

Incentive OPPORTUNITIES

Whether you're an existing business seeking to expand or an external company exploring relocation opportunities, look no further than Greater Wichita. With a full range of incentive packages that can be tailored specifically to your business, the region provides everything your business needs to thrive.

State of Kansas Incentives

Promoting Employment Across Kansas (PEAK)

PEAK is the state's cash-equivalent economic development tool that allows reimbursement of up to 95% of state withholdings taxes for eligible employees. Depending on the number of PEAK jobs/employees to be hired in Kansas over a five-year period and their wage levels, the Secretary can approve benefit periods of up to 10 years. PEAK requires the qualified company to commit to creating at least ten (10) new jobs in metropolitan counties 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. Qualified applicants include for-profit companies in eligible NAICS codes. Such companies must make available to full-time employees "adequate" health insurance coverage and pay at least 50% of the premium.

High Performance Incentive Program (HPIP)

Companies may be eligible for a Kansas Income Tax Credit equal to 10% of eligible capital investment that exceeds \$1 million in metro counties (\$50,000 in non-metro counties). This credit has a 16 year carry-forward provision and has no cap.

HPIP eligible companies will also receive an Employee Training Tax Credit, which provides a dollar-for-dollar state tax credit up to \$50,000, for training and education expenditures that exceed 2 percent of total payroll at the worksite. This tax credit has no carry-forward provision. In addition to the above benefits, this program also will provide the company with a sales tax project exemption to use in conjunction with the company's eligible capital investment at its qualified facility. A Kansas sales tax exemption certificate is also available through HPIP.

In order to be considered for HPIP certification, the company must:

- Pay above average wages as compared to other similar firms in the same geographical area with matching NAICS codes.
- Invest at least 2% of payroll in training or participate in one of the state's workforce training programs.
- Be a manufacturer or able to document that most of its sales are to Kansas manufacturers and/or out-of-state businesses or government agencies.

Qualified companies must fall into major NAICS category 221, 311-425, 481-721, or 811-928 (generally excluded from eligibility are retailers and businesses involved in agriculture, construction and mining, unless the worksite is a headquarters or back-office of a national or multi-national corporation.)

Kansas Industrial Retraining (KIR)

This program provides training assistance to companies in industries that are restructuring or retraining their workforce due to changing/upgrading technology and to companies diversifying production activities. 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 to qualify.

Discover opportunities at greaterwichtapartnership.org

Other Workforce Development Assistance

A wide variety of services are available to businesses through the Kansas Workforce Centers located throughout the state. Services include, but are not limited to:

- Statewide and national job listings
- Applicant pre-screening and application acceptance
- Space to conduct interviews as well as staff to assist in scheduling
- Space for job fairs
- Applicant assessment services and testing
- Veteran services
- Current labor market information

These services are available to all Kansas employers at no cost and may be accessed through www.kansasworks.com or by contacting the local Kansas Workforce Center.

City of Wichita & Sedgwick County Incentives

Industrial Revenue Bonds (IRBs)

The City of Wichita and/or Sedgwick 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, subject to local governing body approval.

EDX (Kansas Constitutional Amendment)

Municipalities and counties in the region may exempt real 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

Additional Incentives

Machinery & Equipment Expensing Deduction

Kansas taxpayers will be allowed to claim an expense deduction for business machinery and equipment, placed in service in Kansas during the tax year. The one-time deduction is allowed 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) is section 168 of the internal Revenue Code, or canned software as defined in section 197 of the Internal Revenue Code. Business machinery and equipment newly purchased, leased or moved into Kansas is exempt from property tax. Examples of eligible equipment include manufacturing equipment, office furniture, computers, software and racking.

Business Machinery & Equipment Property Tax Exemption

Business machinery and equipment newly purchased, leased or moved into Kansas is exempt from property tax. This is of particular benefit to capital-intensive manufacturing operations. The exemption applies equally to manufacturing equipment and office business equipment, furniture and fixtures. Items of business personal property under \$1,500 original purchase price are also exempt from property tax regardless of date of purchase.

Business Inventory Property Tax Exemption

Merchant and manufacturer business inventories (raw materials, goods-in-process and finished goods) are exempt from property tax by Kansas constitutional amendment.

Sales Tax Exemption

Prior application for a Project Exemption Certificate can be made under the High Performance Incentive Program (HPIP). If approved, this permits 100% sales tax exemption on items used to construct, build-out, remodel, furnish and equip the worksite. Such exemption covers all eligible taxable purchases of capital investment made by the entity submitting the application. Alternatively – if IRBs are utilized – sales tax exemptions can be provided for IRB-financed purchases subject to local governing body approval.

Foreign Trade Zone

The Sedgwick County Foreign Trade Zone is a general-purpose zone where foreign and domestic goods are not within U.S. Customs territory. Users are thereby exempt from paying duty or federal excise tax while goods remain in the zone or are exported. If final product is imported into the United States, import tax or duty is due only at the time of transfer. Additional information.

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).

Need help with your next business expansion or relocation?

We invite you to connect with the Greater Wichita Partnership for all of the information and resources available to companies choosing to locate or expand in Greater Wichita region.



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