



SB146: ACT CONCERNING PROPERTY TAXATION

Trent Armbrust, KEDA Board of Directors

~~May 1, 2017~~ May 10, 2017

Chairman ~~Johnson~~ ~~or TBD~~,

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Thank you for including this testimony on behalf of the Kansas Economic Development Alliance (KEDA) in opposition to SB146. KEDA is the primary economic development association **representing over 170 economic development professionals across Kansas**. The KEDA board and members believe this proposed amendment to existing law will inhibit the state's economic development efforts and growth of communities.

As local economic developers, we understand balancing a competitive business climate, modern and efficient infrastructure, robust education and workforce systems, and accountable economic incentive tools. We also recognize the importance of funding public education as a foundation for our workforce development system. However, we do not believe that economic development incentive tools and quality public education are mutually exclusive.

Real property tax abatement through Economic Development Revenue Bonds or Economic Development Exemption (K.S.A. 79-213) are the primary local economic development tools for our state. This is especially true of manufacturing or industrial development where tax increment financing is often not appropriate. These tools encourage new capital investment through the growth of real property taxes. Often these investments bring significant job-creation and spin-off economic benefit. These benefits are proven as state statute requires a cost-benefit analysis to be presented on each abatement request. The statute also requires this analysis to be completed for the impacted county and school district. These tools have been found to be effective time and time again and should not be restricted.

Additionally, property tax abatement is one of the most common economic development tools across the country. There are more than 37 states that offer some form of real property tax abatement including all four border states to Kansas. **No surrounding state restricts abatements the way SB146 proposes**. In fact, many states are far more aggressive with the utilization of their abatement tools, some extending to a term of 25 years.

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Property tax abatement is also a partnership by various levels of government. By providing economic development tools at the municipal and county level, the entire state benefits from their growth and development. Local officials and business leaders are best positioned to see the needs, demands, and opportunities for their local economies. These leaders understand the balance of economic development needs, particularly education as they often serve on local school boards and parent-teacher organizations.

Restricting the utilization of property tax abatement by even a portion of the 20-mill statewide levy for schools will hinder its utilization and effectiveness. It also shifts more of the incentive burden on the remaining local jurisdictions including city, county, library, township, and other bodies.

On behalf of our Board of Directors, we fully **oppose the restriction the amendment of SB146** provides. We would be happy to provide additional information or perspective at your request.

Sincerely,

KEDA Board of Directors

[Trent Armbrust](#)

[Manhattan Area Chamber of Commerce](#)