

## Tax study has lessons for Kansas lawmakers

A detailed business tax study of eight states shows Missouri has the most competitive tax structure in the region, not Texas, according to Bernie Koch, executive director of the Kansas Economic Progress Council.

Koch says the study, done for the Arkansas Chamber of Commerce by Ernst & Young, shows Texas is competitive in a few areas, including business headquarters and support services. However, the Lone Star State has the highest average effective property taxes on business in the region.

"There are some other surprises here that I hope the Kansas Legislature studies as it reviews the Kansas tax structure," said Koch. "I think anybody who looks at it will see that the Ernst & Young study is a very valuable analysis."

The report looks at the effective tax rate after statutory tax credits

on different kinds of businesses in eight states in the region, including Kansas. The eight states are: Arkansas, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas. The taxes included are corporate income taxes, franchise taxes, sales and use taxes on business purchases, and local property taxes.

The types of companies considered are corporate headquarters, research and development, manufacturing, food processing, renewable energy, and business support services.

Estimates of state and local business tax burdens by industry come from Ernst & Young's business tax competitiveness model. The model calculates current state and local business tax burdens imposed on new in-state capital investments, and projects these burdens by year over a 30-year life span.

Some of the findings:

- Missouri is the real tax competitor in the region, not Texas. Missouri ranks better than Kansas in competitive tax rates in all categories of business. In fact, Missouri outcompetes all of the other states studied in five of the eight categories: research and development, durable goods manufacturing, food product manufacturing, renewable energy equipment manufacturing, and motor vehicle parts manufacturing.

- Texas is most competitive in the region for company headquarters and business support services, but scores poorly on tax burden for renewable energy equipment manufacturing.

- Texas has the highest effective tax rate in the region for motor vehicle parts manufacturing.

- Kansas beats Texas in both renewable energy equipment manufacturing and motor vehicle parts

manufacturing.

Kansas beats all other states studied in these categories except Missouri.

- Kansas beats Texas slightly on effective tax rate for durable goods manufacturing.

- Kansas ranks worst in the region for state and local taxes on business support services.

- Kansas ranks second worst in the region for state and local taxes on research and development operations

- Effective tax rates vary widely in Kansas by business. For example, Kansas business support services have an effective tax rate of 19.7 percent while durable goods manufacturing has an effective tax rate of 8.1 percent. Kansas has the highest tax burden in the region for services, but among the lowest for manufacturing.

- Tax credits in a state make a

difference in competitiveness.

Kansas' rank jumps up one position among the states in durable goods manufacturing due to tax credits. It appears that Kansas would be less competitive in tax structure among these states if business tax credits are eliminated, as some believe will be proposed when the Legislature convenes.

- Missouri's tax credits average 27 percent, the highest of the states studied, and have a significant impact on that state's business tax rankings.

- Texas has high effective property taxes in the region in six of the eight categories and is second-highest in the category of renewable energy equipment manufacturing. The Kansas Economic Progress Council believes Texas high property taxes on business are, in part, the result of the lack of an individual income tax to help fund government

services.

Ernst & Young is one of the largest professional services networks in the world and one of the "Big Four" accounting firms. It says that the tax burden estimates in the study can be used to evaluate how competitive state and local business taxes are for new investments and job creation. The estimates measure the "additional state and local taxes that a new or expanding business would pay on the capital investment and economic activity" added to a state's economy.

An executive summary of the study was given to Arkansas lawmakers at an interim Joint Revenue and Tax Committee meeting on Nov. 17. The complete study was released Dec. 6 to the media. It can be accessed online at: <http://talkbusiness.net/wp-content/uploads/2011/12/DRAFT-AR-State-Tax-Policy-Report-11.28.2011>.

## Ongoing construction



Construction workers were hard at it on Monday morning working on the building that is an expansion for Kansasland Tire Company, 1402 Main.

Photo by Kevin Bottrell/The Goodland Star-News

## Public library has ebooks

The State Library of Kansas and Goodland Public Library are pleased that they will have digital books available from the Kansas EZ Library. The state library has entered into agreements with OneClickDigital (for downloadable audiobooks) and 3M for download-

able ebooks.

OneClickDigital audiobooks have access at [www.kslib.info/digital-books](http://www.kslib.info/digital-books). Users must have a Kansas library card that can be requested at the Goodland Public Library, 812 Broadway.

Regular users of the download service will find the new interface with OneClickDigital much simpler and faster to use. Video and written tutorials are available at [www.kslib.info/digitalbooks](http://www.kslib.info/digitalbooks) to help people in using the new service.

Also the State Library will begin offering an ebook solution through 3M Cloud Library soon. Updates for the beginning of this service can be found on [www.kslib.info/digitalbooks](http://www.kslib.info/digitalbooks) site. The Kansas EZ library page also gives other free audiobook and ebook resources available to Kansas readers.

For information call 899-5461.

## Festival to have writing contest

Kansas First Lady Mary Brownback today announced the start of the KTWU and Payless ShoeSource Kansas Book Festival Writing Contest. The contest runs through April 15. Winners will be contacted in August and announced at the 2012 Kansas Book Festival on Sept. 15. The contest is

open to students in grades 3-12 in the state of Kansas.

"It is our hope that this writing contest will help spark a love for reading and writing among children across the state," Brownback said.

The theme for this year's contest is "My Kansas Shoes Were Made

For Walking" and asks students to use their creative minds to write around that theme. There will be a first and second place winner in each grade level division per congressional district.

For information about this contest go to [www.ktwu.org](http://www.ktwu.org) or call Beth Perry at (785) 670-3177.

## Annual meeting Saturday

The Annual Meeting of the Sherman County Historical Society will be at 1:30 p.m. on Saturday, Jan. 14, at the Goodland Public Library, 8th and Broadway.

The program will be on the Thompson Building by Olde Westport Spices.

## corrections

The Goodland Star-News will correct any mistake or misunderstanding in a news story. Please call our office at (785) 899-2338 to report errors. We believe that news should be fair and factual. We want to keep an accurate record and appreciate you calling to our attention any failure to live up to this standard.



Valentine's Day  
is Tuesday, February 14th

**Send I Love You Flowers**

ProFlowers

Hurry! Order now and take **20% Off** only at [www.proflowers.com/cute](http://www.proflowers.com/cute) or call 888.560.3135






\*Minimum product purchase of \$29.00. Does not apply to gift cards or certificates, same-day or international delivery, shipping & handling, taxes, or third-party hosted products (e.g. wine). Discount will appear upon checkout and cannot be combined with other offers or discounts. Discounts not valid on bulk or corporate purchases of 10 units or more. Images in this advertisement may include upgraded, premium containers which are available for an additional charge. Prices valid while supplies last. Offer expires 2/28/2012

Join Over 12 Million People Who Have Found a Better Way to Send Flowers

## Downtown Goodland has new business!



The Goodland Star-News and the Goodland Ambassadors would like to welcome Double Barrel BBQ!

Are you finding yourself craving some delicious BBQ food? Come on down to the new Double Barrel BBQ, formerly Buddy's BBQ, in downtown Goodland.

Owned by Steven and Amy West, the restaurant is managed by Ryan and Becky Studer.

The business hours are:  
 Monday-Friday: 10 a.m. to 2 p.m. and 5-8 p.m.  
 Saturday: 10 a.m. to 8 p.m.  
 Sundays: closed  
 Phone #: 785-890-5296

Located at 1016 Main, Double Barrel BBQ features great new menus with savory new foods to choose from.