



News From The Capitol

Representative Don Hineman

January 5, 2012

Boeing Boondoggle

Saddened. Disappointed. Outraged. Disgusted. Those are just a few of the words used yesterday by Kansans to describe the unfortunate news that Boeing will soon be leaving Wichita. Boeing's history in the Kansas Air Capital began in 1929 with the purchase of the Stearman Aircraft Company. Its Wichita presence ramped up rapidly, and peaked during World War II, when its 40,000 workers produced defense aircraft, most notably the B-29 bomber. However by 2005 the Boeing workforce had declined to 15,000, and when Boeing divested its Kansas and Oklahoma commercial aircraft division to Spirit Aerosystems it kept only 4500 workers for its defense work in Kansas. Today that number has shrunk to 2160, and by the end of 2013 all of those workers will no longer be employed by Boeing in Wichita. Of course Boeing is/was only a part of the large aerospace industry in Wichita. Go [here](#) for a fascinating look at the diverse players in the Wichita air history.

But Boeing's departure has also ruffled the feathers of many Kansas officials because of the recent history with the airforce tanker contract. Over a period of several years Boeing was working to land the contract to build 179 new Air Force refueling tankers... a little bit of work that would be worth at least \$35 billion. Kansas' congressional delegation worked diligently and effectively on behalf of Boeing to insure that Boeing got a fair opportunity to win the contract, which was finally awarded to them last February. Boeing had promised that if they got the work much of it would be performed in Kansas. Obviously, that will not now happen. Congressman Mike Pompeo of Wichita has characterized Boeing's decision to vacate Kansas as a breach of promise.

It is notable that down through the years Boeing has been the recipient of property tax incentives, sales tax incentives and infrastructure investments... all granted to create and retain Kansas jobs. My reaction is that at least in the case of Boeing, corporate loyalty can not be bought; it can only be leased for the length of the tax break granted.

This plays into another thought that has been running through my mind recently. It seems that many large corporations show very little allegiance to the community they are located in. Boeing is only the latest example, but there are plenty of others. The Wichita community lost Pizza Hut headquarters in similar fashion not too many years ago. And both Applebee's and AMC Movie Theaters have recently played the "what's in it for me now" and "what have you done for me lately" game in the Kansas City Kansas/Missouri metroplex. A large corporation must answer to its stockholders, and that necessarily means being focused almost entirely on the bottom line.

But as I have traveled around the 118th district I have become acquainted with a number of small businesses who have a very different business model. Certainly they care about the bottom line because any business that doesn't will not survive. But they tell me (and their actions demonstrate) that they are also in business to provide an employment base and an economic engine for their local community and **this motivates them just as much or more as making a profit does**. One has to wonder which type of business is more valuable to Kansas in the long run.

When it comes to offering incentives it is unrealistic to think that Kansas can unilaterally disarm in the competition to recruit new business activity to the state. But I believe we must become smarter about how we go about it. For starters, whenever incentives are granted, there must be a clause in the contract that requires the refund of those incentives if the business changes its mind about where and how it chooses to operate.

Just as importantly, we might begin to think about lowering the cost of doing business, and the regulatory impediments, for ALL Kansas residents instead of playing favorites with tax incentives to a few. It's been said many times that government does a lousy job of picking winners and losers. Maybe it is time for us to admit that fact and instead let the economy pick the winners and losers in an environment where everyone has an equal chance to succeed or fail. Governor Brownback's suggestion that we consider eliminating many income tax credits and deductions in order to ratchet down tax rates for everyone would be a major step in that direction. Kansas' tax structure is not truly competitive with our neighbors, and we need to work toward that goal.

One more thought: many will be quick to point to the loss of Boeing as one more example of why Kansas should strive to become a state with no income tax. But a recent announcement by Rubbermaid Corporation flies in the face of that concept. They announced that they will soon expand their operations at their plant in Kansas and will move 200 jobs from Texas (a no income tax state) to Winfield. I think this illustrates that corporations have widely varying personalities, just as do individuals. While for some corporations, low or no taxes may be the deciding factor, others like Rubbermaid place a higher value on a well-educated and trained workforce, dependable infrastructure, good schools and safe communities. Kansas needs more Rubbermaids.

2012 Issues Survey Coming Soon

The 2012 legislative session which begins next Monday has the potential to be one of the most significant and far-reaching legislative sessions in recent memory. Here are just a few of the important issues that are awaiting solution:

- Tax reform
- Medicaid reform
- Overhaul of KPERS retirement system
- School finance reform
- Crafting a new state budget as the economy struggles to recover
- Redistricting

With each of these issues I will be striving to determine what is best for the residents of Kansas, particularly those who reside in Western Kansas. You can help by responding to my issues survey, which will be available soon.

To make the survey results truly representative of the thoughts of the residents of the 118th District I need a large response. **If you have friends, family, or associates who might**

be interested in completing the survey and receiving the newsletter I would appreciate your forwarding their contact information to me. I will send a copy of the newsletter to them, with the option for them to opt out of future mailings if they prefer.

2012 Campaign Season



The legislative session is nearly upon us, and the campaign season for the 2012 elections cannot be far behind. I have already filed for re-election, even though the boundaries of my legislative district will not be known until redistricting is completed by the legislature. My district currently includes Wallace, Logan, Gove, Trego, Wichita, Lane, and Rush counties and portions of Ness county. Problem is, the district is nearly 4000 residents short of the ideal number required for equal representation for all Kansans. That means that my district will get larger and I will have new territory (possibly another county or two) in which to campaign and become known. And the contentious issues that await decisions during the 2012 session could well lead to challengers. My campaign fund must be replenished soon, and **I respectfully ask for your help.**

Contributions may be sent to Hineman for Kansas, Derek Martin - Treasurer, 116 S. Longhorn Rd., Dighton, Kansas 67839. The limit on donations is \$500 per contributor. **Please note:** while the legislature is in session a candidate cannot accept contributions from corporations or political action committees. **Only contributions from individuals are allowed.**

Words to Live By

Cowboy Logic: It is better to have something and not need it, than to need it and not have it.

Quote of the Week: Don't cry because it's over. Smile because it happened. – Dr. Seuss

Sermon in a Sentence: Real difficulties can be overcome; it is only the imaginary ones that are unconquerable.