



AMERICAN COUNCIL OF ENGINEERING COMPANIES  
of Kansas

Affiliated with:

American Council of Engineering Companies  
Kansas Society of Professional Engineers  
National Society of Professional Engineers  
Professional Engineers in Private Practice

**TESTIMONY**

**TO: SENATE ASSESSMENT & TAXATION COMMITTEE**

**FROM: SCOTT HEIDNER  
EXECUTIVE DIRECTOR, AMERICAN COUNCIL OF ENGINEERING  
COMPANIES OF KANSAS (ACEC KANSAS)**

**RE: SB 376**

**DATE: MARCH 7, 2012**

Chairman Donovan, members of the committee, thank you for the opportunity to testify today. My name is Scott Heidner, and I serve as Executive Director of the American Council of Engineering Companies of Kansas (ACEC Kansas). ACEC Kansas is the trade association for private engineering companies in Kansas.

We are here today in opposition to SB 376. ACEC Kansas members are private, for profit companies, and as such are appreciative of any effort to improve tax policy and maintain competitive tax rates. SB 376, while well intentioned, would not improve the business or tax climate for our private sector member firms. A very large amount of the work our firms perform is done on behalf of public sector clients, meaning the business-to-business exemption contained in SB 376 would not be apply and the impact and burden of this policy change would fall heavily on our members.

You will hear from many opponents today discussing many concerns with the proposed bill, so let me limit my remarks to the impact of the bill that lands most specifically on our member firms. Almost half of our firms are within an hour of the Kansas border. This is especially true in the Kansas City metro area. Kansas City has a tremendous concentration of engineering businesses. These businesses are constantly evaluating where they want to office and conduct their business. Surrounding states are competing for their investments at all times. The imposition of sales tax on their professional services would be an enormous incentive for them to move their offices to another state and more aggressively pursue work elsewhere.

Sn. Assmnt & Tax  
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Attachment # 18

Our member firms don't enjoy paying taxes any more than the next private business. However, when the ACEC Board of Directors discusses the overall business climate in Kansas, tax relief is nowhere near the top of the list. Depending on the sales tax exemption for professional services, which was a factor for all of our firms when deciding to open offices in Kansas, is the number one item on that list.

Passage of SB 376, resulting in imposition of sales taxes on professional design services, would be the single most damaging tax policy change Kansas could make in terms of recruiting and retaining engineering businesses. We urge you to vote against this legislation.

Thank you for the opportunity to appear today, and I'd be happy to answer questions at the appropriate time.