

January 19, 2017

Testimony in opposition to House Bill 2023

Good afternoon. I am Justin Hill, President of The Lawrence Paper Company. We are a manufacturer of corrugated boxes and displays with manufacturing plants in Lawrence, Hutchinson, and Fremont, Nebraska. We employ about 240 people in Kansas, 200 of them in our largest plant in Lawrence. We are a subchapter S corporation. I earn a salary that exceeds the social security maximum contribution level, of which I pay income taxes to the State of Kansas.

After several years in the late 1990's and early this century when a significant portion of our customer base closed local operations and moved manufacturing overseas, we had to regroup, slim down, and step up reinvestments to keep ourselves competitive and ensure continued jobs for remaining employees. Our investments accelerated in 2006, starting a virtuous cycle of improved productivity, increased profits, and the ability to be competitive. While we began this process prior to the 2012 tax changes, those changes allowed us double-down our investments with the savings from that tax bill, thereby accelerating our rebirth. Today we have some of the most modern equipment in our industry, allowing us to regrow our customer base. As we speak we are nearing completion of a 44,000 square foot addition to our plant in Lawrence. We already pay nearly \$500,000 each year in property taxes in Kansas, and with this expansion that number will go up.

I emphasize that in spite of the relief of taxes from the 2012 tax bill, between the property taxes, payroll taxes, unemployment taxes, and all of the other taxes associated with employing 240 people in this state, we still pay significant taxes and make a positive contribution to the Kansas economy.

I would urge the legislature to enact as many of the recently recommended efficiency programs as possible before raising taxes.


Justin Hill