

# ACEC

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 COMMERCE COMMITTEE**  
**FROM: SCOTT HEIDNER, EXECUTIVE DIRECTOR**  
**AMERICAN COUNCIL OF ENGINEERING COMPANIES OF KANSAS**

**RE: SB 318**

**DATE: FEBRUARY 9, 2011**

Chairwoman Wagle, members of the Committee, thank you for the opportunity to appear today. My name is Scott Heidner, and I am here on behalf of the American Council of Engineering Companies of Kansas (ACEC Kansas) in opposition to SB 318. ACEC Kansas is the trade association representing private engineering companies in Kansas.

The intent of SB 318 certainly seems noble at first glance...if Kansas tax dollars are at work, the majority of people employed should be Kansans. However, ACEC Kansas members have many concerns about the impact and implementation of SB 318.

There will be an administrative cost involved with tracking the data. Our members will have to not only track this when pursuing work, but also throughout the project. Presumably, someone with the State will be doing compliance and verification as well. These will both drive up cost to the State of Kansas.

As the bill reads now, 70% of the employees assigned to the contract must be Kansas residents, regardless of how many hours they work on the project. I would like to offer a couple common scenarios where this would create a problem.

Firm A, located in Kansas near a state border, wants to pursue a Kansas project. To accomplish the project, they need five people from the Kansas office to do the vast majority of the work, and one person with a special area of expertise in their Dallas office to review the work. If four of the five people on the local team are Kansans, and one resides across the border, that team would be ineligible. While

the person in Dallas may only put one hour of work into the project, the total headcount would become four Kansas residents and two from out of state. Further complicating the process is that businesses don't always know who they may call on from within their firm over the course of a project. A Kansas company could win the work based on the use of all Kansas employees. They might have talented staff in another office with time to commit to the project which would allow them to deliver to the State of Kansas ahead of schedule. Under SB 318 they would have to forego the opportunity to use those out of state employees, and Kansas would lose the opportunity to have the finished product in a more timely fashion.

A more direct scenario would be this. Firm B is a Kansas firm with 12 employees, located and paying taxes in Kansas, and is located near a state border. 11 of the employees are Kansas residents. If that firm pursues a modest project that requires a three person team, but one of the people on that team needs to be the lone employee from another state, they would be prohibited from competing.

If Kansas passes SB 318, there is great concern that surrounding states will pass similar legislation. Many of our member firms do work in surrounding states. The money from those projects comes to Kansas and creates jobs and investments. If surrounding states pass similar legislation, it will harm our members and undercut their ability to create jobs and pay taxes.

Today's engineering firms often have offices in several states and have invested in the technology and infrastructure necessary to allow them to work collaboratively with offices around the country on projects based anywhere worldwide. Knowing that this ability would be severely limited will be a disincentive to firms considering locating an office or a business in Kansas.

Last but certainly not least, our members are not afraid to compete in the global market. Engineering services, like most professional services, are procured on a qualifications based selection. ACEC Kansas members are ready to compete on this basis with firms from any part of the country, and indeed any part of the world.

Thank you for the opportunity to appear before you, and I would be happy to stand for questions at the appropriate time.