



**Testimony of Adam Smith, Wallace County Commissioner
Before the House Taxation Committee
In Support of House Bill No. 2396
March 19, 2015**

Member Counties

Barber

Barton

Clark

Cloud

Ellis

Finney

Ford

Gove

Grant

Gray

Hamilton

Harper

Haskell

Hodgeman

Kearny

Lane

Logan

Meade

Morton

Ness

Norton

Rawlins

Rice

Russell

Scott

Seward

Sheridan

Sherman

Stanton

Stevens

Thomas

Trego

Wallace

Wichita

Chairman Kleeb and Members of the Committee:

Kansas Legislative Policy Group (KLPG) is pleased to provide written testimony today. KLPG is a non-partisan, non-profit organization comprised of elected commissioners representing the collective interests of 34 rural Kansas counties. We appreciate the opportunity to submit remarks in support of House Bill No. 2396, which is of great importance to our member counties.

KLPG has adopted a policy position to support legislative efforts that will end or reduce the ad valorem tax exemption on property used to generate electricity utilizing renewable energy resources or technologies. Our members encourage the development of safe, reliable, environmentally sound and affordable commercial wind power. The expansion of commercial wind power in Kansas can be a positive economic development issue for counties for which we are grateful.

The property tax is the single largest source of revenue for funding county government services in Kansas. A permanent exemption from the payment of taxes may no longer be a necessary incentive and we support the language in the bill to grant a statutory ten-year exemption on future projects. Other businesses that locate in our communities can receive similar short-term tax treatment, but never a permanent waiver of the taxes.

Renewable energy entities doing business in our communities are making a payment in lieu of taxes (PILOT) or providing some other form of financial contribution to our communities, but these are voluntary commitments, many for finite periods. Our members are concerned about existing facilities, with PILOT agreements, that get grandfathered in under December 2014 exemption and what happens when those PILOT agreements expire? Do the existing facilities pay anything?

Thank you for your consideration and the opportunity to present written testimony to the Committee. I encourage you to support House Bill No. 2396 with these clarifications.