs.

Existing Businesses

Kansas offers a diverse economy perfect for your business. Building from an agribusiness base, the state today is thriving and competitive in manufacturing, professional services and wholesale and retail trades. But don't just take our word for it. Ask the folks at *CNBC*, *Forbes*, *Site Selection and Area Development* magazines, all of which have named Kansas a premiere state for business.

International companies like **Perceptive Software, Hostess, Bayer, Staples, Zurich, Exide, Mars, Teva and Starwood** all have a Kansas address because they saw the advantages:

- Competitive financial incentives
- Low operating costs and low cost of living
- Business-friendly policies
- Leaders who know business
- Highly skilled and educated workforce
- Excellent transportation corridors

Strengthened efforts to grow business in Kansas are paying off, and we're seeing a surge in key industries, such as [Alternative Energy](#), [Distribution](#), [Bioscience](#), [Advanced Manufacturing](#) and [Food Processing](#). Our state's leadership is innovative and forward thinking, continuing to approve new programs to help promote our state for existing as well as targeted new industries.

Take a look at Kansas. You'll like what you see.

SITE LOCATION ASSISTANCE

The Business Recruitment Team for the Kansas Department of Commerce can assist with various site location needs. Whether you're seeking buildings or sites, our team has the resources and information to help you make an informed decision. Our Business Recruitment Team creates customized incentive proposals for clients based on capital investment, job creation, employee salaries and each company's unique needs. We also coordinate with community economic development professionals for local incentives such as discounted building and land purchases, reduced property taxes, build-to-suit agreements and finance packages. All types of assistance offered for new company locations are also available for subsequent expansions.

NEW TAX REFORM! Effective Tax Year 2013, certain Kansas businesses will enjoy significant tax relief. Kansas passed a business income tax exemption which eliminates certain non-wage business income on lines 12, 17 and 18 of IRS Form 1040 for Partnerships, Limited Liability Corporations, Limited Liability Partnerships, Sole Proprietorships and Subchapter-S Corporations that have elected at the federal level to be taxed as a pass-through entity.

In addition, effective for tax year 2013, Kansas collapsed the current three-bracket structure for individual state income taxes (3.5, 6.25 and 6.45 percent respectively) into a two-bracket system using rates of 3.0 and 4.9 percent. A new series of individual income tax rate cuts will begin in tax year 2014, when the current bottom bracket of 3.0 percent is reduced to 2.7 percent, and the current top bracket of 4.9 percent is reduced to 4.8 percent. Further reductions planned for individual income tax rates through 2018 are shown below:

Married Filing Joint:	<i>TY2013</i>	<i>TY2014</i>	<i>TY2015</i>	<i>TY2016</i>	<i>TY2017</i>	<i>TY2018</i>
\$0-\$30,000	3.0%	2.7%	2.7%	2.4%	2.3%	2.3%
\$30,001 and over	4.9%	4.8%	4.6%	4.6%	4.6%	3.9%

Single, Head of Household or Married Filing Separate:	<i>TY2013</i>	<i>TY2014</i>	<i>TY2015</i>	<i>TY2016</i>	<i>TY2017</i>	<i>TY2018</i>
\$0-\$15,000	3.0%	2.7%	2.7%	2.4%	2.3%	2.3%
\$15,001 and over	4.9%	4.8%	4.6%	4.6%	4.6%	3.9%

The reform also increases the standard deduction amount for single head-of-household filers from \$4,500 to \$5,500 and for married taxpayers filing jointly from \$6,000 to \$7,500.

FINANCE PROGRAMS

Promoting Employment Across Kansas (PEAK) - This program offers qualified companies the ability to retain 95 percent of their payroll withholding tax for up to five to seven years. PEAK is available for new operations in Kansas as well as relocated operations to the state. In 2013, it became available for qualifying business retention projects as well. Companies need to create at least 10 new jobs within two years in metropolitan areas or five new jobs within two years in all other counties of the state. High-impact projects that create 100 new jobs within two years can retain 95 percent of payroll withholding tax for up to a period of 10 years. The number of years that the withholding tax can be retained depends on how much the annual median wage of the jobs at the Kansas worksite will exceed the current county median wage and the discretion of the Secretary of the Kansas Department of Commerce. A PEAK application must be submitted before locating or creating PEAK-eligible jobs in Kansas.

Industrial Revenue Bonds (IRBs) – Industrial Revenue Bonds are a popular method of financing up to 100 percent of a growing business’ land, building and equipment. IRBs are securities issued by cities and counties to provide funds for creditworthy companies to acquire land, construct and equip new facilities or remodel and expand existing facilities. IRBs allow fixed-rate financing for the life of the bond for the project.

Community Development Block Grant (CDBG) –

Eligible small city and county governments may apply for Community Development Block Grant economic development funds to assist an expanding or new business in Kansas. There are two parts to the program: business finance and infrastructure. Under business finance, funds are available for working capital, machinery and equipment and real property. The interest rate is currently set at 3 percent below prime or 4 percent, whichever is greater. The term of the loan is based on the asset being financed - working capital loan is 6.5 years, machinery and equipment 10 years and real property is 15 years. For business loans, a match is required of \$.50 to every \$1 of CDBG funds. For infrastructure, funding is available for water lines, sewer lines, roads, rail spurs and pre-treatment facilities. Infrastructure funding requires that a quarter of the funds be paid back over a 10-year period at a rate of 0 percent. Funding requires the creation or retention of one full-time job per \$35,000 of CDBG assistance up to the maximum of \$750,000. At least 51 percent of the jobs created or retained must be held by individuals, who at the time of hire, meet HUD’s low- and-moderate income test, which is based on median family income in the county in which the project is located.

Partnership Fund

Commerce provides low-interest state funds to cities and counties for infrastructure improvements that support Kansas basic enterprises such as manufacturing and distribution. Eligible projects may include construction, rehabilitation or expansion of public facilities, including roads, streets, highways, water supply and treatment facilities, water distribution lines, wastewater collection lines and related improvements.

Kansas Bioscience Authority (KBA)

Commerce works in partnership with the Kansas Bioscience Authority to assist in the expansion and recruitment of bioscience companies. The KBA has direct financing programs and other resources that can be used to recruit new bioscience companies and world-class scholars, fund equipment and lab space for research and facilitate the commercialization of bioscience discoveries.

WORKFORCE DEVELOPMENT PROGRAMS

The Department of Commerce has two workforce training programs to offset a company's training costs. Companies creating new jobs may qualify for **Kansas Industrial Training (KIT)** assistance. Eligibility for the program depends on the number of jobs created and the corresponding wages. We also have the **Kansas Industrial Retraining (KIR)** program to retrain a Kansas company's existing workforce on new technology or production activities. Projects involving a Kansas Basic Industry – which includes manufacturing, distribution or regional/national service facilities – may qualify for these programs. Both of these programs offer direct financial assistance to pay a negotiated portion of the costs to train a company's employees. Companies may apply the assistance toward items such as instructors' salaries; video development; textbooks and training manuals; supplies and materials; curriculum planning and development and minor training equipment

INCOME TAX INCENTIVES

High Performance Incentive Program (HPIP)

This program provides a 10 percent corporate income tax credit on the qualified capital investment of an eligible company. Qualified capital investment can include such items as the purchase or lease of a facility or equipment, remodeling or build-out costs, fixtures, furniture and computers. Equipment transferred to Kansas from out-of-state is also credited at the original acquisition cost. The 10 percent tax credit is awarded to companies that operate an eligible business, pay above-average wages and invest in employee training. The credits can be used to significantly reduce a company's corporate income tax liability in a given year. Credits must be used within a consecutive 16-year period. The minimum investment threshold to qualify for HPIP is \$1 million for the urban counties of Douglas, Johnson, Sedgwick, Shawnee and Wyandotte. For all other counties, the minimum investment threshold is \$50,000. A key component of HPIP is the completion of the Project Description form, which must be submitted to the Department of Commerce prior to the company signing any document, such as a lease or purchase agreement, which commits the company to locating or expanding in Kansas.

Machinery & Equipment Expensing Deduction

Eligible Kansas taxpayers are allowed to claim an expense deduction for business machinery and equipment, placed into service in Kansas. This is a one-time deduction for each qualified purchase of machinery and equipment in the year that it is placed in service. Unused expense deduction is treated as a Kansas net operating loss that may be carried forward for 10 years. Eligible investment is machinery and equipment depreciable under the Modified Accelerated Cost Recovery System (MACRS) in section 168 of the Internal Revenue Code, or canned software as defined in section 197 of the Internal Revenue Code. Examples of eligible equipment include manufacturing equipment, office furniture, computers, software and racking.

PROPERTY TAX INCENTIVES

Machinery and Equipment Property Tax Exemption – Commercial and industrial machinery and equipment acquired by qualified purchase or lease or transferred into the state is exempt from state and local property tax. The exemption pertains to machinery and equipment used in the expansion of an existing facility or the establishment of a new facility. The exemption covers machinery and equipment used in manufacturing or warehousing/distribution, commercial equipment, computers, desks and chairs, copiers and fax machines.

Property Tax Abatement – Cities or counties may exempt real property from ad valorem taxation. The tax abatement can include all or any portion of the appraised buildings, land and improvements. A total or partial tax abatement may be in effect for up to 10 years after the calendar year in which the business commences its operations. Any property tax abatement is the decision of the city or county.

SALES TAX EXEMPTIONS

Effective July 1, 2013, the Kansas state sales and use tax rate will be 6.15 percent. However, there are several sales tax exemptions available which include:

- Labor services related to original construction
- Remodeling costs, furnishings, furniture, machinery and equipment for qualified projects
- New machinery and equipment for manufacturing and distribution. This also includes pre- and post-production machinery and equipment, including raw material handling, waste storage, water purification and oil cleaning, as well as ancillary property such as gas pipes, electrical wiring and

- pollution control equipment
- Tangible personal property that becomes an ingredient or component part of a finished product
- Tangible personal property that is immediately consumed in the production process, including electric power, natural gas and water
- Incoming and outgoing interstate telephone or transmission services (WATTS)
- Real and personal property financed with an Industrial Revenue Bond

RURAL OPPORTUNITY ZONES

Rural Opportunity Zones (ROZ) are designed to spur economic development in and expand job growth in 73 key counties around the state. The program has two main incentives:

- A state income tax exemption for up to five years to individuals who move to a ROZ county from outside the state. Individuals must not have lived in Kansas for the past five years, nor have Kansas source income of more than \$10,000 per year over the past five years.
- Student loan forgiveness of up to \$3,000 per year (\$15,000 maximum benefit) for individuals who graduate from an accredited post-secondary institution and move to a ROZ county. The student loan forgiveness portion of the program is a county-state partnership, and counties must opt in to participate.

OTHER TAX INCENTIVES AND BUSINESS INITIATIVES

Right-to-Work State – Union membership in Kansas is **6.8 percent**, well below the national average.

Inventory Tax Exemption – All merchant and manufacturers' inventories are exempt from property taxes.

Research Tax Credit – Kansas offers an income tax credit equal to 6.5 percent of a company's investment in research and development above the average expenditure of the previous three-year period. Twenty-five percent of the allowable annual credit may be claimed in any one year.

No Local Income Taxes – Kansas cities and counties do not impose an earnings tax on personal or corporate income.

No Kansas Franchise Tax – Kansas eliminated its franchise tax in 2011.

Workers' Compensation – Kansas ranks **9th lowest** in the U.S. for worker compensation rates.

QUICK FACTS

Kansas Education

- Kansas has one of the most educated and skilled labor pools in the nation as evidenced by the state's commitment to education spending which is 25th best in the nation.
- Kansas ranks **17th** in the nation for percent of adults, 25 and over, with a high school education and **16th** for percent of adults with a college degree.
- Our state ranks in the **top 10** for a low cost of living and **14th** overall for business competitiveness based on ten key economic factors, including workforce, education and transportation.
- Kansas has several major universities educating our future workforce: University of Kansas, Kansas State University, Wichita State University, Fort Hays State University, Pittsburg State University, Emporia State University, Washburn University and 26 community and technical colleges statewide.

Kansas Transportation

- Kansas ranks 6th for quality and access to transportation in all modes for getting products to market and for transporting individuals.
- Kansas ranks third nationally in total road mileage with 140,512 road and street miles and 10,579 highway miles, of which 875 miles are quality four-lane interstates. Interstates 70 and 35 cross Kansas and connect with I-29, part of the North American Free Trade Agreement (NAFTA) corridor. Our strategic location allows next-day freight delivery to nearly 70 percent of the U.S.

- Kansas ranks in the top 10 in the U.S. in railroad mileage with 4,776 miles of track, 2.23 percent of all U.S. railroad miles. Four Class I and 13 Class III (short-line) rail carriers ensure freight service to virtually anywhere in Kansas, since the countless tons of grain grown here have for decades mandated a comprehensive rail system.
- The largest airports are Kansas City International and Wichita Mid-Continent that offer convenient air service with multiple national and regional carriers. Eight regional airports also offer commercial air service.

Kansas Electricity, Natural Gas and Telecommunications

- Electricity costs in Kansas are below the national average supplemented by the excess electric generating reserve and transmission capacity through the three largest investor-owned companies in the state.
- Kansas is also below the national average for natural gas prices for industrial consumers. The 4,800 square-mile Hugoton Gas Field makes the state a leading natural gas exporter.
- Thanks to Kansas' central location, businesses have access to east-west and north-south major trunk lines, connecting to a nationwide fiber optic network.

Individual City/Kingman County Incentives

IRBs (Industrial Revenue Bonds)

The Individual Cities and/or Kingman County may exempt property financed with IRBs from property taxes for a period of up to ten years. Building materials and equipment permanently installed will be exempt from state and local sales taxes.

Abatement of Property for Economic Development Purposes

Individual Cities and Kingman County may abate ad valorem taxes on all or any portion of the appraised value of all buildings or added improvements used exclusively by a business for:

- Manufacturing articles of commerce;
- Conducting research and development; or
- Storing goods or commodities which are sold or traded in interstate commerce.

Additions to or expansions of existing buildings qualify for the property tax exemptions if, as a result of the expansion, new jobs are created. Total or partial ad valorem tax may be in effect for up to 10 years after the calendar year in which a business commences its operations or an expansion is completed. There is no personal property tax on machinery and equipment purchased after June 30, 2006.

EDX (Kansas Constitutional Amendment)

The individual city councils and the Board of Kingman County Commissioners may exempt property from taxation for a period of up to ten years. This may include all or any portion of both real and/or tangible personal property used exclusively in:

- Manufacturing articles of commerce
- Conducting research and development
- Storing goods or commodities which are sold or traded in interstate commerce

KCEDC Services

The Kingman County Economic Development Council offers custom research and data packages to suit all of your site selection needs. Whether you need detailed city comparisons, or just quick and accurate information, we are prepared to assist you in every possible way. For more information on this service contact Daniel J. Shea, MRCP, Executive Director at 620-532-3634 or dshea@kingmanks.com

If you're looking for [available property](#) in Kingman County, look no further than the KCEDC! The KCEDC staff is prepared to assist with a custom property search and has vital connections to the real estate community. For more information about this service contact Daniel J. Shea, MRCP, Executive Director at 620-532-3634 or dshea@kingmanks.com

High Performance Incentive Program

Companies may be eligible for a Kansas Income Tax Credit equal to 10% of capital investment that exceeds \$50,000. This credit has a 10-year carry-forward provision and may offset 100% of a firm's annual tax obligation. There is also a sales tax exemption similar in scope to the Enterprise Zone sales tax exemption. The company must:

- Pay above average wages for the industry
- Invest at least 2% of payroll in training or participate in one of the state's workforce training programs.
- Fall into major SIC category of 20-51 or 60-89 (some exceptions apply).

IMPACT (Kansas Investment in Major Projects and Comprehensive Training)

This program allows employers to enter into agreements to establish training projects for new employees. Funds are derived from a fee of 1% of payroll withholding taxes from individuals. Employers must spend at least 2% of payroll costs on employee training and education to qualify. IMPACT funds may be used to pay for:

- Instructor salaries
- Video tape development
- Training manuals and textbooks
- Building and equipment purchases
- Supplies and materials
- Curriculum planning and development
- Relocation costs
- Labor recruitment

KEOIF (Kansas Economic Opportunity Initiative Fund)

KEOIF provides forgivable loans for projects that create or maintain jobs and invest new capital in the state. KEOIF applications must be made by the supporting city or county on behalf of the business. Eligible projects include those which

- Generate new jobs and capital investment through business recruitment;
- Generate new jobs and capital investment through the major expansion of an existing business;
- Prevent the loss of jobs brought about by potential closure or out-of-state relocation of an existing business;
- Mitigate the effects of the closure of major state or federal facilities.

Applications approved by the Secretary are performance-based, 0% forgivable loans for a 5-year period. Annual reports are required to verify job creation and payroll performance against contractual commitments.

KIT (Kansas Industrial Training)

This program provides training assistance to new or relocating companies as well as existing companies in the process of expansion. KIT is a flexible training program through which the State of Kansas shares in the cost of instructors, books, training materials, etc., for a training program cooperatively designed by the company and the State.

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Trade Show Assistance Program

Assistance is available for up to one-half of a company's direct foreign exhibition-related expenses (not to exceed \$3,500 per show and \$7,000 annually). Reimbursable expenses might include booth space, utility costs, transportation of equipment or materials, booth assembly/disassembly, interpreter fees at the show, translation fees for materials, etc.

Income Tax Credit for Research & Development

A company can qualify for an income tax credit for research and development if: Research and development occurred within the state of Kansas Expenditures increased above the company's average expenditures for such activities during the prior two years. Tax credit is equal to 6.5% of the increased expenditure amount and is deductible over a 4-year period (25% annually).