



Date: May 10, 2017

To: Chairman Steven Johnson and the House Taxation Committee Members

From: Donald Roberts, Mayor and Beth Linn, City Administrator

Subject: Written Testimony in Opposition to SB 146

The City of Edgerton would like to provide written testimony in opposition to Senate Bill 146. Edgerton is the home to Logistics Park Kansas City (LPKC), a 1700-acre master planned development anchored by BNSF Railway intermodal facility. LPKC has total building capacity for 17 million square feet including 3 million square feet of direct-rail service.

Edgerton, in partnership with NorthPoint Development and BNSF Railway, compete nationally everyday with other industrial markets such as Dallas, Chicago and Indianapolis to encourage business to locate to Edgerton and the State of Kansas. The State of Kansas has worked diligently to provide a business-friendly environment to encourage companies considering large investment in capital infrastructure.

Since opening in October 2013, Edgerton has seen nearly 11 million square feet of warehouse and distribution space built or under construction with national tenants locating to Kansas such as Amazon, Jet.com, Kubota, Flexsteel, Triumph Precision Components and others. These companies likely would have located to other markets outside the State of Kansas without the State's commitment to a business-friendly tools such as property tax abatement available through the use of Industrial Revenue Bonds (IRB). Today, the IRB process allows the City to negotiate Payments in Lieu of Taxes (PILOTs). These PILOTs are distributed to all taxing jurisdictions as prescribed by the mill levy. Any modification to that distribution could put other taxing jurisdictions at a significant disadvantage and for that reason we oppose the proposed legislation. We encourage the Committee Members to consider other sources of revenue generated by new development including income tax, sales tax, fuel tax and others. SB146 as proposed would likely impact a businesses' decision to locate to Kansas repressing these revenues in the future.

Please find enclosed with this testimony information about Logistics Park Kansas City for reference. We look forward to a continued partnership with the State of Kansas to continue to create thousands of new jobs to Kansas.





# Logistics Park Kansas City (LPKC)





# Logistics Park Kansas City (LPKC)



- A **1,700-acre master planned distribution and warehouse development** served by global intermodal transportation leader, BNSF Railway
- LPKC has capacity for **17 million square feet of industrial buildings** and offers companies the ability to quickly and efficiently ship goods by rail and truck to their final destinations

Central location to reach  
**80% of U.S.** in < 2 days



# LPKC Today



**1,700-acre**  
master-planned distribution  
and warehouse development



Home to Kansas'  
**largest ever**  
**spec building**



Total building capacity:  
**17 million square feet**



BNSF's **only full-service**  
**logistics park** in the  
United States



**7 million square**  
**feet in 11 new**  
**buildings** in < 3 years



**3,000+ jobs** created  
in Edgerton



**10,000+** acres  
of **Foreign Trade Zone**



At full build out, it is estimated that LPKC  
will create **7,400 jobs** in the immediate  
area and **13,000** in the State of Kansas



# Workforce: Learning & Career Center



***“Edgerton, Kansas: A town with more jobs than residents.”*** – GoRail

- The **Learning & Career Center (LCC)** at LPKC is a collaborative effort between:
    - NorthPoint Development
    - The City of Edgerton, Kansas
    - Johnson County Community College (JCCC)
    - Workforce Partnership
    - BNSF Railway
    - ElevateEdgerton!
- Partnership for Economic Advancement



## 2 2013

- BNSF Railway
- DeLong Grain

## 3 2014

- Demdaco
- Flexsteel Industries
- Smart Warehousing

## 4 2015

- Kubota
- Excel Industries
- Jet.com
- Kubota **Expansion**

## 7 2016

- Amazon Fulfillment Center
- Triumph Group
- XPO Logistics
- ColdPoint Logistics
- Excel Industries **Expansion**
- Jet.com **Expansion**
- Smart Warehousing **Expansion**



# LPKC Economic Impact: Jobs

- **2013** – 250 jobs created
- **2014** – 58 jobs created
- **2015** – 216 jobs created
- **2016** – 2,476 jobs created
- **3,000+ direct jobs created total**



# LPKC Growth

- **2013** – Intermodal opens in October
- **2014** – 1.4 million square feet
- **2015** – 2.9 million square feet
- **2016** – 4.5 square feet



Total of **8.8 million square-feet** built or under construction  
**202 Acres** or **183 Football Fields** under rooftop



# LPKC Economic Impact: Property Tax Revenue



- LPKC Property Tax Revenue Growth
  - 2012 – \$26,900
  - 2017 – \$1,847,929
- Adjacent Property Tax Revenue Growth
  - 2012 – \$4,786
  - 2017 – \$387,334
- \$1.1 billion in investment at LPKC

# City of Edgerton, Kansas

## Est. ELHC Development Tax PILOTs Revenues by Jurisdiction

Tax Assumptions			All ELHC Projects		
Status Quo Ante Tax Per Acre	50.00		Plot Acres	538.00	
PILOTs Per Sq Foot	0.21		Bldg Sq Ft	8,799,660	
TAX JURISDICTION	TAX LEVY	% OF TOTAL	Existing Taxes Lost	New PILOTs Paid	Annual Net Tax Gain/(Loss)
State of KS	1.500	0.96%	(258)	17,730	17,472
Johnson Co.	19.582	12.53%	(3,369)	231,464	228,095
JCCC	9.469	6.06%	(1,629)	111,926	110,297
JCPRD	3.101	1.98%	(534)	36,655	36,121
Edgerton	33.622	21.51%	(5,785)	397,420	391,635
USD 231 Uniform	20.000	12.79%	(3,441)	236,405	232,963
USD 231 Capital	8.000	5.12%	(1,377)	94,562	93,185
USD 231 Other	25.015	16.00%	(4,304)	295,683	291,379
USD 231 Bond	16.170	10.34%	(2,782)	191,133	188,351
Fire Dist #1	15.965	10.21%	(2,747)	188,710	185,963
Library	3.912	2.50%	(673)	46,241	45,568
	156.336	100.00%	(26,900)	1,847,929	1,821,029

Note: Our analysis assumes that status quo ante property taxes within LPKC average \$50 per acre annually. We believe this to be a reasonable assumption for the scope of this analysis since the majority of undeveloped land within LPKC boundaries is classified for property tax purposes as "farming or ranch operations".

## FIGURE 8: LABORSHED ANALYSIS<sup>1, 2</sup>

The map below shows the site's laborshed, drive times, and population centers.

