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Hon. Les Donovan  
Chair, Senate Standing Committee on Assessment and Taxation  
Kansas State Capitol

VIA ELECTRONIC MAIL—TESTIMONY IN FAVOR OF SB63

Dear Senator Donovan:

Columbia Capital Management, LLC is a municipal advisory firm based in Overland Park. A number of our Kansas local government clients have historically used special assessment district financing (also known as benefit district financing) pursuant to K.S.A 12-6a01 *et seq.* as an economic development tool to promote development in their communities. This powerful tool effectively permits private developers to finance the construction of public infrastructure—streets, water, sewer—through notes and bond issues secured by the sponsor local government's full faith and credit pledge, reducing borrowing costs and enhancing the feasibility of the projects. The bonds are repaid by assessments levied on each lot served by the infrastructure, billed and collected by counties in the same way as regular property taxes.

The City of Junction City used this tool extensively to prepare the community for the return of the Big Red One in the middle part of the last decade. Unfortunately, the timing and scope of that infrastructure investment was subsequently challenged by the global recession, changing housing preferences by returning military families and slower-than-anticipated growth in soldiers assigned to Ft. Riley. The result is that Junction City has a significant inventory of development-ready residential lots, financed with special assessment bonds for which the City receives no payments from the benefitted property owners. Taxpayers, rather than the owners of these lots, are left to make the payments.

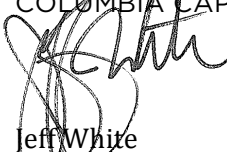
As the housing economy has recovered, the City of Junction City has seen renewed interest by private developers in restarting some of these failed residential developments. Unfortunately, the burden of unpaid property taxes, but particularly, the burden of unpaid special assessments, can make redevelopment infeasible. The City has implemented a land bank to improve the economics of these revitalized developments. While current state law permits the City to abate some or all of the assessments due, it does not permit the City to simply reamortize the outstanding assessments. This is the change proposed by SB63.

Reamortization would allow affected local governments to both structure payments in a way that would permit redevelopment and avoid writing-off assessments due. While this change would be particularly helpful to Junction City, we believe other communities with challenged special assessment projects may find it helpful, as well. As the fiscal note

indicates, the proposed amendments to K.S.A. 12-5909 would not have a financial impact on Kansas State Government. The proposed amendments would not compel any community to use the mechanism if they did not choose to do so.

Unfortunately, out-of-state travel prevents me from appearing before the committee on February 3. Please accept this written testimony as evidence of my support for SB63.

Respectfully submitted,  
COLUMBIA CAPITAL MANAGEMENT, LLC



Jeff White  
Principal