

Testimony Senate Taxation Committee, SB 147, February 6, 2017
By former Rep. Charlotte O'Hara
15712 Windsor St.
O.P., Ks 66224

Members of the Senate tax committee, I'm going to be blunt, the problem is not LLCs (and other pass through entities) it's the fact that we have a state favor factory, your tax policy, of an alphabet soup of tax incentives that is destroying our tax base by giving **ENORMOUS** tax breaks to the very favored and very few, such as:

1. The 10 year 100% property tax abatement for TransCanada pipeline
2. The 100% property tax exemption for every alternative energy project from solar to wind to ethanol production facilities in the State of Kansas, some do have payment in lieu of tax, but at a much, much lower rate than what the state and local taxing districts would normally collect.
3. \$114 million annually in tax credits are taken on corporate tax returns stunning but factual according to 2014 published numbers.
<https://kansaspolicy.org/carve-outs-lower-taxes-many/>

Of that \$114 million 170 companies receive nearly half of known tax credits in Kansas, over \$55 million dollars of public money each and every year. All of these tax incentive schemes causes the burden of costs of our state and local governments to be redistributed to the rest of the tax base. These numbers are just the tip of the iceberg. Not included are IRBs, CIDs, TDD, Star Bonds, TIFs, IMPACT, PEAK, Kansas Bioscience Authority etc. etc.

By focusing in on LLCs, you are choking on a gnat and swallowing a camel. Your attention has been diverted from the underlying swamp of blatant and entrenched crony capitalism.

Can you imagine that one developer in Overland Park has requested nearly \$600 million of tax incentives, the taking of money from the many and giving it to the few, on a \$1.8 billion dollar project?

The Brookridge project will:

1. Pay no sales taxes on any of the material that it purchases, undercutting sales tax revenue.
2. The developer is asking for 90% of the increase in property taxes to be diverted back to his pocket, undercutting property tax revenue.
And
3. Sales tax revenue generated within the Star Bond and TIF district

criticism, while the mom and pop LLCs, which are the vast majority of the pass through entities, are put on the chopping block to erase the last ray of hope for the elimination of income tax for everyone in the State of Kansas.

In this Legislative session every Kansas House and Senate member who refuses to work on elimination the alphabet soup of tax incentives along with finding efficiencies to fund our budget shortfalls are part and parcel of Governor Brownback's coalition of crony capitalism which directs the flow of favors for the few to the wealthiest of the wealthy while throwing the small potatoes under the bus.

All of you as members of this House Tax Committee can easily access the roster of the millionaire welfare alphabet soup by going out to the Kansas Department of Commerce, the link I have provided in the hard copies you have of my testimony:

<http://www.kansascommerce.com/index.aspx?nid=93>

In closing the 2012 House vote tally for the extension of the Star Bond sunset in the House was 92 yeas and 31 nays, one of the nays was my vote. The 2012 vote on the Star Bond extension clearly shows the makeup of this bizarre cabal of crony capitalists. Although many of the players have changed the political mix of the coalition has not. It remains the same sad tale for the people of Kansas: the poorest of the poor subsidizing the wealthiest of the wealthy. We can do better, but it will take your willingness and hard work to dismantle this disgrace of crony capitalism in the State of Kansas, which will then enable you to unshackle all Kansans from the yoke of state income tax.

My question to the members of this committee: do you have the courage to change course and stop cronyism in Kansas or will it continue be business as usual?

Attachment A: Sites to review cronyism in Overland Park

Unable to use all its STAR bond financing, Prairiefire seeks TIF ...

www.bizjournals.com/kansascity/news/2016/.../prairiefire-star-bond-financing-tif.html

1. Sep 20, 2016 - Rob Roberts Reporter **Kansas City Business Journal** ... developers to **dip into reserves** to make payments to bond holders and preventing them ...

Error sends \$1.8B Brookridge plan back to square one for incentives ...

www.bizjournals.com/.../11/.../error-sends-1-8b-brookridge-plan-back-to-square.html

1. Nov 7, 2016 - Developer **Chris Curtin** seeks a total of **\$554 million** in incentives for the ... regarding the tax increment financing and Kansas sales tax revenue ... Therefore, Curtin's development partnership, **Overland Park Development Co.**

Corbin Park developer has criminal past - YouTube

□ 3:49

<https://www.youtube.com/watch?v=1UL175VXYCA>

Dec 6, 2016 - Uploaded by 41 Action News

Corbin Park developer **Michael Schlup** has a history of hiring undocumented workers. ◀ 41 Action News, KSHB ...

Overland Park special taxing districts could mean \$100 million for ...

www.kshb.com/news/...news/.../overland-park-special-taxing-districts-could-mean-10...

1. Oct 24, 2016 - An **Overland Park** developer could get more than \$100 million in sales tax money over the next 20 years. ... Records the 41 Action News Investigators obtained show **Schlup** is KC records eleventh driving fatality of the year.

OVERLAND PARK COUNCIL GIVES EARLY THUMBS UP TO ...

www.estateplanningguys.xyz/.../overland-park-council-gives-early-thumbs-up-to-pro...

1. Jan 24, 2017 - **Overland Park** will analyze a possible incentive package for Creative ... for February, where the council will consider whether to approve tax incentives for the project. ... That's where **abuilding** previously occupied by **CenturyLink** existed until this last ... **Casa Serena Given Thumbs Up** by Planning Board.

10-story office tower demolished in just 10 seconds [VIDEO] - Kansas ...

www.bizjournals.com/.../01/.../burns-mcdonnell-vantrust-office-tower-implosion.html

1. Jan 24, 2017 - Formerly occupied by **CenturyLink**, this 10-story office tower in **Overland Park** was imploded at about 5 a.m. Sunday.