

## Kansas and Boeing

- The “Dreamliner” project authorized Boeing to keep employee withholding taxes. The original legislation was passed in about 2003. It has been tweaked and modified several times to allow Cessna and some wind and solar people to get on board. Revenue, of course, cannot tell us how much Boeing has benefitted from this provision because it is proprietary information.
- Another major tax issue is the 2006 machinery and equipment property tax exemption. Boeing and other major corporations were involved in pushing this through, although it was generally believed that Boeing did not pay that much property taxes on machinery and equipment in the first place, as they would normally get all of it exempted by local units through the issuance of IRBs. But of course since 2006, they haven’t even needed to procedurally bother asking the local units each year to exempt their new property.
- The repeal of the corporation franchise tax benefitted Boeing. When the maximum tax for each entity was increased to \$20,000 after the 2004 restructuring of that law, a number of the big corporations like Sprint and Boeing with a lot of subsidiaries complained. The complaints led to the ultimate repeal of the tax. Again, the Department of Revenue cannot tell us the amount of the benefit from this.
- SB 281 in 2003 created the Economic Development and Revitalization Reinvestment Act (ERRA). In fact that bill was called the Boeing . Boeing never used those dollars because of the split with Spirit – the ERRA assistance went to Spirit. But, the bill was designed for Boeing. The amount was \$80.0 million.
- Also, in 2007 Boeing received \$2,175,355 for IMPACT – Investments in Major Products and Comprehensive Training. The program is designed to help train and provides capital for major businesses in the State – it can also be used for job retention.
- Also, Boeing has benefitted from HPIP – the High Performance Incentive Program which provides tax incentives to employers that pay above-average. Dollar amount of this is unknown. Legislation in 2011 extended the ability of corporations about to loses HPIP income tax credits to continue to carry them forward for several more years (and not lose them at the end of the previous statutory 10 year carry forward limit).
- Regarding Wichita State University and general aviation education support, the state has spent approximately \$11.0 million to fund the research bonds that built

and equipped the National Institute for Aviation Research (NIAR). The state also has spent \$27.8 million supporting aviation research and \$14.8 million on aviation training. This is all since 2004.

- The Legislature created the University Engineering Initiative Act, which directs the first \$10.5 million deposited in the Expanded Lottery Act Revenues Fund (ELARF) on July 1, 2012 through July 1, 2022 be transferred equally into three newly created funds at the University of Kansas, Kansas State University and Wichita State University, subject to a \$1 for \$1 match from non-state sources.
- The 2002 legislation, the University Research and Development Act (2002 HB 2690), also provided for additional bond authority of \$13.0 million for capital improvements and equipment purchases for the National Institute of Aviation Research at Wichita State University. The capital improvement projects outlined in the bill include laboratories and equipment for icing and wind tunnels, crash testing, and advanced manufacturing.