

# MARVIN KLEEB

## KANSAS REPRESENTATIVE

Marvin Kleeb has served the 48<sup>th</sup> District, encompassing southern Overland Park, in the Kansas House of Representatives since 2008. He is Vice-Chairman of the House Taxation Committee, and serves on the Appropriations and Commerce & Economic Development Committees. Past committee assignments have included the Transportation and Judiciary Committees.

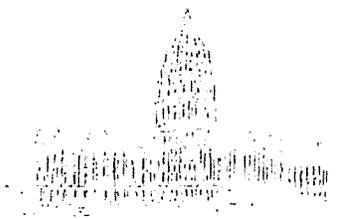
Marvin has been an independent business owner for nearly thirty years. His companies offer staffing services, business process and change management services for both the government and private sectors, and call center outsourcing. Due to his business experience over the years, he is well aware of impact government has on business and job creation.

While in the legislature, he has been very involved in economic development, commerce, workers compensation and taxation legislation. He is the author and sponsor of one of Kansas' key economic development program that was cited by the Kansas City Star as one of the ten most significant pieces of legislation in the 2009 session. However, his most appreciated work was his sponsorship and success in increasing the Kansas' speed limit to 75 mile per hour.



STATE OF KANSAS  
HOUSE OF REPRESENTATIVE

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MARVIN G. KLEEB  
48TH DISTRICT

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A COMMITTEE REPORT PLAN

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## HB 2626

Kansas, as most states during the depth of the recession in 2009, was focusing primarily on our deteriorating revenue and expenditure situation. However, a few of us in the legislature felt it critical to work on ideas and plans that could help with job creation to address the rising unemployment resulting from the economic downturn.

The Kansas existing economic tool box in 2009 consisted almost exclusively of:

1. Income tax credit programs, particularly for companies making large capital investments in plant and equipment;
2. An upfront cash incentive program financed by earmarking a 2% diversion of employee income tax withholdings statewide into an economic development fund.

The income tax credit programs were not useful frequently because most companies were trying to survive and they did not have an income tax problem.

The Kansas cash incentive program had five issues:

1. Since 2% of income tax withholdings financed the up-front incentives, there was increasing pressure to divert these dollars to the state budget rather than to economic development;
2. Unemployment was up significantly, therefore income tax withholdings were down and so was available incentive money;
3. The program allowed bonding and the pledging of future tax withholdings for debt payments; so much upfront incentive money had been awarded through bonding over the years that the 2% cap on statewide withholding for the fund was almost reached;
4. There was a growing aversion to increasing indebtedness anywhere in the state government;
5. A few high profile defaults on companies' promises to create and retain jobs highlighted to the public and the legislature the downside of providing up-front money to companies, despite claw back provisions.

The Promoting Employment Across Pennsylvania Act you will be studying is very similar to the economic program Kansas developed and passed during the 2009 session. The final program addressed every aforementioned issue:

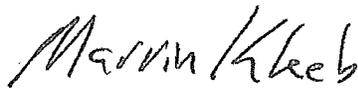
1. There is no up-front incentive money to a company from the state so there can be no default and loss of taxpayer money. The only monetary benefit to the company occurs when a job is created, wages paid and income tax withholdings actually submitted.
2. The only eligible projects were for businesses locating, relocating or expanding from out-of-state. Therefore, these are all new jobs to the state that have never been subject to income taxation so no one can argue state revenues are being taken from the state budget for economic development.
3. No indebtedness could be incurred by the state.
4. The program emphasized the number of the jobs and the quality of the employee's pay; there were not minimum plant and equipment investments required. Consequently, even service companies could be incentivized.

The success of the program is demonstrated by the fact that from the projects approved so far in just the first two and a half years, thousands of jobs and well over \$500 million in payroll are on track in next five years. And, all of this economic success was accomplished without the use of the taxpayer's dollars or indebtedness.

Vern Squier led a very successful statewide grassroots effort among the Chambers and economic development councils to get this legislation passed. The program passed with widespread bi-partisan support by 40-0 in the Senate and 120-5 in the House.

I would encourage your serious consideration of a similar economic development plan to help create jobs in Pennsylvania.

Sincerely,

A handwritten signature in black ink that reads "Marvin Klee". The signature is written in a cursive, slightly slanted style.

Marvin Klee

Vice-Chair Tax Committee