



## Senate Standing Committee on Assessment and Taxation

Wednesday, April 3, 2013

### Importance of the HPIP tax credit to Spirit AeroSystems, Inc.

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#### Submitted testimony

Chairman Donovan and Members of the Committee:

Thank you for allowing us to provide comments about the importance of the High Performance Incentive Program (HPIP) tax credits offered by the state of Kansas.

Spirit employs more than 11,000 people at its Wichita facility where we design, engineer and produce large and complex aerostructures for our customers – mostly within the commercial aviation sector. Our teams produce both traditional metallic airframe structures, such as the 737 fuselage, as well as advanced new composite structures. Spirit also has a facility that we opened last year in Chanute that produces smaller parts that are then integrated into the assembly processes in Wichita.

Spirit's annual Kansas payroll in 2012 was \$837M, and we paid Kansas suppliers \$550M for products and services to support the business. The direct economic impact our business has on the state is significant, and even more so when you consider the multiplier effect our 11,000 employees have when they spend money on homes, cars and trucks, food and other items. That money gets put right back into our local and state economy.

In addition to the large physical footprint Spirit has in the state of Kansas, Spirit operates other facilities located around the globe. Location costs and incentives available are key considerations used by our business in a competitive environment to determine where we locate and grow manufacturing operations. The Kansas HPIP tax credit is vitally important for Spirit to grow new investment in the state, which results in sustaining and creating high-paying, high-quality jobs for Kansans.

Without the Kansas HPIP tax credit, the business case for large capital investments in Kansas is diminished. Therefore, Spirit strongly opposes the elimination or modification of the Kansas HPIP tax credit – unless the state's corporate income tax were completely eliminated.

We respectfully request that the Committee consider what effects a change to the HPIP tax credit would cause for large manufacturing companies such as Spirit that rely on a predictable and stable tax environment.

Again, thank you for giving us the opportunity to offer comments on the importance of the HPIP tax credit. We appreciate your leadership in supporting policies that enable all businesses to be successful.