



MEMORANDUM

TO: The Honorable Governor Brownback
Senate Commerce Committee
House Taxation & Assessment Committee
House Taxation, Economic Development and Tourism Committee
Joint Economic Development Committee

FROM: Pat George, Secretary of Commerce

DATE: March 9, 2011

RE: Fiscal Year 2010 PEAK Annual Report

The following information is provided to satisfy the annual reporting requirements of K.S.A. 74-50,216 in the Promoting Employment Across Kansas (PEAK) Act.

In 2009, Senate Bill 97 was passed and signed into law creating the PEAK program effective July 1, 2009. Qualified companies that are relocating a business facility, unit or other operations to Kansas from outside the state are allowed to retain 95 percent of the withholding taxes of employees paid wages at or above the county average wage.

The following companies signed agreements in FY 2010:

1. Old World Spices & Seasonings, Inc.
Spice Manufacturing Headquarters
Johnson County
2. Orthopaedic Specialists of Four States, LLC
Offices of Physicians
Cherokee County
3. Cosentino Enterprises, Inc.
Grocery Store Headquarters
Johnson County
4. Cosentino Group, Inc.
Grocery Store Headquarters
Johnson County

5. Cosentino Service Corporation
Grocery Store Administrative/Back Office
Johnson County
6. Diagnostic Imaging Centers, P.A.
Medical Imaging Headquarters
Johnson County
7. McQueeney Group, Inc.
Heating and Air Equipment Merchant Wholesalers
Johnson County
8. General Motors, LLC
Automobile Manufacturing
Wyandotte County
9. Babcock & Wilcox Power Generation Group, Inc.
Industrial Machinery and Equipment Merchant Wholesaler
Johnson County
10. Recovery Data Connect, LLC
Professional and Technical Services
Johnson County

The ten companies have projected the hiring of 1,800 total jobs with \$131.1 million per year in additional direct payroll and a capital investment of \$21,752,536 over five years.

Of the ten PEAK agreements executed from July 1, 2009 to June 30, 2010, five began retaining withholdings and reporting quarterly to Commerce in the latter half of FY 2010. Therefore, available “actual” data for this report is limited due to the program’s infancy and company start/effective dates to begin retaining withholding taxes that occurred late in, or after the end of the fiscal year (this includes the company creating the majority of the 1,800 jobs and payroll). Four of the ten companies reported once and one company reported twice during the last half of FY 2010 to result in the Annual Report data below.

In the last half of FY 2010, the five companies reporting had the following results:

- 193 jobs were added with an average hourly wage of \$55.52.
- Total payroll received was \$3,300,172.16.
- \$95,299 was retained by the companies for PEAK-eligible (those paying at or above the county average wage) employees.
- \$5,407 was remitted to Kansas as the required five percent for PEAK-eligible employees.
- \$21,011 was remitted for PEAK employees whose wages did not meet the county average wage.
- Using U.S. Department of Commerce, Bureau of Economic Analysis multipliers, estimates of 122 indirect jobs were created and \$1,768,822 in indirect income resulted from the 193 total jobs reported.

If you have any questions, please don’t hesitate to contact my office at 785.296.2741.