

Approved April 10, 1992  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at  
Chairperson

12:25 ~~xx~~ a.m./p.m. on Wednesday, March 25, 1992 in room 313-S of the Capitol.

All members were present except:

Representatives Dean and Wisdom. Excused.

Committee staff present:

Lynne Holt, Legislative Research  
Betty Manning, Secretary

Conferees appearing before the committee:

Jack Shriver, Chairman, Board of Tax Appeals  
Laura Johnson, Attorney, Board of Tax Appeals  
Henry Pagel, Data Process Manager, Board of Tax Appeals  
Dr. Helga Upmeier, Research Associate, IPPBR, Univ. of Kansas  
Carlene Hill Forrest, Wichita State University  
Bill Martin, Lawrence Chamber of Commerce  
Chris McKenzie, Executive Director, League of KS Municipalities  
Philip A. Kloster, City Manager, Newton

Chairperson Gjerstad opened the joint meeting of House Taxation Committee and House Economic Development Committee at 12:25 p.m.

The Chair called attention to a memo by staff regarding information on Industrial Revenue Bond Property Tax Exemptions and Economic Development Property Tax Abatements. Attachment 1.

First conferee was Jack Shriver, Chairman of the Board of Tax Appeals. He presented information on the differences between economic development property tax exemptions and exemptions on property funded by industrial revenue bonds. He introduced Laura Johnson, attorney for the Board of Tax Appeals, who presented further testimony on property tax exemptions. Henry Pagel, Data process Manager, Board of Tax Appeals, explained the economic development exemption tables prepared by the Board of Tax Appeals. Attachments 2, 3, 4 and 5.

Next conferee, Dr. Helga Upmeier, Research Associate, IPPBR, University of Kansas, provided testimony on the Fiscal and Economic Impact Tax Abatement Model. Attachment 6.

Carlene Hill Forrest, Center for Economic Development and Business Research, Wichita State University, explained the chart on the tax abatement model for the City of Wichita. Attachment 7.

Next conferee was Bill Martin, Lawrence Chamber of Commerce, who testified local levels must be left to rely on their own judgment on issuing industrial revenue bonds and property tax abatements for economic development.

Chris McKenzie, Executive Director, League of Kansas Municipalities, discussed the draft of the manual on policy and procedures for Kansas counties and cities. Attachment 8.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,  
room 313-S Statehouse, at 12:25 ~~xx~~/p.m. on Wednesday, March 25, 1992

Final conferee, Phil Kloster, City Manager of Newton, reviewed some of the history and procedures related to tax abatements granted by the City of Newton. Attachment 9.

A memorandum was distributed for review from Representative Vince Snowbarger giving two examples of tax abatment offers made in Olathe. Attachment 10.

Chairperson Gjerstad thanked the conferees for appearing before the joint meeting. Thanks were also expressed for the lunch provided by the Chamber of Commerce.

The meeting adjourned at 1:30 p.m.

GUEST LIST

12:50 Noon

COMMITTEE: Jt. House Delegation and Economic Development

DATE: 3/25/92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Glan Steppat	Topeka	Pete McGill & Associates
Chie McKeeze	"	League of KS Municipalities
Philip A. Kloster	Newton	C.M. of Newton
Bill Martin	Lansing	Chamber of Commerce
HENRY SCHWALLER	KU	Institute for Public Policy Bus. Res.
Helga Upmeyer	KU	"
Bernice Koch	Wichita	Wichita Area Chamber
Carlene Hill Forrest	Wichita	CEABR, WOSU, Wichita
John Bowser	Junction City	United Tel.
Cal Laurie	Topeka	KDCC
Tom Riedinger	Lansing	Chamber of Commerce
Pat Baker	<del>Wichita</del> Topeka	KASB
Chris Steineger	KC.KS.	KC.KS.
NELSON BRYANT	HUGOTON	USD #10
Dennis Zimmerman	Allyson	Ch. Co. Etc. Devo. Council
John H. Kunk	Topeka	City of Topeka
John W. Waffner	"	ASA
Dick D. Weaver	Wichita	Coleman Co.
Steve Jones	"	Boon
Jim Gregory	Wichita	Beechcraft
SHELBY SMITH	Wichita	KASEA
Coland Amato	Wichita	WIBA
Mary Ellen Baker	Wichita	Ks. Assoc. Small Business
John Peters	Topeka	Herb Huff





# MEMORANDUM

## Kansas Legislative Research Department

Room 545-N – Statehouse  
Topeka, Kansas 66612-1586  
(913) 296-3181

March 25, 1992

To: House Committee on Economic Development  
House Taxation Committee

Re: Information on Industrial Revenue Bond Property Tax Exemptions  
and Economic Development Property Tax Abatements

### Industrial Revenue Bonds

### Economic Development Abatements

#### Authority

K.S.A. 79-201a

*Kansas Constitution*; Art. 11, Sec. 13; also  
K.S.A. 79-251-2

#### Type of Business

K.S.A. 12-1771; facilities for agricultural, commercial, industrial, natural resources, recreational development, and manufacturing purposes; city authorized to enter into leases or lease-purchase agreements for the facilities

Art. 11, Sec. 13; real and personal property related to manufacturing articles of commerce; conducting research and development; or storing goods or commodities sold or traded in interstate commerce

#### Partial Exemptions

No; but payment in lieu of taxes (PILOTs) or to extent of bond proceeds

Yes

#### Period

Ten-year maximum

Ten-year maximum

#### PILOTs

K.S.A. 12-1742; distributed as general property tax

N/A; partial exemption available

#### Sales Tax Exemption

Yes; K.S.A. 79-3606(d); limited by K.S.A. 79-3645 to the percentage of total project cost funded by IRBs

No

*Eco-Devo  
Attach 1  
03-25-92*

### Policy Questions

1. Do benefits derived from economic development tax abatements or IRB exemptions exceed costs to taxpayers?
2. How should cost-benefit analyses for economic development abatements be conducted in individual communities? Should a third party be responsible for reviewing the methodology?
3. Should the community have a written policy for economic development abatements or IRB exemptions?
4. Should there be a statewide policy governing the formula for abatements and exemptions if the House version of the school finance formula becomes law?

### Policy Options

1. require communities to develop written policies for granting and denying economic development abatements and IRB exemptions and submit them to the Board of Tax Appeals;
2. authorize the Board of Tax Appeals to determine the advisability of economic development abatements;
3. limit abatements allowed per business project to a specified percentage of less than 100 percent of total project costs (policy of several communities);
4. link abatements or IRB exemptions to the number of jobs created or to the amount invested or to both (policy of several communities);
5. allow abatements for new construction and equipment only (recommended by Kansas Department of Commerce);
6. limit abatements for personal property to five years (policy in Wichita and Hutchinson); and
7. require uniformity in the methodology used for cost-benefit analyses.

STATE OF KANSAS

RICHARD W. RYAN,  
DIRECTOR  
BEN F. BARRETT,  
ASSOCIATE DIRECTOR  
EDMUND G. AHRENS,  
CHIEF FISCAL ANALYST

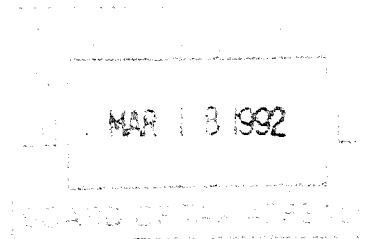


STAFF---  
LEGISLATIVE COORDINATING COUNCIL  
INTERIM COMMITTEES  
STANDING COMMITTEES  
LEGISLATIVE INQUIRIES

THE LEGISLATIVE RESEARCH DEPARTMENT

ROOM 545-N, STATEHOUSE  
PHONE: (913) 296-3181  
TOPEKA, KANSAS 66612

March 17, 1992



Mr. Jack Shriver, Chairman  
Board of Tax Appeals  
Room 400-S, Docking State Office Building  
BUILDING MAIL

Dear Jack:

You wanted written confirmation about the information to be presented by the Board of Tax Appeals at the upcoming joint meeting of the House Economic Development and Taxation committees, scheduled for noon, Wednesday, March 25, 1992, in Room 313-S, Statehouse. Your presentation might respond to the following questions:

1. How are economic development property tax exemptions pursuant to Article 11, Section 13 different from exemptions on property funded by IRBs? What is the difference in the procedures used to make determinations on those two types of exemptions?
2. Has the Board of Tax Appeals observed any problems with the cost-benefit analyses required of cities and counties pursuant to K.S.A. 79-251?
3. Please provide updated information on IRB exemptions and economic development exemptions granted and denied. In addition, please provide information, if available, on the amount of payments made, in lieu of taxes paid, by companies issued IRBs.

My understanding is that your presentation will "set the stage" for ensuing presentations which will be focused primarily on economic development property tax exemptions.

If you need clarification on the above questions, please feel free to call.

Sincerely,

  
Lynne Holt  
Principal Analyst

92-1454/LH

cc: Representative Diane Gjerstad  
Representative Joan Wagnon  
Charles Krider, Institute for Public Policy  
and Business Research

Comparison of Economic Development Exemptions  
(Article 11, Section 13 and Industrial Revenue Bond Exemptions)

Article 11, Section 13 of the Kansas Constitution

1. Property (real or personal) must be exclusively used for:
  - a. Manufacturing articles of commerce;
  - b. Conducting research and development; or
  - c. Storing goods traded in interstate commerce.

The Kansas Supreme Court has ruled that property which is simultaneously leased cannot be considered "exclusively used" for exempt purposes and cannot be exempt. The legislature responded by enacting K.S.A. 79-221, which allows particular types of leased property to be exempt if it is integrally associated with property exempt under Article 11, Section 13.

2. Property must be associated with a new business or be "necessary to facilitate" an expansion which results in the creation of new employment.
3. Local governing body must approve property for exemption by following the procedures set forth in K.S.A. 79-251 and K.S.A. 79-252 and adopting a resolution (if a county) or an ordinance (if a city).

Industrial Revenue Bond Exemption  
K.S.A. 79-201a Second

1. Property funded, in whole or in part, through industrial revenue bonds properly issued under K.S.A. 12-1740 through 12-1749 may be exempt. If funded only in part by industrial revenue bonds (IRB's), only that value reflecting the IRB-funded portion of the property in relation with the total cost of the property is exempt.

K.S.A. 79-201a Second specifically states that the following property cannot be exempt:

- a. Redevelopment Project Area as set forth in K.S.A. 12-1770;
  - b. Corporate-owned Poultry Confinement Facilities; and
  - c. Corporate-owned Rabbit Confinement Facilities.
2. Industrial Revenue Bonds can be issued for purchasing, acquiring, constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging, or remodeling facilities used for agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes. (K.S.A. 12-1741).

*Eco-Devo*  
*Attach 2*  
*03-25-92*

Procedure for Article 11, Section 13 Exemption

1. City or County (hereinafter "local governing body") must have adopted uniform policies and procedures for granting Article 11, Section 13 exemptions, including:
  - a. Rules for preparing a cost-benefit analysis
  - b. Procedures for monitoring a business' compliance
2. The local governing body generally reviews property for exemption.
  - a. Determines whether an applicant's property appears to meet the requirements of Article 11, Section 13 of the Kansas Constitution.
  - b. Identifies exactly what property an applicant wants exempt along with the value of that property; or, if property not yet purchased or constructed, local governing body determines the estimated value of the property and a general description.
3. The local governing body performs a cost-benefit analysis to determine what portion, if any, of property to recommend for exemption. The local governing body makes the policy decision as to whether exempting the property will promote economic development and is in the best interests of the community.
4. The local governing body sets a public hearing date, notifies the school district and city or county clerk of hearing in writing, and publishes notice of hearing in paper. It is desirable to include the estimated or known value of the property that will be removed from the tax rolls in the notices.
5. The local governing body conducts public hearing.
6. Based on results of public hearing and other consideration, the local governing body passes an ordinance (City) or resolution (County) approving applicant's property for exemption. The ordinance or resolution must be published.
7. The applicant obtains, completes and submits an application for exemption pursuant to Article 11, Section 13 for economic development purposes to the County Appraiser, including:
  - a. Evidence that the requirements of K.S.A. 79-251 were satisfied (uniform policies and procedures, cost-benefit analysis, notice, public hearing); *and*
  - b. A copy of the local governing body's ordinance or resolution evidencing approval; *and*
  - c. A detailed list of property approved for exemption. At this point, it is important to have all property approved for exemption properly identified.
8. The County Appraiser will consider the property for exemption, write his or her comments on the application form, and forward all the information to the Board of Tax Appeals.
9. The Board will docket the application form and review all the evidence submitted from a legal and factual standpoint. If some of

the information is lacking or more factual information is needed, the Board will request additional information from the applicant or the local governing body which approved exemption.

10. After due consideration, the Board will issue an order setting forth its decision. The applicant and the county have the right to request a reconsideration within 15 days.
11. Once the Board's order becomes final, the county may remove the property from the tax rolls as specified in the order. The order will refer to the local governing body's ordinance or resolution for the period of exemption, payment in lieu of tax agreement or partial exemption schedule.
12. During the period of exemption, the applicant must file a claim for exemption each year on or before March 1. The claim will be filed on the proper form with the county assessor. The claim shall show the property sought to be exempt and the basis for exemption.

Procedure for Industrial Revenue Bond Exemption

1. The applicant follows the proper procedure for issuing industrial revenue bonds (K.S.A. 12-1740 et seq.), including filing an informational statement with the Board of Tax Appeals.
2. The applicant obtains, completes and submits an application for exemption of industrial revenue bond property to the County Appraiser, including a list of the property funded by industrial revenue bonds. If only a portion of specific property is funded with industrial revenue bonds, the applicant must show the total cost of the property and the extent to which bonds participated in the total cost.
3. The County Appraiser will consider the applicant's request for exemption, write his or her comments and recommendations on the application form, and forward the application and attached lists of property to the Board.
4. After due consideration, the Board will issue an order setting forth its decision. The applicant and the county have the right to request a reconsideration within 15 days.
5. Once the Board's order becomes final, the county may remove the property from the tax rolls as specified by the order. If property is only partly funded with industrial revenue proceeds, only that portion of the property is exempt.
6. During the period of exemption, the applicant must file a claim for exemption each year on or before March 1. The claim will be filed on the proper form with the county assessor. The claim shall show the property sought to be exempt and the basis for exemption.



In 1990, the Kansas Legislators enacted a statute 79-251 (1990 Supp.) which limits the authority of the board of county commissioners or the governing body of any city, as the case requires when granting an economic development exemption. This additional information shall be to prepare a costs and benefits analysis for each exemption prior to the granting of the exemption.

There are a few problems which exist in this area. Many governing bodies are not sophisticated enough to complete a cost/benefit analysis. Many governing bodies rely on the applicant to prepare an analysis and the city then adopts the applicant's findings. Of course, the applicant is going to put in only that information which is beneficial to its application. Furthermore, many governing bodies are still unaware of the cost/benefit requirement and will do the analysis after the granting of the exemption. The governing body will do an analysis after a request from the Board for cost/benefit analysis.

Attached are copies of costs/benefits analysis'. The first copy is one which has been reviewed and it shows that the city put in some thought to the exemption. As you will notice, the city indicated an increase in the number of people moving into the area, the number of cars, personal income and retail sales per year. These increases bring more tax dollars into the community and helps out the overall economy.

The economic burdens imposed upon the community are well stated by the city. The city is aware that city services will be increased which means more employees and a higher budget. In addition, more property will need to be purchased at an expense to the city. (ie, schools, parks, jail space, hospital space).

One thing that this analysis is lacking is the fact that the city does not state how much tax revenue it is losing by granting the exemption. If the city did not grant the exemption, the tax base would increase which would better offset the increase in services. Furthermore, it would probably be a good idea if the city stated in the analysis that after review, the benefits outweigh the costs of the exemption.

The second copy of an analysis is one that has a few problems. The city indicates that the benefit is the addition of jobs. It does not indicate the anticipated increase in sales, personal income or home sales. The city states that there is a positive impact to the city but does not state what impact.

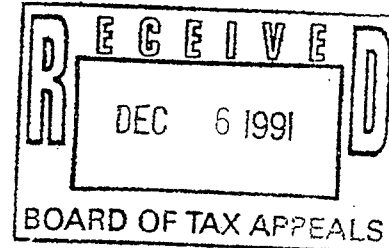
The city states that there were no additional financial burdens to the city. Although this may be true, it is difficult to comprehend. There probably will be an increase in city services such as sewer, road maintenance and police protection. There were approximately eight people hired and not all of them were from the area. It is probable that some relocated which will increase the services.

BENEFIT AND COST ANALYSIS - KLEIN PRODUCTS  
THE VALUE OF 100 JOBS IN AN AVERAGE KANSAS COUNTY

This Information Provided By:  
Kansas Department of Commerce

ECONOMIC BENEFITS OF 90 NEW FACTORY WORKERS TO A COMMUNITY

323 More People  
90 More Households  
82 More School Children  
87 More Passenger Cars Registered  
3 More Retail Establishments  
59 More Employed in Non-Manufacturing  
\$639,000 More Personal Income Per Year  
\$206,100 More Bank Deposits  
\$297,900 More Retail Sales Per Year



ECONOMIC BURDENS IMPOSED UPON A COMMUNITY BY 90 NEW FACTORY WORKERS

1. About 90 new children in school - 45 in grade school, 23 in middle school and 22 in senior high. This creates the need for:
  - A. Two new grade school rooms and one new room in both the junior and senior high schools - a cost of about \$112,500.
  - B. 3.6 new school teachers.
  - C. About \$58,500 more in the annual school budget.
2. The City and School system will have to buy about 3.6 acres of land.
  - A. .9 acre for grade school needs.
  - B. .9 acre for high school needs.
  - C. .9 acre for parks
  - D. .9 acre for playgrounds.
3. The City will need new employees.
  - A. 0.76 new employees in the Police Department, and \$4,500.00 additional operating budget.
  - B. 0.59 new Fireman, and an increase of \$3,600.00 in the Fire Department's annual budget.
  - C. 3.6 other new employees at an expenditure of \$16,200.00 annually for additional street cleaning, garbage hauling, tax collections, etc.
4. Other increased needs for municipal services:
  - A. The Water Department will have to figure on pumping about 54,000 more gallons each day.
  - B. Present traffic will have to absorb those 87 more automobiles.
  - C. One new hospital bed at about \$9,000.00 and a fraction of a visiting nurse will be needed.
  - D. 450 new volumes should be added to the library.
  - E. Probably will be a need for a fraction of a jail cell.

JAN 15  
BOARD OF TAX AP

**CITY OF EL DORADO**  
**ANALYSIS OF TAX EXEMPTION - PIONEER BALLOON COMPANY**

December, 1991

The City of El Dorado has completed an analysis of the proposed property tax exemption for both personal and real property. The following benefit versus cost analysis is prepared for the review from the Board of Tax Appeals. It should be noted that all affecting tax units were contacted prior to the approval of this proposed tax abatement and was not met with any opposition.

1) **Benefit Factors** - The City of El Dorado prepared an attractive package in order to entice this company to relocate its business and become a tenant of the El Dorado Industrial Park early in 1989. The City of El Dorado was successful in its efforts and the business did relocate in June of 1989. As a part of the package, a ten year tax abatement was included in the financial package. The industry was currently employing 50 to 60 people. The estimated employment to El Dorado included an additional 80 employees.

The Company constructed a 100,000 square foot building costing approximately \$2,000,000. In addition, future expansion plans were in the preliminary planning stages. The business is now fully operational. Since inception of June, 1989, Pioneer Balloon has relocated an industry from Texas to bring their total employment at the time of this writing to 160 full-time employees. The Company is currently running two shifts in order to meet its production demands. This success has led to a very positive impact on the City of El Dorado. Pioneer Balloon Company is now the largest tenant in El Dorado's Industrial Park, as well as one of the largest employers in the community.

2) **Cost Factor Analysis** - The Governing Body agreed to and approved a property tax exemption for this Company. The original property tax exemption was for real property only. The intent by the Governing Body was to provide a complete exemption, thus including personal and real property. The exemption is for a ten-year period. The business began its operation in June, which the first year taxes would be due in 1990. Real property appraised value is just over \$2,000,000, with personal property aggregate of \$1,987,000. The combined tax liability for this Company for one year is approximately \$130,000. The proposed tax abatement calls for 100% exemption for the first three years, declining percentages for the next seven years (refer to enclosed copy of ordinance). The tax exemption will be absorbed by the other governmental entities within this company's taxing district. The exemption is very critical to this Company's operation during its infant stage, during relocation, and subsequent operation in the El Dorado community.

The additional costs created by the relocation of this company did not cause additional financial burdens on any City operations.

2-7

July 2, 1991

<u>Docket No.</u>	<u>Applicant</u>	<u>County</u>	<u>Reason</u>
87-620	Ks. Avenue	WY	Leased; thus, not exclusively used for exempt purposes. Also, not yet used for any exempt purpose.
87-1453	Cedrite	WY	Denied severable portion of leased property. (\$298,000 land + \$2,000,000 bldgs). Granted real property & equipment used exclusively for exempt purposes.
87-2809	Kroy	GT	Not a new business. This existing business property merely changed ownership.
87-5075	Globe	SG	Expansion of business had not yet commenced operations. Recommended applicant re-apply after commencing operations.
87-5076	Metal-Fab	SG	Expansion of business had not commenced operations. Recommended applicant re-apply after commencing operations.
87-5547	Mid-Central	SG	Denied certain equipment & real property improvements not yet purchased or constructed.
88-620	John Haas	WO	Leased. Also, not yet used for any exempt purpose.
88-1226	Weaver	SG	Denied certain equipment not yet purchased.
89-5246	Universal Products	SG	Personal Property purchased in the year prior to an expansion creating new employment and the year after same were denied exemption. The property, because of lapse in time, did not appear associated with the expansion & did not by itself create new employment.

<u>Docket No.</u>	<u>Applicant</u>	<u>County</u>	<u>Reason</u>
90-5425	Continental Art. 11, Sec. 13 & K.S.A. 79-221	RN	Denied Art. 11 Sec. 13 because leased. Denied K.S.A. 79-221 because failed to meet 51% ownership requirements. (Here, family p'sp leased to a corp. wholly owned by the father. Board refused to apply family attribution rules used for federal income tax purposes & found the corp. was owned 100% by father, who had no interest in the family p'sp. The Board held, based on these findings, that the 51% ownership requirement between the lessee & lessor was not met).
90-6748	Paul's Auto Supply	MN	Not a new business or an expansion.
90-7128	Mac Fasteners	FR	Dismissed because failed to respond to requests for further information.
90-7159	Larry Tucker	EI.	Not manufacturing or storing goods traded in interstate commerce (applicant prepares & inserts printed materials into envelopes that are stored until mailed).
90-9535	Femco	MP	No exemption for personal property not yet purchased.

<u>Docket No.</u>	<u>Applicant</u>	<u>County</u>	<u>Reason</u>
90-16046	Globe (Art. 11 & Sec 13 & K.S.A. 79-221	SG	Article 11, Section 13 denied because leased. K.S.A. 79-221 denied because failed to meet 51% ownership requirements.
90-18154	APICO	CR	Denied exemption of a building. Existing business moved from leased space to larger building. Could not ascertain or sever that portion of the real property that was necessary to facilitate an expansion that created new employment. Allowed exemption of personal property associated with an expansion
91-22	Mercury Printing	SG	Leased.

LIST OF ARTICLE 11, SECTION 13, APPLICANTS  
DENIED EXEMPTION

Updated List Prepared for Joint House Committee, 3-25-92

<u>Docket No.</u>	<u>Applicant</u>	<u>County</u>	<u>Reason</u>
91-42-EDX	1st Ks. Venture Inc.	GE	\$170,000 "incubator" bldg built to attract business, but vacant & unused so sold. Denied exemption. Funded by private investors, never used-- 1988, 1989 & 1990
91-97-EDX	Blaylock Diesel Serv., Inc.	CK	City granted all property exemption. Only that necessary to facilitate expansion exempt (new, mfg.)
91-223-EDX	Yuasa-Exide Battery Corp.	EL	Only Phase 1 of 2 phases exempt. (Phase 2 must separately file). Leased property denied exemption.
91-241-EDX	Extru-Tech	BR	Commenced operations 7/85 prior to Article 11, Section 13 being adopted (8-5-86).
91-685-EDX	Graphics Systems Inc.	SG	Office expansion/remodeling denied because no new employment. Mfg portion granted.
91-695-EDX	Aero Metal Forms	SG	Lack of Prosecution. Dismissed.
91-2858-EDX	Glendo Corporation	LY	Leased and did not qualify under K.S.A. 79-221 (Lessor & Lessee = Corp.; individuals owned shares).
91-4379-EDX	Ohse Foods, Inc.	SG	Personal Property denied because leased. Improvements granted.
91-6137-EDX	Phillips Lighting	SA	Office Equipment denied because created no new employment but, mfg. warehouse allowed.

91-6137-EDX	Mid Central Mfg Co., Inc.	SG	Computer denied because leased. But, other equipment allowed.
91-6306-EDX	Coopers Animal Health, Inc.	WY	Denied exemption of land parcel acquired in 1983, but allowed exemption of later improvements thereon by virtue of expanding.
91-9619-EDX	Rubbermaid-Winfield	CL	24 acres of land purchased in 1984 denied. Later improvements exempt.
91-10948-EDX	Gilliland Printing	CL	Mac II Computer Leased.
91-13418-EDX	Parmelee Industries	FR	Applied by virtue of expanding. Existing equipment denied. New granted.



Economic Development Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1992	812	EDX	Saunders Manufacturer	AT	1,794,740	A	10	
1992	813	EDX	Atchison Yarn Mill		2,133,463	A	10	
	TOTAL COUNT	2		2	3,928,203			
1989	2,734	EDX	Labconco Corporation	BB	891,000	A	16	G
1989	9,424	EDX	Fort Scott Tent and Awning, Co., Inc.		47,000	B	16	O
1990	9,542	EDX	Fort Scott Tent and Awning, Co., Inc.		47,000	B	16	G
1991	12,227	EDX	Klein Products of Kansas, Inc.		363,871	B	2	
	TOTAL COUNT	4		4	1,348,871			
1988	3,925	EDX	Wilde Tool Company, Inc.	BR	188,000	R	16	G
1988	4,040	EDX	Wilde Tool Company, Inc.		188,000	R	16	G
1989	2,870	EDX	White Cloud Grain Company, Inc.		26,237	R	16	G
1990	7,120	EDX	RHS, Inc.		137,640	B	16	P
1991	241	EDX	Extru-Tech, Inc.		43,077	A	8	D
1991	242	EDX	Star-Tech, Inc.		58,660	B	8	G
	TOTAL COUNT	6		6	641,614			
1990	359	EDX	Specialty Machine & Manufacturing, Inc.	BT	15,185	P	16	P
1992	943	EDX	Essex Group, Inc.		4,152,246	P	10	
	TOTAL COUNT	2		2	4,167,431			
1988	3,622	EDX	Southwest Valve, Inc.	BU	300,000	R	16	G
1989	5,597	EDX	Continental American Corp. dba Pioneer		8,018,370	A	8	D
1989	6,603	EDX	Texaco Refining and Marketing Inc.		24,843,018	A	16	G
1989	8,603	EDX	Banks, John		210,000	A	16	O
1990	18,358	EDX	Pioneer Balloon Company		4,368,370	P	8	D
1990	18,472	EDX	Cardwell International Limited		451,900	A	8	G
1992	267	EDX	Pioneer Balloon Company		1,987,717	A	2	
1992	1,365	EDX	Concrete Accessories Company, Inc.		210,000	A	8	D
	TOTAL COUNT	8		8	40,389,375			
1990	15,524	EDX	Toby's Chemical Co., Inc.	CD	46,000	R	16	D
	TOTAL COUNT	1		1	46,000			

\*\*note\*\* '-1' signifies a value that was not supplied by the applicant.

*Eco-Devo  
Attach 3  
03-25-92*

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1987	5,330	EDX	Williams Machine & Tool Co., Inc.	CK	104,000	R	16	G
1988	4,869	EDX	Wiseda LTD		84,000	R	16	G
1990	18,709	EDX	Williams Machine & Tool Co., Inc.		570,843	R	8	O
1991	97	EDX	Blaylock Diesel Service, Inc.		65,000	R	16	G
1991	5,912	EDX	Calibrated Forms, Company		802,177	P	8	G
TOTAL COUNT 5					1,626,020			
					5			
1987	4,224	EDX	Gott Corporation	CL	4,103,383	R	16	G
	5,030	EDX	Casco South, Inc.		186,787	R	16	G
	1,323	EDX	Ksq Blowmolding-Eng. Manf. Inc.		1,510,000	R	16	G
1988	1,511	EDX	Gilliland Printing		430,000	R	16	G
1988	4,387	EDX	Gott Corporation		470,157	R	16	G
1989	956	EDX	John Morrell & Co.		1,652,695	P	16	
1989	2,404	EDX	Gott Corporation		1,945,777	P	16	G
1989	7,636	EDX	KSQ Blowmolding Engineering & Mfg. Inc.		756,819	A	16	G
1989	10,563	EDX	Gilliland Printing, Inc.		287,571	P	16	G
1990	7,105	EDX	Gilliland Printing, Inc.		419,950	P	16	G
1990	7,160	EDX	John Morrell & Co.		3,246,607	P	16	O
1991	9,619	EDX	Rubbermaid-Winfield, Inc.		3,500,000	B	8	P
1991	10,358	EDX	KSQ Blowmolding Engineering Mfg., Inc.		1,537,433	A	2	
1991	10,948	EDX	Gilliland Printing, Inc.		296,774	P	8	P
TOTAL COUNT 14					20,343,953			
					14			
1989	3,824	EDX	Future Forms, Inc.	CR	9,285	R	16	G
1990	6,917	EDX	Vinylplex, Inc.		333,420	A	2	G
1990	6,921	EDX	Pitt-Plastics, Inc.		1,033,084	A	16	P
1990	6,922	EDX	Superior Industries International, Inc.		25,455,753	A	16	G
1990	12,220	EDX	Maric Packaging Corporation		475,000	A	16	G
1990	18,154	EDX	APICO Corporation of Girard		865,036	A	16	P
1991	46	EDX	Monsour's, Inc.		1,130,000	R	8	G
1991	10,753	EDX	Apico Corporation of Girard		390,541	P	4	
TOTAL COUNT 8					29,692,119			
					8			
1987	3,762	EDX	Packer Plastics, Inc.	DG	-1-	R	16	G
1989	8,810	EDX	Rudd, Leslie G./Standard Liquor Corp.		2,352,556	A	2	P
1989	9,042	EDX	UARC0, Inc.		13,125,639	A	16	G
1990	6,906	EDX	Allen Press, Inc.		299,312	P	16	G
1990	14,267	EDX	Garage Door Group, Inc.		1,466,085	P	9	G
1991	999	EDX	Allen Press, Inc.		2,062,196	P	8	G
1991	4,230	EDX	E and E Specialties, Inc.		946,630	P	5	P

\*\*note\*\* '-1' signifies a value that was not supplied by the applicant.

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Economic Development Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1991	8,505	EDX	UARCO, Incorporated	DG	14,384,638	A	8	G
1992	325	EDX	Davol, Inc.		6,231,329	A	2	
1992	326	EDX	Davol, Inc.		1,217,210	A	2	
1992	807	EDX	Allen Press, Inc.		502,229	P	9	
	TOTAL COUNT	11		11	42,587,823			
1988	1,340	EDX	Great Plains Rentals, Inc.	DK	800,000	R	16	G
1991	5,913	EDX	Bay-Mor Pet Feeds		145,000	R	8	G
1992	1,693	EDX	Great Plains Rentals, Inc.		181,509	R	10	
	TOTAL COUNT	3		3	1,126,509			
1989	1,591	EDX	Fermenta Animal Health Company	DP	15,819,100	R	16	
	TOTAL COUNT	1		1	15,819,100			
1990	7,157	EDX	Alaniz & Sons, Inc.	EL	273,978	P	5	D
1990	7,159	EDX	Larry Tucker, Inc.		1-	P	16	D
1990	8,467	EDX	Yuasa/Exide Corp.		167,755	B	16	G
1990	20,220	EDX	Ellis County Economic Development Corp.		0	A	2	
1991	223	EDX	Yuasa-Exide Battery Corporation		133,940	P	16	G
	TOTAL COUNT	5		5	575,672			
1988	3,915	EDX	Cashco, Inc.	EW	449,079	P	16	G
	TOTAL COUNT	1		1	449,079			
1988	2,406	EDX	Ottawa Truck Corporation	FR	341,436	R	16	G
1989	6,010	EDX	Parmelee Industries, Inc.		547,450	A	16	
1989	6,985	EDX	Designer Products, Inc.		166,425	A	16	P
1990	7,128	EDX	Mac Fasteners, Inc.		64,300	A	16	D
1990	7,158	EDX	Laich, Walter & Karin/Laich Industries		4,899,128	P	16	G
1991	1,398	EDX	M.A.A. Corp. dba Mid America Aerospace		1,776,193	A	16	G
1991	11,113	EDX	Laich Industries Corporation		115,730	B	2	
1991	12,827	EDX	MacFasteners, Inc.		212,309	B	2	
1991	13,418	EDX	Parmelee Industries, Inc.		538,906	P	8	P
	TOTAL COUNT	9		9	8,661,877			

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Economic Development Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1991	42	EDX	First Kansas Venture, Inc.	GE	174,926	B	16	D
1992	1,695	EDX	Goldblatt Tool Company		688,168	P	10	
	TOTAL COUNT	2		2	863,094			
1987	2,809	EDX	Kroy Industries, Inc. & T-L Irrig.	GT	5,134,000	R	16	D
	TOTAL COUNT	1		1	5,134,000			
88	2,887	EDX	Sutter, Jack E.	GW	225,000	R	16	G
1990	282	EDX	Midwest Mill Modernization, Inc.		200,000	R	16	G
	TOTAL COUNT	2		2	425,000			
1989	793	EDX	John Weitzel, Inc.	HP	120,500	R	16	G
	TOTAL COUNT	1		1	120,500			
1987	4,037	EDX	Lifestyle Interiors, Inc.	HV	297,989	R	16	G
1987	5,810	EDX	Art's Tater Chip Co., Inc.		400,000	R	16	G
1989	530	EDX	Mid Continent Cabinetry, Inc.		191,170	B	16	G
1989	1,230	EDX	Full Vision, Inc.		241,065	R	16	G
1989	3,727	EDX	Mid Continent Cabinetry, Inc.		782,696	P	16	G
1990	672	EDX	Gressel Oil Field Service, Inc.		60,000	R	8	D
1991	3,303	EDX	Mid-Cont. Indust., Inc/Cont. Agra Grain		119,200	B	8	G
1991	13,432	EDX	Lifestyle Interiors, Inc.		257,577	A	9	
1992	1,657	EDX	Straightline Mfg., Inc.		365,683	A	10	
	TOTAL COUNT	9		9	2,715,380			
1989	3,784	EDX	Dillard Department Stores, Inc.	JO	2,192,400	A	16	G
1989	6,114	EDX	Wall-Ties & Forms, Inc.		837,532	B	16	D
1989	7,025	EDX	Pepsi-Cola General Bottlers, Inc.		1,015,620	P	8	P
1989	7,026	EDX	AFG Industries, Inc.		46,291,000	A	16	G
1991	743	EDX	Airtex Inc.		1,625,547	A	10	
1992	1,005	EDX	AFG Industries, Inc.		6,532,565	P	10	
1992	1,310	EDX	Dillard Department Stores, Inc.		4,378,000	B	8	D
	TOTAL COUNT	7		7	62,872,664			

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Economic Development Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1990	15,385	EDX	Freeman, Rick A. & Jeanne M.	JW	85,000	B	16	G
	TOTAL COUNT	1		1	85,000			
1989	4,227	EDX	Exxon Chemical Company	KM	179,750	P	16	G
1990	18,712	EDX	Exxon Chemical Co.		211,900	R	17	P
1991	6,138	EDX	Exxon Chemical Company		3,615,119	A	17	P
	TOTAL COUNT	3		3	4,006,769			
1989	1,058	EDX	IMI Business Forms Corporation	LB	240,000	R	16	P
1990	164	EDX	DINA		325,180	A	8	D
1990	18,672	EDX	City of Mound Valley		47,398	B	16	G
1990	18,710	EDX	City of Parsons/Peabody Tec Tank		317,355	R	16	G
1991	6,983	EDX	Ray Products, Inc.		94,920	R	8	G
	TOTAL COUNT	5		5	1,024,853			
1988	4,747	EDX	N & W Packaging Systems, Inc.	LV	208,200	R	16	G
1989	5,246	EDX	Energy & Environmental Systems, Inc.		221,000	A	16	D
	TOTAL COUNT	2		2	429,200			
1990	11,731	EDX	Thermal Ceramics, Inc.	LY	756,633	A	16	G
1991	2,858	EDX	Glendo Corporation		420,187	A	8	D
1991	2,971	EDX	Vektek Inc.		171,503	R	9	D
	TOTAL COUNT	3		3	1,348,323			
90	17,306	EDX	Kan-Am Industries, Inc.	MC	117,500	R	16	G
	TOTAL COUNT	1		1	117,500			
1987	5,242	EDX	Woodtech Industries, Inc.	MG	235,000	R	16	G
1988	4,242	EDX	Woodtech Industries, Inc.		235,000	R	16	G
1988	5,149	EDX	Teledyne Neosho		1,173,636	R	16	G
1989	3,307	EDX	Quality Patterns, Inc.		76,000	R	16	D
1989	8,331	EDX	Quality Patterns Inc.		94,000	A	16	G
1990	294	EDX	Engineered Systems & Equipment, Inc.		300,000	R	16	G

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Economic Development Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
TOTAL COUNT 6				6	2,113,636			
1987	5,947	EDX	Rigid Form, Inc.	MI	200,000	R	16	G
1990	14,568	EDX	Kragnes, Allan G. dba Vinyl Therm of Ks		1-	A	16	O
1990	20,175	EDX	Taylor Forge Engineered Systems, Inc.		537,600	P	8	G
TOTAL COUNT 3				3	737,599			
39	8,604	EDX	Donahue Corporation (The)	MN	179,860	A	16	P
39	10,324	EDX	Marion Die and Fixtures, Inc.		491,606	B	16	G
1989	10,325	EDX	Marion Die and Fixtures, Inc.		9,693	B	16	G
1989	10,326	EDX	Marion Die & Fixtures, Inc.		36,730	B	16	G
1990	3,945	EDX	Circle D Corporation, Inc.		31,441	A	16	G
1990	6,748	EDX	Pankratz, Paul & Sheryl dba Paul's Auto		1-	B	16	D
1990	7,106	EDX	Marion Manufacturing, Inc.		256,230	P	8	P
1990	7,107	EDX	Marion Manufacturing, Inc.		314,729	P	8	G
1990	7,117	EDX	Marion Manufacturing, Inc.		379,401	P	8	G
1990	7,126	EDX	K & F Distributors, Inc.		49,287	A	16	G
1992	1,953	EDX	Marion Die & Fixture, Inc.		148,490	A	2	
1992	1,954	EDX	Marion Die & Fixture, Inc.		4,000	A	2	
1992	1,955	EDX	Marion Die & Fixture, Inc.		102,464	A	2	
TOTAL COUNT 13				13	2,003,930			
1988	5,160	EDX	Keystone Railway Equipment Co.	MP	1,826,846	R	16	G
1989	9,047	EDX	Century Manufacturing		220,801	A	16	G
1990	1,027	EDX	Mid Kansas Machine, Inc.		307,500	A	16	G
1990	7,123	EDX	Keystone Railway Equipment Co.		1,030,403	P	16	G
1990	9,535	EDX	Femco, Inc.		375,000	R	16	P
1990	18,711	EDX	Mac Diesel Power, Inc.		28,935	P	16	G
1991	23	EDX	LCM Turbo, Inc.		500,000	A	16	G
1991	41	EDX	Plains Plastics, Inc.		1,350,000	R	16	G
1991	286	EDX	Plains Plastic, Inc.		680,000	P	8	G
TOTAL COUNT 9				9	6,319,485			
1992	1,100	EDX	Bachelor Controls, Inc.	NM	15,000	B	2	
1992	1,101	EDX	Bachelor Controls, Inc.		75,000	B	2	
1992	1,102	EDX	Bachelor Controls, Inc.		1-	P	2	
1992	1,103	EDX	Bachelor Controls, Inc.		29,500	B	2	
1992	1,104	EDX	Bachelor Controls, Inc.		35,000	B	2	

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Economic Development Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
		TOTAL COUNT 5		5	154,499			
1988	1,126	EDX	Hi-Lo Mattress & Foam Mfg., Inc.	NO	39,608	P	16	G
1988	4,269	EDX	New Birdview Corporation		118,192	R	16	G
1989	3,172	EDX	Hi-Lo Table Mfg., Inc.		159,565	R	16	G
1991	7,172	EDX	Hi-Lo Table Mfg., Inc.		64,652	P	8	G
		TOTAL COUNT 4		4	382,017			
91	3,517	EDX	Honorbuilt Industries, Inc.	OT	765,000	A	8	G
		TOTAL COUNT 1		1	765,000			
1990	12,223	EDX	Ring, Richard L.	PR	465,950	R	16	D
		TOTAL COUNT 1		1	465,950			
1988	3,592	EDX	Custom Woods Products, Inc.	PT	750,000	R	16	G
1989	7,428	EDX	Pyramid Manufacturing		513,247	A	16	G
1989	7,429	EDX	Olsburg Apparel Company		10,526	P	16	G
1989	7,957	EDX	Custom Wood Products		228,168	P	16	G
1990	7,121	EDX	Flint Hills Foods, Inc.		177,539	P	16	G
		TOTAL COUNT 5		5	1,679,480			
1988	3,716	EDX	Western Foundry Company, Inc.	RC	460,000	R	16	G
1988	5,365	EDX	Hancock Electric Motors, Inc.		114,216	R	8	G
1991	8,786	EDX	Hancock Electric Motor, Inc.		1-	A	8	G
1991	12,327	EDX	Lyons Foundry		271,100	B	2	
		TOTAL COUNT 4		4	845,315			
1990	5,425	EDX	Continental Extrusion Corporation	RN	383,065	B	16	D
1990	9,441	EDX	Cargill, Incorporated/Salt Division		3,860,000	A	16	O
1990	14,268	EDX	American Packaging Corporation		309,500	A	16	G
1990	18,539	EDX	Cargill, Incorporated/Salt Division		3,860,000	A	16	G
		TOTAL COUNT 4		4	8,412,565			

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YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1990	2,392	EDX	North Central Kansas Industrial Dev. Inc	RP	1-	B	8	D
1991	9	EDX	Dyke Machine Works		156,000	A	8	G
	TOTAL COUNT	2		2	155,999			
1991	5,105	EDX	Philips Lighting Company	SA	3,082,000	R	8	P
1992	2,238	EDX	Premier Pneumatics, Inc.		1,010,268	A	2	
	TOTAL COUNT	2		2	4,092,268			
1987	5,075	EDX	Globe Engineering Company	SG	850,000	R	16	D
1987	5,076	EDX	Metal-Fab, Inc.		703,230	R	16	D
1987	5,547	EDX	Mid-Central Manuf. Co., Inc.		262,267	P	16	P
1987	5,551	EDX	Dupaco of Wichita		192,605	R	16	G
1988	1,223	EDX	John Weitzel, Inc.		616,038	R	16	G
1988	1,224	EDX	Casco, Inc.		800,000	R	16	G
1988	1,225	EDX	Brittain Machine, Inc.		1,191,851	P	16	G
1988	1,226	EDX	Weaver Manufacturing, Inc.		240,610	P	16	P
1988	1,227	EDX	Intellect Systems, Inc.		689,177	A	16	G
1988	3,682	EDX	Excel Manufacturing, Inc.		337,003	R	8	G
1988	3,683	EDX	Youngers & Sons Manufacturing Co Inc		231,250	R	16	G
1988	5,181	EDX	Excel Manufacturing, Inc.		337,003	R	8	G
1988	6,293	EDX	Weitzel, John Inc.		216,515	R	16	G
1989	2,482	EDX	Air Capital Plating		961,471	A	16	
1989	2,490	EDX	KMG Tool & Machine		130,000	R	8	G
1989	2,496	EDX	McGinty Machine Company, Inc.		115,500	P	16	G
1989	2,702	EDX	Air Products and Chemicals, Inc.		1,120,925	A	16	G
1989	3,537	EDX	Associated Company, Inc.		660,000	R	16	G
1989	3,538	EDX	Mercury Printing, Inc.		1,101,369	R	16	G
1989	3,972	EDX	Unruh Fabricators, Inc.		126,750	R	16	G
1989	5,782	EDX	Universal Products, Inc.		843,497	A	16	D
1989	7,052	EDX	Central Steel Products, Inc.		251,250	A	16	G
1989	8,052	EDX	Weaver Manufacturing, Inc.		495,000	A	16	P
1989	9,297	EDX	Kansas Plating, Inc.		59,142	P	16	G
1989	9,300	EDX	Aero Metal Forms, Inc.		67,143	R	16	O
1989	9,301	EDX	Leonard's Metal, Inc.		419,000	P	16	G
1989	9,302	EDX	R & R Precision Machine Company, Inc.		112,040	P	16	G
1989	10,179	EDX	Aero Machine Company, Inc.		127,000	P	16	G
1990	1,404	EDX	National Plastics Color, Inc.		1,100,000	P	16	G
1990	4,822	EDX	Brittain Machine, Inc.		2,145,845	A	16	G
1990	7,103	EDX	McGinty Machine Company, Inc.		925,000	P	16	G
1990	7,104	EDX	Kice Industries, Inc.		46,305	P	16	G
1990	7,122	EDX	Piaggio Aviation, Inc.		14,981,000	P	16	G
1990	13,819	EDX	Youngers and Sons Mfg. Co., Inc.		412,529	A	8	P

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Economic Development Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1990	13,854	EDX	KMG Tool & Machine	SG	150,000	P	8	G
1990	15,383	EDX	Metal-Fab, Inc.		0	R	16	
1990	16,046	EDX	Globe Engineering Company, Inc.		717,600	R	16	D
1990	16,049	EDX	Globe Engineering Company, Inc.		600,000	P	16	G
1991	4	EDX	Youngers & Sons Manufacturing Co., Inc.		412,529	A	16	G
1991	5	EDX	Youngers & Sons Manufacturing Co., Inc.		370,084	P	16	G
1991	6	EDX	Youngers & Sons Manufacturing Co., Inc.		402,575	A	16	G
1991	7	EDX	Aero Machine Company, Inc.		149,738	P	16	G
1991	8	EDX	Aero Machine Company, Inc.		202,095	P	16	G
1991	22	EDX	Mercury Printing, Inc.		902,520	P	16	P
91	684	EDX	Custom Cupboards, Inc.		64,000	R	7	P
91	685	EDX	Graphics Systems, Inc.		400,000	R	8	P
1991	687	EDX	R & R Precision Machine Company, Inc.		103,000	P	16	G
1991	690	EDX	Milling Precision Tool, Inc.		149,000	P	16	G
1991	695	EDX	Aero Metal Forms, Inc.		60,000	P	8	O
1991	698	EDX	Aero Metal Forms, Inc.		99,000	P	8	
1991	2,863	EDX	Kice Industries, Inc.		382,674	A	8	G
1991	4,379	EDX	Ohse Foods, Inc.		2,628,624	R	8	P
1991	5,147	EDX	Kansas Plating, Inc.		220,940	R	8	G
1991	6,136	EDX	Mid-Central Manufacturing, Inc.		380,000	P	8	G
1991	6,137	EDX	Mid Central Manufacturing Company, Inc.		112,765	P	8	P
1991	12,436	EDX	Universal Products, Inc.		1,579,532	A	2	
1991	13,214	EDX	Excel Manufacturing, Inc.		854,213	P	2	
1992	786	EDX	Milling Precision Tool, Inc.		140,000	P	9	
1992	2,791	EDX	Universal Products, Inc.		0	P	2	
TOTAL COUNT 59					43,949,204			
1987	805	EDX	Ag Dynamic Systems, Inc,	SH	450,000	P	16	G
1987	975	EDX	Kansas Sunflowers Ltd		450,000	R	16	G
1990	14,573	EDX	Goodland Economic Development Corp.		1-	A	16	O
1991	11,730	EDX	Two State Equity, Inc.		555,625	B	8	G
TOTAL COUNT 4					1,455,624			
1988	945	EDX	Co-Nect-It Frame Corporation	SN	191,926	P	16	G
1989	6,418	EDX	La Siesta Foods, Inc.		1,389,297	A	16	G
1990	14,566	EDX	Seymour, Inc.		0	A	8	P
1990	16,515	EDX	Topeka Foundry & Iron Works Co. (The)		1,144,131	R	16	G
TOTAL COUNT 4					2,725,354			
1989	2,172	EDX	Diversified Services, Inc.	SU	260,000	A	16	G

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Economic Development Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1989	2,773	EDX	Wolfe Machine Inc.	SU	397,000	A	8	G
1990	7,119	EDX	Precision Machining, Inc.		2,786,038	P	7	G
1990	18,551	EDX	GEC Precision Corporation		865,297	P	8	G
1992	1,694	EDX	Diversified Services, Inc.		260,000	R	10	
	TOTAL COUNT	5		5	4,568,335			
1991	13,001	EDX	Air Products and Chemicals, Inc.	SW	15,000,000	A	2	
	TOTAL COUNT	1		1	15,000,000			
1988	620	EDX	Haas, John L.	WO	20,010	R	16	D
	TOTAL COUNT	1		1	20,010			
1989	2,775	EDX	Herrs Machine	WS	74,899	A	16	G
1990	7,143	EDX	Peters, Emil dba Linn Post and Pipe		32,525	A	16	G
1990	7,156	EDX	Linn Enterprises, Inc.		70,368	B	16	G
	TOTAL COUNT	3		3	177,792			
1987	620	EDX	Kansas Avenue Properties	WY	2,500,000	R	16	D
1987	1,453	EDX	Cedrite Technologies, Inc.		10,638,000	R	16	P
1988	2,269	EDX	Fleming Companies, Inc.		2,643,294	P	16	D
1988	2,372	EDX	Constable-Hodgins Printing Co., Inc.		1,532,944	P	16	G
1988	2,373	EDX	Constable-Hodgins Printing Co., Inc		1,506,467	P	16	G
1988	5,963	EDX	Metro Park Warehouses, Inc.		1,200,000	P	16	G
1989	2,679	EDX	Prime Investments, Inc.		2,631,000	R	16	D
1989	3,757	EDX	Barton Solvents, Inc.		1,826,000	R	16	G
1989	5,308	EDX	Fleming Companies		1,916,455	P	16	P
1989	5,516	EDX	Stultz Manufacturing Company		750,006	A	16	G
1989	8,857	EDX	Barton Solvents, Inc.		1,826,000	L	16	G
1990	9,440	EDX	Stevenson & Associates, Inc.		740,000	B	8	G
1990	12,218	EDX	James Farms, Inc/Anderson Erickson Dairy		749,000	B	8	D
1990	14,576	EDX	Nord III, Inc.		2,431,675	A	16	G
1990	17,004	EDX	10th Street Properties		933,257	B	8	G
1991	6,306	EDX	Coopers Animal Health Inc.		830,000	R	8	P
1991	13,534	EDX	Plastic Packaging Corp.		606,636	R	10	
	TOTAL COUNT	17		17	35,260,734			

\*\*note\*\* '-1' signifies a value that was not supplied by the applicant.

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Economic Development Exemptions by County  
Board of Tax Appeals

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YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
		FINAL TOTALS						
		TOTAL			381,830,725			
		COUNT 270		270				

\*\*\* END OF REPORT \*\*\*

\*\*\*note\*\* '-1' signifies a value that was not supplied by the applicant.

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Industrial Revenue Bond Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1988	1,141	IRBX	City of Humboldt/Midwest Diecast Inc	AL	700,000	P	16	G
				TOTAL COUNT 1	700,000			
1989	2,105	IRBX	City of Fort Scott/Dayco Corp. Inc	BB	3,500,000	P	16	G
1989	3,924	IRBX	City of Fort Scott/Extrusions Inc		1,000,000	R	16	G
1989	7,075	IRBX	City of Fort Scott/Ward/Kraft, Inc.		1,500,000	P	16	G
1990	8,565	IRBX	City of Fort Scott/GlamourTop Corp.		260,000	A	16	G
				TOTAL COUNT 4	6,260,000			
1991	8,260	IRBX	City of Sabetha/MAC Equipment, Inc.	BR	1,050,000	A	8	G
				TOTAL COUNT 1	1,050,000			
1989	8,858	IRBX	City of Great Bend/Fuller Industries, Inc	BT	6,000,000	A	16	G
				TOTAL COUNT 1	6,000,000			
1987	3,914	IRBX	Board of Co. Commissioners/CIC Industrie	BU	1,700,000	P	16	G
1988	4,438	IRBX	City of Andover/Andover Health Care		775,000	R	16	G
1988	4,439	IRBX	City of Andover/Andover Health Care		2,400,000	R	16	G
1989	2,424	IRBX	City of Augusta/Seeber Manufacturing		375,000	P	16	G
1989	2,425	IRBX	City of Augusta/William Spillman		1,400,000	R	16	G
1991	4,226	IRBX	Board of Co. Comm/Texaco Refining & Mktg		5,250,000	P	16	G
1992	1,745	IRBX	City of Augusta/Sigma-Tek, Inc.		1,500,000	A	1	
1992	1,749	IRBX	Board of Co. Comm/Texaco Refining & Mktg		39,000,000	R	8	G
				TOTAL COUNT 8	52,400,000			
1988	3,725	IRBX	City of Concordia/F & A Foods Sales	CD	675,000	R	16	G
1989	4,031	IRBX	City of Wichita/St Joseph Hospital		63,000,000	P	16	G
1992	1,886	IRBX	City of Concordia/F & A Food Sales, Co.		481,400	P	1	
				TOTAL COUNT 3	64,156,400			
1992	810	IRBX	Bd. of Co. Comm./Allco Chemical Corp.	CK	1,500,000	A	8	G
				TOTAL COUNT 1	1,500,000			
1987	3,178	IRBX	City of Pittsburg/Kretschmar Brands Inc	CR	1,200,000	P	16	G

*Eco-Devo*  
*Attach 4*  
*03-25-92*

Industrial Revenue Bond Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1989	4,850	IRBX	City of Wichita/Mt.Carmel Med. Center	CR	63,000,000	P	16	G
			TOTAL		64,200,000			
			COUNT	2				
1987	1,271	IRBX	City of Lawrence/Kan/Del Hotel Invest LP	DG	9,100,000	A	16	G
1988	79	IRBX	City of Lawrence/Brandon Woods, Inc.		6,000,000	R	16	G
1988	4,259	IRBX	City of Eudora/OCL Building Part		1,500,000	R	16	G
1989	3,426	IRBX	City of Lawrence/Lawre Riverfront Plaza		16,500,000	R	16	G
1989	3,427	IRBX	City of Lawrence/Riverfront Square Inves		630,000	R	16	G
	39	IRBX	City of Lawrence/RAM Company		2,500,000	A	16	G
	16,245	IRBX	City of Lawrence/Packer Plastics, Inc.		3,090,000	P	16	G
1990	16,249	IRBX	City of Lawrence/Golf Course Supts Asso.		4,300,000	A	16	G
1990	16,251	IRBX	City of Lawrence/Lawrence Paper Company		1,450,000	R	16	G
1990	19,399	IRBX	City of Lawrence/J.M. & J.S. Klausmann		1,850,000	A	16	G
1991	11,508	IRBX	City of Lawrence/Packer Plastics, Inc.		6,270,000	P	8	G
			TOTAL		53,190,000			
			COUNT	11				
1989	4,559	IRBX	City of Abilene/Great Plains Mfg Inc	DK	516,000	A	16	G
			TOTAL		516,000			
			COUNT	1				
1989	1,042	IRBX	City of Holyrood/Central KS Family Prac	EW	45,000	R	16	G
			TOTAL		45,000			
			COUNT	1				
1990	4,470	IRBX	City of Garden City/St Catherine Hosp	FI	1,200,000	B	16	G
1990	17,109	IRBX	City of Garden City/ACRA Plant, Inc.		0	B	10	G
			TOTAL		1,200,000			
			COUNT	2				
1990	510	IRBX	City of Ottawa/Walter and Karin Laich	FR	1,500,000	A	16	G
			TOTAL		1,500,000			
			COUNT	1				
1991	13,305	IRBX	City of Junction City/Ks Export Beef Inc	GE	175,000	B	8	G
			TOTAL		175,000			
			COUNT	1				
1989	14,051	IRBX	Quinstar Corporation	GO	300,000	R	8	G

Industrial Revenue Bond Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
TOTAL COUNT 1					300,000			
1990	395	IRBX	City of Anthony/Morrison Marketing Inc.	HP	748,000	P	16	G
1992	2,279	IRBX	City of Anthony/Morrison Marketing, Inc.		748,000	A	1	
TOTAL COUNT 2					1,496,000			
1987	1,130	IRBX	City of Newton-Mid Cont Cabinetry	HV	3,000,000	P	16	G
87	2,441	IRBX	City of Newton/Hehr International Inc		1,320,000	R	16	
87	3,028	IRBX	City of Newton/Hehr International Inc		475,000	P	16	G
1990	6	IRBX	City of Wichita/Halstead Hospital		63,000,000	A	2	
1990	18,767	IRBX	City of Newton/Future Foam, Inc.		525,000	A	16	G
1991	9,117	IRBX	City of Newton/Collins Industries, Inc.		1,250,000	A	8	G
TOTAL COUNT 6					69,570,000			
1987	1,483	IRBX	City of Perry/Lawrence Paper Company	JF	1,600,000	R	16	G
1990	18,519	IRBX	City of Perry/Lawrence Paper Company		1,200,000	R	16	G
TOTAL COUNT 2					2,800,000			
1987	1,013	IRBX	City of Olathe/Olathe Hosp Foundation	JO	25,825,000	R	16	G
1989	4,584	IRBX	Johnson Co./Olathe Manufacturing, Inc.		500,000	R	2	G
1989	4,585	IRBX	Johnson County/Royal Tractor, Inc.		550,000	R	2	G
1989	4,586	IRBX	Johnson County/Shedd's Food Product		4,500,000	R	2	G
1989	4,587	IRBX	Jo. Co./United Telecommunications Bldg.		120,000	R	2	G
1989	4,592	IRBX	Jo. Co./K. C. Exec. Aircraft Sales, Inc.		300,000	R	2	G
1989	4,593	IRBX	Johnson Co./Olathe Manufacturing, Inc.		750,000	R	2	G
1989	4,594	IRBX	Johnson County/North Supply Co.		0	R	9	D
89	4,595	IRBX	Johnson County/King Radio		1,400,000	R	2	G
89	4,597	IRBX	Johnson County/Grindsted Products, Inc.		8,000,000	R	2	G
1989	4,598	IRBX	Johnson County/Dazey Corporation		2,500,000	R	2	G
1989	4,599	IRBX	Johnson Co./Data Documents Systems, Inc.		2,350,000	R	2	G
1989	4,600	IRBX	Johnson County/Data Document Systems		1,500,000	R	2	G
1989	4,601	IRBX	Johnson County/BPS, Kansas		3,000,000	R	2	G
1989	4,851	IRBX	City of Overland Park/Jo. Co. Comm. Coll		2,920,000	P	16	G
1989	6,656	IRBX	City of Gardner/Gardner Comm. Med. Ctr		1,555,000	P	16	A
1991	2,868	IRBX	City of Olathe/Mitchell Oldsmobile-Cadil		2,730,000	A	8	G
TOTAL COUNT 17					58,500,000			
1991	6,845	IRBX	City of Kingman/KM Co Retire. Home Assoc	KM	2,000,000	B	8	G
1991	6,848	IRBX	City of Kingman/KM Co Retire. Home Assoc		670,000	B	8	G

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YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
				TOTAL COUNT 2	2,670,000			
1987	4,632	IRBX	City of Parsons/Parsons Precision Prod	LB	1,000,000	R	16	G
1989	238	IRBX	City of Parsons/Edge, Inc.		923,699	R	16	G
1989	4,814	IRBX	City of Oswego/Coons Mfg Inc		400,000	A	16	G
1990	84	IRBX	City of Parsons/Peabody Tec Tank, Inc.		750,000	P	16	G
				TOTAL COUNT 4	3,073,699			
88	1,910	IRBX	City of Lincoln Center/Century Mfg.	LC	850,000	R	16	G
				TOTAL COUNT 1	850,000			
1988	2,344	IRBX	City of Oakley/Richard V. Ohmard MD	LG	86,000	R	16	G
				TOTAL COUNT 1	86,000			
1987	2,922	IRBX	City of Tonganoxie/Health Facil/Bev. Ente	LV	1,800,000	A	16	G
1988	4,592	IRBX	City of Leavenworth/Armed Forces Ins		5,900,000	R	16	G
1988	4,593	IRBX	City of Leavenworth/Fred P. Braun		400,000	R	16	G
1992	2,625	IRBX	City of Leavenworth/Heatron, Inc.		1,500,000	A	1	
				TOTAL COUNT 4	9,600,000			
1989	4,032	IRBX	City of Wichita/St Mary's Health Center	LY	63,000,000	A	16	G
				TOTAL COUNT 1	63,000,000			
89	94	IRBX	City of Cawker/Barnett Manf. Co Inc	MC	0	R	16	D
1989	13,961	IRBX	City of Cawker City/Barnett Mfg. Co. Inc		400,000	R	16	G
				TOTAL COUNT 2	400,000			
1987	1,633	IRBX	City of Coffeyville/Acme Foundry Inc.	MG	6,000,000	P	16	G
1987	3,303	IRBX	City of Independence/Heartland Cement Co		9,500,000	A	16	G
1988	148	IRBX	City of Caney/KOPCO, Inc.		385,000	R	2	G
1989	4,849	IRBX	City of Coffeyville/Dixon Industries		450,000	A	16	G
1990	11,722	IRBX	City of Independence/Ind. Wellness Ctr.		350,000	A	16	G
1991	3,845	IRBX	City of Caney/Wayne Spears		1,000,000	R	16	G
1991	3,846	IRBX	City of Caney/Wayne Spears		1,000,000	R	16	G
1991	6,606	IRBX	Board of Co. Commissioners/Sedan Floral		960,000	A	8	G

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1992	1,279	IRBX	City of Independence/Donald C. Walker	MG	2,500,000	A	1	
			TOTAL		22,145,000			
			COUNT	9				
1988	4,549	IRBX	City of Hillsboro/Hillsboro Indust.	MN	725,000	R	16	G
1988	5,164	IRBX	City of Hillsboro/Douglas Cable Comm		235,000	R	16	G
1992	1,748	IRBX	City of Hillsboro/Barkman Honey Co. Inc.		425,000	A	1	
			TOTAL		1,385,000			
			COUNT	3				
1987	1,525	IRBX	City of McPherson/Main Place Plaza Co.	MP	425,000	R	16	G
1987	1,526	IRBX	City of McPherson/G & C Thompson Vintage		200,000	R	16	G
1988	883	IRBX	City of McPherson/Vulcan Metal Prod		7,000,000	R	16	G
1988	884	IRBX	City of McPherson/Warren Place		900,000	R	16	G
1988	1,363	IRBX	City of McPherson/Main Place Plaza		425,000	R	16	G
1988	1,364	IRBX	City of McPherson/Dick Hess		300,000	R	16	G
1989	2,650	IRBX	City of McPherson/Radke Enterprises Inc.		500,000	A	16	G
1990	270	IRBX	City of McPherson/Central Plastics, Inc.		750,000	A	16	G
1990	656	IRBX	City of McPherson/B & B Movie Company		300,000	P	16	G
1990	16,001	IRBX	City of Moundridge/The Bradbury Company		1,500,000	A	16	G
1991	73	IRBX	City of McPherson/American Maplan Corp.		1,065,000	P	16	G
1991	448	IRBX	City of McPherson/Tri Investments Co.		240,000	A	16	G
1991	451	IRBX	City of McPherson/Emery Pearman & Stuart		300,000	A	16	G
1991	9,788	IRBX	City of Canton/Shiloh Manor of Canton		700,000	R	8	G
1992	2,281	IRBX	City of McPherson/Mid West Ind./Dev. Ltd		400,000	P	1	
1992	2,282	IRBX	City of McPherson/Mid West Machinery Ltd		500,000	L	1	
			TOTAL		15,505,000			
			COUNT	16				
1992	1,115	IRBX	City of Sabetha/Glen L. Keim	NM	350,000	A	8	G
			TOTAL		350,000			
			COUNT	1				
1990	7,360	IRBX	City of Osage City/Marley Cont. Homes	OS	4,800,000	A	16	G
			TOTAL		4,800,000			
			COUNT	1				
1987	6,429	IRBX	City of Manhattan/Town East Partnership	PT	1,530,000	R	16	G
1988	2,169	IRBX	City of Manhattan/Parker-Hannifin Co		6,000,000	R	16	G
1990	136	IRBX	City of Manhattan/Campbell Distributors		500,000	A	16	G
1990	396	IRBX	City of Manhattan/Artex Manufacturing		700,000	A	16	G
			TOTAL		8,730,000			
			COUNT	4				



YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1989	1,043	IRBX	City of Manhattan/Manhattan Retirement	RC	4,000,000	R	16	G
			TOTAL COUNT 1		4,000,000			
1988	1,774	IRBX	City of Buhler/Gregory, Inc.	RN	2,000,000	P	16	G
1990	561	IRBX	City of Hutchinson/Mega Mfg. Inc.		1,250,000	B	16	G
1990	562	IRBX	City of S. Hutchinson/Sheilds Indust Inc		250,000	R	16	G
1991	653	IRBX	City of Hutchinson/Health Care, Inc.		5,500,000	B	8	G
1991	12,889	IRBX	City of Hutchinson/National Tank Company		1,015,000	A	8	G
			TOTAL COUNT 5		10,015,000			
1988	1,140	IRBX	City of Salina/Saline Motel Limited	SA	1,650,000	R	16	G
1989	4,423	IRBX	City of Wichita/St. John's Hospital		63,000,000	P	16	G
			TOTAL COUNT 2		64,650,000			
1987	1,610	IRBX	City of Wichita/The Boeing Company	SG	67,000,000	A	16	G
1987	1,611	IRBX	City of Wichita		0	A	16	
1987	2,361	IRBX	City of Wichita/G C Christopher & Son		2,150,000	A	16	G
1987	2,480	IRBX	City of Wichita/Parking Associates L.P.		3,500,000	B	16	G
1987	3,880	IRBX	City of Wichita/Exec. Manor Wichita Inc		2,700,000	P	16	G
1987	3,881	IRBX	City of Wichita/Exec. Manor Wichita Inc		4,500,000	P	16	G
1987	4,874	IRBX	City of Wichita/Multimedia, Inc.		1,500,000	R	3	
1988	1,210	IRBX	City of Colwich/Andcol Inc/Colwich Healt		250,000	B	16	G
1988	1,230	IRBX	City of Wichita/Boeing Company		66,000,000	B	16	G
1988	1,362	IRBX	City of Wichita/Sharpline Converting		850,000	R	16	G
1988	1,436	IRBX	City of Wichita/Epic Center, Inc.		28,500,000	R	16	G
1988	3,437	IRBX	City of Wichita/Valassis Color Graph		9,000,000	R	16	G
1988	4,030	IRBX	City of Wichita/Ralph Vautravars		2,000,000	P	16	G
1988	4,318	IRBX	City of Haysville/Dyman Corporation		1,500,000	R	16	G
1988	4,319	IRBX	City of Derby/Westview Manor, Inc.		1,625,000	R	16	G
1988	6,301	IRBX	City of Wichita/Koch Industries, Inc		4,000,000	R	16	G
1989	498	IRBX	City of Wichita/Fidelity Savings Assoc		7,300,000	P	16	G
1989	1,037	IRBX	City of Wichita/Boeing Company		35,000,000	P	16	G
1989	1,487	IRBX	City of Wichita/Rent-A-Center Inc		9,000,000	R	16	G
1989	1,902	IRBX	City of Colwich/Mikes Invest. Co		665,000	P	16	G
1989	2,710	IRBX	City of Wichita/The Coleman Co. Inc		9,000,000	P	16	G
1989	3,547	IRBX	City of Wichita/Best Western Int., Inc.		1,700,000	R	16	G
1989	5,794	IRBX	City of Wichita/St. Joseph Medical		63,000,000	P	16	G
1990	2,636	IRBX	City of Wichita/Farmland Industries, Inc		16,000,000	A	16	G
1990	2,641	IRBX	City of Wichita/The Boeing Company		161,000,000	A	16	G
1990	7,358	IRBX	City of Wichita/CASCO, Inc.		1,900,000	A	16	G
1990	7,359	IRBX	City of Goddard/IFR Systems, Inc.		3,500,000	R	16	G
1990	8,568	IRBX	City of Wichita/Sharpline Converting Inc		2,000,000	A	16	G

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1990	16,000	IRBX	City of Wichita/Pioneer TeleTechnologies	SG	1,500,000	P	16	G
1991	2,865	IRBX	City of Wichita/Presbyterian Manors Inc.		675,000	A	16	G
1991	2,867	IRBX	City of Wichita/The Boeing Company		159,000,000	P	16	G
1991	7,468	IRBX	City of Wichita/Valassis Color Graphics		10,000,000	P	8	G
1991	10,418	IRBX	Sedgwick County/The Coleman Company Inc.		7,000,000	A	8	G
1991	12,761	IRBX	City of Wichita/Koch Industries, Inc.		50,000,000	R	8	G
1992	145	IRBX	City of Wichita/The Boeing Company		206,000,000	A	13	
1992	809	IRBX	City of Wichita/Associated Co., Inc.		3,000,000	A	8	G
TOTAL COUNT 36					942,315,000			
1987	2,793	IRBX	Board of Co. Commissioners/Rolling Hills	SN	3,100,000	R	16	G
1987	3,481	IRBX	City of Topeka/Colonial Property Group		675,000	P	16	G
1988	2,636	IRBX	City of Topeka/La Siesta Foods, Inc.		1,400,000	P	16	G
1988	3,037	IRBX	City of Rossville/Kross Dev. Co. Inc		160,000	R	16	G
1988	3,038	IRBX	City of Rossville/Kross Dev. Co. Inc		350,000	R	16	G
1989	644	IRBX	City of Topeka/Top Presbyterian Manor, In		8,320,000	R	16	G
1989	4,033	IRBX	City of Topeka/Volume Shoe Corp		9,000,000	A	16	G
1989	4,816	IRBX	City of Topeka/Volume Shoe Corporation		12,500,000	A	16	G
1989	4,817	IRBX	City of Topeka/Ohse Meat Products		2,000,000	A	16	G
1992	143	IRBX	City of Topeka/Mainline Printing, Inc.		1,500,000	A	8	G
1992	144	IRBX	City of Topeka/La Siesta Foods, Inc.		2,000,000	A	8	G
TOTAL COUNT 11					41,005,000			
1990	11,072	IRBX	City of Colby/Sigco Sunplant, Inc.	TH	3,250,000	A	16	G
TOTAL COUNT 1					3,250,000			
1990	1,178	IRBX	City of Fredonia/Systech Environment Cor	WL	5,400,000	P	16	G
TOTAL COUNT 1					5,400,000			
1987	91	IRBX	City of Kansas City/IE DuPont Denumours	WY	27,000,000	A	16	G
1987	92	IRBX	City of Kansas City/Kansas Ave Develop.		1,325,000	A	16	G
1987	93	IRBX	City of Kansas City/Midwest Conveyor		7,500,000	A	16	G
1987	727	IRBX	City of Kansas City/University Vill Apt		3,775,000	R	16	G
1987	728	IRBX	City of Kansas City/James M. Barnett		380,000	R	16	
1987	729	IRBX	City of Kansas City/A Reich & Sons Inc		1,500,000	A	16	G
1987	730	IRBX	City of Kansas City/Security Storage Pro		800,000	A	16	G
1987	731	IRBX	City of Kansas City/Dixon Tom-A-Toe Co.		2,585,000	A	16	G
1987	732	IRBX	City of Kansas City/Superior Sand & Grav		350,000	P	16	G
1987	733	IRBX	City of Kansas City/100 Asso/Block & Co.		2,000,000	R	16	G
1987	734	IRBX	City of Kansas City/Colgate Palmolive		6,000,000	P	16	G

Industrial Revenue Bond Exemptions by County  
Board of Tax Appeals

YEAR	DOCKET NUMBER	CASE TYPE	TAXPAYER APPELLANT	COUNTY	VALUE	PPTY TYPE	CASE STATUS CODE	BOARD DECISION
1987	738	IRBX	City of Kansas	City/Wood View Apartments WY	13,700,000	R	16	G
1987	739	IRBX	City of Kansas	City/Dr Jack M. Beckett	350,000	A	16	G
1987	740	IRBX	City of Kansas	City/Colgate Palmolive	12,000,000	P	16	G
1987	978	IRBX	City of Kansas	City/The Fagan Company	525,000	A	16	G
1987	979	IRBX	City of Kansas	City/Moderate Income Hous	3,900,000	R	16	G
1987	980	IRBX	City of Kansas	City/D'Agostino Bro's Inc	380,000	R	16	G
1987	981	IRBX	City of Kansas	City/Colgate Palmolive	1,000,000	P	16	G
1987	982	IRBX	City of Kansas	City/Magnetic Clinic	3,300,000	R	16	G
1987	1,718	IRBX	City of Kansas	City/Web-Con Litho	800,000	A	16	G
1987	1,719	IRBX	City of Kansas	City/80-9th Associates	2,260,000	A	16	G
1987	2,478	IRBX	City of Kansas	City/HCF Partnership	2,500,000	R	16	G
1987	2,479	IRBX	City of Kansas	City, Kansas/1-70 Assoc.	1,315,000	R	16	G
1987	2,520	IRBX	City of Kansas	City/Two Hundred East Ass	4,200,000	B	16	G
1987	3,181	IRBX	City of Kansas	City/Narga Investments	1,000,000	P	16	G
1987	3,182	IRBX	City of Kansas	City/Roe Lane Properties	800,000	R	16	G
1987	3,183	IRBX	City of Kansas	City/FMPD Purchasing	16,234,694	R	16	G
1987	5,438	IRBX	City of Kansas	City/General Motors Corp	225,000,000	P	16	G
1987	6,470	IRBX	City of Kansas	City/ M.E. Gravatt	500,000	R	16	G
1987	6,471	IRBX	City of Kansas	City/Spangler Printing	1,270,000	R	16	G
1987	6,472	IRBX	City of Kansas	City/MSG, Inc.	5,000,000	R	16	G
1987	6,520	IRBX	City of Kansas	City/Colgagge Palmoliv	6,400,000	R	16	G
1988	716	IRBX	City of Kansas	City/Colgate Palmoli	0	A	16	
1988	3,840	IRBX	City of Kansas	City/General Motors	450,000,000	R	16	G
1988	5,634	IRBX	City of Kansas	City/Owens Industries	6,000,000	R	16	G
1989	497	IRBX	City of Kansas	City/Boyer Properties	225,000	P	16	G
1989	2,357	IRBX	City of Kansas	City/General Motors Corp	13,400,000	A	16	G
1989	4,544	IRBX	City of Kansas	City/Wyandotte West Prop	1,380,000	B	16	G
1991	13,218	IRBX	City of Kansas	City/James M. Barnett	380,000	B	1	
TOTAL					827,034,694			
COUNT 39								
FINAL TOTALS								
TOTAL					2,415,822,793			
COUNT 211								

\* \* \* END OF REPORT \* \* \*

BOARD OF TAX APPEALS  
INDUSTRIAL REVENUE BOND ISSUANCE SUMMARY

Filing Year 1992

CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
El Dorado	Butler	01/10/92	92 01164	IRB Susan B. Allen Memorial Hospit	N	2700000	2700000	0	0
McPherson	McPherson	03/05/92	92 01172	IRB Memorial Hospital, Inc.	n	1500000	0	0	0
Louisburg	Miami	01/29/92	92 01166	IRB Americare Properties, Inc.	N	470000	0	0	0
Wichita	Sedgwick	03/17/92	92 01173	IRB Typed Letters Corporation	n	880000	0	0	0
Clearwater	Sedgwick	01/17/92	92 01165	IRB Vulcan Materials Company	N	5800000	5800000	0	0
Wichita	Sedgwick	02/03/92	92 01167	IRB Turnpike Drive, Inc.	N	9795395	0	0	0
Wichita	Sedgwick	02/10/92	92 01169	IRB FlightSafety International, Inc	N	11170000	11170000	0	0
Wichita	Sedgwick	02/19/92	92 01170	IRB St. Francis Regional Med. Ctr	N	182460000	182460000	0	0
	Sedgwick	02/07/92	92 01168	IRB FlightSafety International, Inc	N	14000000	14000000	0	0
Topeka	Shawnee	02/20/92	92 01171	IRB Robert E. Lee & Sallee R. Lee	N	1330000	1330000	0	0
*** Total ***						230105395	217460000	0	0

*Kco-Devo  
Attach 5  
03-25-92*

BOARD OF TAX APPEALS  
INDUSTRIAL REVENUE BOND ISSUANCE SUMMARY

Filing Year 1991

CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Atchison	Atchison	12/11/91	91 01155	IRB Atchison Co. Farmers Union Coo	N	1450000	1450000	0	0
Hiawatha	Brown	05/15/91	91 01113	IRB Wal-Mart Stores, Inc.	N	1040000	1040000	0	0
	Butler	12/17/91	91 01159	IRB Texaco Refining & Marketing, In	N	39000000	39000000	0	0
Augusta	Butler	11/04/91	91 01146	IRB Augusta Medical Complex, Inc.	N	2645000	2645000	0	0
Andover	Butler	07/16/91	91 01126	IRB Andover Square	N	2000000	1735000	0	0
	Cherokee	05/15/91	91 01111	IRB Cherokee Co. Health Care Assn	N	1750000	1750000	20964	2900
Concordia	Cloud	05/28/91	91 01116	IRB F & A Food Sales Company, Inc.	Y	500000	481400	671980	0
Burlington	Coffey	06/07/91	91 01118	IRB Kansas Gas & Electric Company	N	308600000	308600000	0	0
Winfield	Cowley	07/10/91	91 01122	IRB Casco Plastics, Inc.	N	2000000	1985000	0	0
Pittsburg	Crawford	07/15/91	91 01124	IRB Dillon Real Estate Co., Inc.	N	2500000	2500000	0	0
Chapman	Dickinson	11/19/91	91 01151	IRB J. Walker Stone Company, Inc.	N	1100000	1100000	0	0
Lawrence	Douglas	04/16/91	91 01104	IRB Packer Plastics, Inc.	Y	6270000	6270000	6270000	0
Dodge City	Ford	11/05/91	91 01147	IRB Methodist Hospital Association	N	1970000	1970000	0	0
Dodge City	Ford	07/15/91	91 01125	IRB Dillon Real Estate Co., Inc.	N	2640000	2640000	0	0
Dodge City	Ford	03/18/91	91 01101	IRB Leisure Hotel Corporation	N	580000	580000	0	0
Ottawa	Franklin	12/18/91	91 01161	IRB Fashion, Inc.	Y	1500000	1500000	771300	15000
Ottawa	Franklin	09/19/91	91 01139	IRB Our Own Hardware Company	N	6180000	6110000	0	0
Junction City	Geary	08/01/91	91 01128	IRB Konza Construction Co., Inc.	N	1570000	0	1871795	0
Junction City	Geary	10/25/91	91 01143	IRB Junction City Foundry, Inc.	Y	1350000	1350000	763700	100
Newton	Harvey	02/20/91	91 01097	IRB Newell Oil Company, Inc.	N	1760000	1760000	97500	0
Hesston	Harvey	08/23/91	91 01130	IRB Hay & Forage Industries	N	1260000	1260000	0	0
Newton	Harvey	08/27/91	91 01131	IRB Prairie Inn, Inc.	N	1325500	1325500	0	5000
Holton	Jackson	05/15/91	91 01114	IRB Wal-Mart Stores, Inc.	N	1090000	1090000	0	0
Merriam	Johnson	08/27/91	91 01132	IRB Shawnee Mission Medical Ctr, In	N	78115000	78115000	0	0
Overland Park	Johnson	09/05/91	91 01135	IRB Burlington Northern Railroad C	N	5250000	5250000	0	0
Merriam	Johnson	05/02/91	91 01107	IRB Hickok Master Limited Partners	N	8188000	8165000	0	0
Lenexa	Johnson	05/22/91	91 01115	IRB Lakeview Village, Inc.	N	9995000	9995000	0	0
Norwich	Kingman	07/15/91	91 01123	IRB Farrar Corporation	N	1100000	1100000	0	0
Leavenworth	Leavenworth	02/27/91	91 01099	IRB Michael W. Keenan	Y	1500000	1500000	320580	0
Goessel	Marion	11/18/91	91 01150	IRB Mennonite Bethesda Society Inc	N	890000	890000	0	0
Hillsboro	Marion	08/19/91	91 01129	IRB Barkman Honey Co., Inc.	N	425000	425000	0	0
	Marshall	05/08/91	91 01109	IRB Blue Valley Tele-Marketing, In	N	500000	500000	10000	0
McPherson	McPherson	12/19/91	91 01162	IRB National Cooperative Refinery	N	30000000	30000000	0	0
McPherson	McPherson	12/11/91	91 01156	IRB Borman Real Property Partnersh	N	835000	835000	0	0
McPherson	McPherson	12/26/91	91 01163	IRB MidWest Industries & Developme	N	900000	900000	0	0
McPherson	McPherson	09/03/91	91 01134	IRB National Coop. Refinery Assn.	N	30000000	30000000	0	0
Caney	Montgomery	10/28/91	91 01144	IRB Robert Wayne Spears	N	555000	555000	0	0
	Montgomery	10/04/91	91 01141	IRB Sedan Floral, Inc.	N	300000	300000	1635	0
Wamego	Pottawatomie	06/07/91	91 01117	IRB Kansas Gas & Electric Company	N	18900000	18900000	0	0
Pratt	Pratt	09/17/91	91 01138	IRB Wal-Mart Stores, Inc.	N	1275000	1275000	0	0
Hutchinson	Reno	05/10/91	91 01110	IRB Heritage Care Centers, Inc.	N	110000	110000	0	15000
Hutchinson	Reno	03/05/91	91 01100	IRB Wesley Towers, Inc.	N	10675000	10675000	805500	0
Salina	Saline	02/26/91	91 01098	IRB KASA Industrial Controls, Inc.	Y	400000	400000	900000	0
Salina	Saline	06/12/91	91 01119	IRB Wyatt Foundry, Inc.	N	2500000	2500000	0	0
Wichita	Sedgwick	07/25/91	91 01127	IRB Brittain Machine, Inc.	Y	2500000	2500000	23460	0
Wichita	Sedgwick	09/06/91	91 01136	IRB Wichita Tool Company, Inc.	Y	1600000	1600000	24510	0

BOARD OF TAX APPEALS  
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----- Filing Year 1991 -----

CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Wichita	Sedgwick	01/28/91	91 01096	IRB First National Bank in Wichita	N	905000	905000	0	0
Wichita	Sedgwick	05/15/91	91 01112	IRB Riverside Health Services, Inc	N	7060000	7060000	0	0
Wichita	Sedgwick	07/08/91	91 01120	IRB Law Company Bldg. Associates	N	3375000	3375000	0	0
Wichita	Sedgwick	01/24/91	91 01095	IRB Koch Industries, Inc.	Y	50000000	50000000	47000000	0
Wichita	Sedgwick	04/02/91	91 01102	IRB Lincoln Meadows	N	5100000	5100000	0	0
Wichita	Sedgwick	09/16/91	91 01137	IRB IMA Plaza	N	4855000	4855000	0	0
Wichita	Sedgwick	11/27/91	91 01153	IRB Pizza Hut, Inc.	N	5000000	5000000	0	0
Wichita	Sedgwick	11/07/91	91 01148	IRB The Boeing Company	Y	206000000	206000000	261889260	2219
Wichita	Sedgwick	11/25/91	91 01152	IRB Halstead Hospital, Inc.	N	63590000	63590000	0	0
Wichita	Sedgwick	11/15/91	91 01149	IRB Richard G. Chance, dba Chance P	Y	3500000	3500000	73660	0
Derby	Sedgwick	11/27/91	91 01154	IRB Tanglewood Dentistry	N	600000	600000	0	0
Wichita	Sedgwick	12/13/91	91 01158	IRB The Cessna Aircraft Company	N	30000000	30000000	0	0
	Sedgwick	12/11/91	91 01157	IRB Beech Aircraft Corporation	N	34560000	34560000	0	0
Topeka	Shawnee	10/31/91	91 01145	IRB Payless ShoeSource, Inc.	N	37600000	37600000	0	0
Topeka	Shawnee	04/08/91	91 01103	IRB Martin Tractor Company, Inc.	N	1410000	1410000	0	0
Topeka	Shawnee	05/01/91	91 01105	IRB Reser's Fine Foods, Inc.	Y	5200000	5200000	5139200	0
Topeka	Shawnee	05/03/91	91 01106	IRB Hickok Master Limited Partners	N	4275000	4275000	0	0
Topeka	Shawnee	09/27/91	91 01140	IRB Drury Place Apartments, Inc.	N	1760000	1760000	0	0
Hudson	Stafford	05/06/91	91 01108	IRB Stafford Co. Flour Mills Compa	N	1250000	1250000	0	0
Edwardsville	Wyandotte	12/18/91	91 01160	IRB Life & Safety Products, Inc.	Y	755000	755000	2160	0
Kansas City	Wyandotte	10/14/91	91 01142	IRB Inland Container Corporation	N	5200000	5200000	0	0
Kansas City	Wyandotte	08/28/91	91 01133	IRB Medical Management, Inc.	N	5000000	5000000	0	5000
Bonner Springs	Wyandotte	07/10/91	91 01121	IRB Wal-Mart Stores, Inc.	N	1795000	1795000	0	0
*** Total ***						1075383500	1073421900	326878304	45219

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Filing Year 1990

CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Moran	Allen	02/12/90	90 01035	IRB Americare Properties, Inc.	n	485000	485000	0	0
Kiowa	Barber	09/14/90	90 01075	IRB Lifecare Centers of KS, Inc.	n	765000	765000	0	0
Great Bend	Barton	01/12/90	90 01031	IRB Central Kansas Medical Center	n	250000	250000	0	0
Fort Scott	Bourbon	12/06/90	90 01087	IRB Arkhaven, Inc.	n	675000	675000	0	0
Andover	Butler	08/16/90	90 01068	IRB Vornado Air Circulation Syst.	y	1000000	1000000	969600	0
Whitewater	Butler	08/17/90	90 01069	IRB Wheat State Manor, Inc.	n	675000	675000	0	0
Andover	Butler	09/10/90	90 01072	IRB Pineview Estates Corporation	y	8000000	8000000	6355710	0
	Butler	12/19/90	90 01091	IRB Texaco Refining & Marketing	y	5250000	5250000	0	0
Burlington	Coffey	04/02/90	90 01043	IRB Golden Age Lodge Of Burlington	y	1300000	1300000	857386	0
Frontenac	Crawford	07/16/90	90 01064	IRB Strongheart Products, Inc.	y	5000000	0	5901073	20000
Lawrence	Douglas	02/27/90	90 01039	IRB Golf Course Superintendents	y	4300000	4300000	229000	0
Lawrence	Douglas	03/14/90	90 01040	IRB James M. & Jacklyn Klausmann	y	1850000	1850000	1626050	34200
Lawrence	Douglas	03/29/90	90 01042	IRB Packer Plastics, Inc.	y	3090000	3090000	0	0
Lawrence	Douglas	03/29/90	90 01041	IRB Lawrence Paper Company	y	3000000	3000000	1324000	0
Garden City	Finney	09/17/90	90 01077	IRB Acra-Plant, Inc.	y	2225000	2225000	1795491	0
Ottawa	Franklin	05/14/90	90 01056	IRB Ottawa Retirement Village, Inc	n	1660000	1660000	0	0
Harper	Harper	09/14/90	90 01076	IRB Lifecare Centers of KS, Inc.	n	600000	600000	0	0
Newton	Harvey	09/04/90	90 01073	IRB Newton Mid Continent Cabinetry	n	2560000	2560000	0	0
Holton	Jackson	02/14/90	90 01037	IRB Jackson Co. Nursing Home, Inc.	n	110000	110000	110000	0
Lenexa	Johnson	03/30/90	90 01044	IRB SOR Controls Group, LTD	n	4650000	4650000	0	0
Mission	Johnson	04/05/90	90 01047	IRB Rockview Development Corp.	n	13500000	11100000	0	0
Olathe	Johnson	07/09/90	90 01062	IRB Bavarian Village Assoc., L.P.	n	2115000	2115000	0	100
	Johnson	09/19/90	90 01078	IRB Graphic Technology, Inc.	n	2000000	2000000	0	0
Olathe	Johnson	07/06/90	90 01063	IRB King's Court Associates	n	2300000	2300000	0	100
Olathe	Johnson	05/17/90	90 01058	IRB Mitchell Olds. & Cadillac	y	2730000	2730000	1240100	0
Kingman	Kingman	12/10/90	90 01088	IRB Kingman County Retirement Hh.	y	670000	670000	478350	0
Greensburg	Kiowa	04/11/90	90 01049	IRB Lifecare Centers of KS, Inc.	n	520000	520000	0	0
Haviland	Kiowa	04/18/90	90 01050	IRB Lifecare Centers of Ks, Inc.	n	450000	450000	0	0
Oswego	Labette	09/21/90	90 01079	IRB Coons Manufacturing, Inc.	y	800000	800000	532590	0
Esperia	Lyon	08/17/90	90 01070	IRB Safeway, Inc.	n	3310000	3310000	0	0
McPherson	McPherson	12/21/90	90 01094	IRB Tri Investments Company	y	240000	240000	266000	5213
McPherson	McPherson	12/21/90	90 01093	IRB Pearman & Stuart Emery	y	300000	300000	298000	2804
McPherson	McPherson	02/14/90	90 01038	IRB American Maplan Corporation	y	1065000	1065000	0	0
Paola	Miami	04/27/90	90 01052	IRB Unified School Dist. #368	n	268000	268000	259500	0
Independence	Montgomery	01/31/90	90 01033	IRB Independence Wellness Center,	y	350000	350000	389990	600
Coffeyville	Montgomery	10/22/90	90 01080	IRB Nu-Way Foodliner, Inc.	n	970000	970000	0	0
Sabetha	Nemaha	08/08/90	90 01067	IRB Glen L. Keim	y	350000	350000	416940	2200
Centralia	Nemaha	06/15/90	90 01060	IRB Centralia Commu. Health Care	n	75000	75000	0	0
	Neosho	07/06/90	90 01061	IRB Heritage Care Centers, Inc.	n	680000	680000	393500	0
Chanute	Neosho	05/15/90	90 01057	IRB SJT Health Care	n	1045000	1045000	0	0
Hutchinson	Reno	10/24/90	90 01082	IRB Hutch Inn	n	595000	595000	0	0
Hutchinson	Reno	02/02/90	90 01034	IRB Heritage Care Centers, Inc.	y	1400000	1400000	1679100	15000
Hutchinson	Reno	09/11/90	90 01074	IRB National Tank Company	y	1015000	1015000	1152426	3000
Salina	Saline	01/22/90	90 01032	IRB Windsor Nursing Home Assoc.,	n	1440000	1440000	14306	0
Wichita	Sedgwick	05/08/90	90 01055	IRB Presbyterian Manors, Inc.	y	675000	675000	0	0
Wichita	Sedgwick	07/31/90	90 01066	IRB Associated Co. Inc.	y	3000000	3000000	3335600	16937

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CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Colwich	Sedgwick	02/14/90	90 01036	IRB Colwich Health Center, Inc.	n	470000	470000	1000	0
Wichita	Sedgwick	04/30/90	90 01054	IRB Cessna Aircraft Company	y	12100000	12100000	32678600	0
Wichita	Sedgwick	07/17/90	90 01065	IRB The Cessna Aircraft Company	y	11000000	11000000	111650	0
Wichita	Sedgwick	04/18/90	90 01051	IRB M.A.L.T. Investment Company	n	1145000	1145000	0	1700
Wichita	Sedgwick	12/20/90	90 01092	IRB Presbyterian Manors, Inc.	n	15786147	15786147	0	0
	Sedgwick	12/10/90	90 01090	IRB Beech Aircraft Corporation	n	53000000	53000000	0	0
Wichita	Sedgwick	11/07/90	90 01083	IRB The Boeing Company	y	159000000	159000000	159000000	0
Wichita	Sedgwick	11/19/90	90 01084	IRB R-C Enterprises	n	755000	755000	0	0
Wichita	Sedgwick	11/19/90	90 01085	IRB The Kansas Masonic Home	n	5000000	0	0	0
Derby	Sedgwick	11/26/90	90 01086	IRB Westview Manor, Inc.	n	910000	910000	0	0
Mt. Hope	Sedgwick	12/10/90	90 01089	IRB Mt. Hope Community Development	n	625000	625000	0	0
Topeka	Shawnee	04/10/90	90 01048	IRB La Siesta Foods, Inc.	y	2000000	2000000	2259300	0
Topeka	Shawnee	05/22/90	90 01059	IRB Stormont-Vail Regional Med.Ctr	n	31822063	31822063	0	0
Topeka	Shawnee	08/23/90	90 01071	IRB Mainline Printing, Inc.	y	1500000	1500000	1468110	0
Topeka	Shawnee	04/03/90	90 01046	IRB Coachlamp Associates	n	1200000	1200000	0	0
Topeka	Shawnee	04/03/90	90 01045	IRB Country Club Associates, L.P.	n	1900000	1900000	0	0
Hudson	Stafford	10/24/90	90 01081	IRB Stafford County Flour Mills Co	n	860000	860000	0	0
Kansas City	Wyandotte	04/30/90	90 01053	IRB Lindarsu, Inc.	n	2150000	2150000	0	0
*** Total ***						390531210	378131210	225143372	101854



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CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Humboldt	Allen	04/12/89	89 00987	IRB Heritage Care Center Inc.	y	715000	715000	682500	0
Great Bend	Barton	05/26/89	89 00993	IRB Fuller Industries	n	6000000	6000000	5802200	0
Fort Scott	Bourbon	03/27/89	89 00986	IRB Extrusions Inc.	y	1000000	1000000	438400	0
Fort Scott	Bourbon	07/12/89	89 00999	IRB Ward Kraft Inc.	y	1500000	1500000	2400	0
Winfield	Cowley	09/07/89	89 01005	IRB Focus Care & Treatment Inc.	n	1290000	1290000	0	0
Elwood	Doniphan	01/25/89	89 00982	IRB Figgie Properties Inc.	n	1485000	1485000	0	0
Lawrence	Douglas	07/26/89	89 01002	IRB		2500000	2500000	0	36350
Lawrence	Douglas	01/06/89	89 00980	IRB Laawrence Riverfront Plaza Pro	Y	16500000	16500000	60960	120000
	Ellsworth	10/24/89	89 01016	IRB Independent Salt Holding Co.	n	2600000	2200000	0	0
Ottawa	Franklin	09/22/89	89 01009	IRB Walter & Karin Laich	y	1500000	1500000	531000	15000
Junction City	Geary	11/20/89	89 01022	IRB Kansas Export Beef, Inc.	Y	175000	175000	346000	0
Quinter	Gove	12/21/89	89 01030	IRB Quinter Corporation	y	300000	0	694400	0
Anthony	Harper	09/12/89	89 01006	IRB Morrison Marketing Inc.	n	850000	850000	0	0
Anthony	Harper	09/18/89	89 01007	IRB Lifecare Centers of Kansas Inc	n	825000	825000	0	0
North Newton	Harvey	05/24/89	89 00992	IRB Kidron Bethel Retirement Serv.	n	3000000	3000000	0	0
Newton	Harvey	10/06/89	89 01011	IRB Collins Industries, Inc.	y	1250000	1250000	151360	0
Newton	Harvey	12/14/89	89 01026	IRB Future Foam, Inc.	y	550000	525000	985700	0
Newton	Harvey	04/28/89	89 00990	IRB Mid Continent Cabinetry Inc.	y	1660000	1660000	0	0
Perry	Jefferson	06/29/89	89 00997	IRB Lawrence Paper Company	y	1200000	1200000	0	0
Olathe	Johnson	06/30/89	89 00998	IRB Rawsgate Apartments Project	n	3460000	3460000	0	0
Olathe	Johnson	02/02/89	89 00983	IRB Mid-Central/Sysco Food ServInc	n	7490000	7490000	0	0
Lenexa	Johnson	09/28/89	89 01010	IRB Unique Super Markets of KS Inc	n	2605000	2605000	0	0
Olathe	Johnson	11/15/89	89 01021	IRB Culligan Water Conditioning	y	1600000	1600000	1136800	0
Kingman	Kingsman	09/18/89	89 01008	IRB Lifecare Centers of KS, Inc.	n	1005000	1005000	0	0
Marion	Marion	11/08/89	89 01020	IRB Marion Manor, Inc.	n	690000	690000	0	0
McPherson	McPherson	04/25/89	89 00989	IRB Central Plastics Inc.	y	750000	750000	27800	0
Caney	Montgomery	08/23/89	89 01004	IRB KOPCO Inc.	n	1260000	1260000	1060635	0
	Montgomery	01/09/89	89 00981	IRB Sedan Floral, Inc.	Y	960000	0	902140	0
Centralia	Nemaha	03/16/89	89 00985	IRB Centralia Community Health Car	n	750000	750000	0	0
Sabetha	Nemaha & BR	06/14/89	89 00994	IRB MAC Equipment Inc.	y	1050000	1050000	129900	1800
Osborne	Osborne	11/03/89	89 01018	IRB Osborne Industries, Inc.	n	0	0	0	0
Pratt	Pratt	11/28/89	89 01023	IRB Lifecare Centers of KS., Inc.	n	1245000	1245000	0	0
Hutchinson	Reno	07/17/89	89 01000	IRB Mega Manufacturing, Inc.	y	1250000	1250000	727300	22430
South Hutchinson	Reno	07/21/89	89 01001	IRB Shield Industries Inc.	y	250000	250000	230500	6250
Hutchinson	Reno	06/14/89	89 00995	IRB Health Care, Inc.	y	5500000	5500000	0	0
Hutchinson	Reno	11/01/89	89 01017	IRB AHF/Central States, Inc.	n	2095000	0	0	0
Salina	Saline	10/06/89	89 01012	IRB Asbury-Salina Reg. Med. Ctr.	n	16100000	16100000	0	0
	Scott	12/20/89	89 01029	IRB Scott Co. Rest Home, Inc.	y	500000	500000	1115900	0
Hesston	Sedgwick	04/19/89	89 00988	IRB Mennonite Board of Missions	y	3000000	3000000	0	0
Colwich	Sedgwick	10/10/89	89 01013	IRB The "Mikes" Investment Company	n	355000	320000	0	0
Derby	Sedgwick	10/19/89	89 01015	IRB Q Corporation	n	665000	655000	0	0
Wichita	Sedgwick	11/07/89	89 01019	IRB The Boeing Company	y	16100000	16100000	16100000	15055i
Wichita	Sedgwick	06/19/89	89 00996	IRB Farmland Industries Inc.	y	1600000	1600000	6781872	0
	Sedgwick	12/13/89	89 01025	IRB Beech Aircraft Corporation	n	208640939	168815938	0	0
Wichita	Sedgwick	12/01/89	89 01024	IRB Pioneer TeleTechnologies, Inc.	y	1500000	1500000	1144000	0
Goddard	Sedgwick	05/05/89	89 00991	IRB IFR Systems Inc.	y	3500000	3500000	1300000	0

BOARD OF TAX APPEALS  
INDUSTRIAL REVENUE BOND ISSUANCE SUMMARY

Filing Year 1989

CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Wichita	Sedgwick	12/14/89	89 01027	IRB Tru-Circle Corporation	y	1350000	1350000	500000	0
	Sedgwick	02/22/89	89 00984	IRB Catholic Care Center Inc.	y	6000000	6000000	0	0
Topeka	Shawnee	12/18/89	89 01028	IRB Fairlawn Village Apartments LP	n	1915000	1915000	0	0
Fredonia	Wilson	08/07/89	89 01003	IRB Systech Environmental Corp.	n	5400000	5400000	5669110	0
*** Total ***						502785939	459135938	191420877	352381

BOARD OF TAX APPEALS  
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Filing Year 1988

CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Great Bend	Barton	11/23/88	88 00964	IRB Great Bend Mfg. Co., Inc.	N	780000	595000	0	0
Fort Scott	Bourbon	12/15/88	88 00974	IRB Dayco Products, Inc.	Y	4100000	3500000	0	0
	Cherokee	11/30/88	88 00966	IRB Allco Chemical Corporation	Y	1500000	1500000	165000	0
Winfield	Cowley	04/21/88	88 00941	IRB Cumbernauld Village, Inc.	Y	4310000	4310000	1845	0
Abilene	Dickinson	04/15/88	88 00939	IRB Great Plains Rentals, Inc.	Y	516000	516000	586049	0
Hays	Ellis	12/02/88	88 00968	IRB Yuasa Exide Battery Corp.	N	9500000	9500000	0	0
Holyrood	Ellsworth	04/29/88	88 00942	IRB Central KS Family Practice, PA	Y	45000	45000	670	0
Garden City	Finney	07/18/88	88 00953	IRB St. Catherine Hospital	Y	1200000	1200000	1960	0
Dodge City	Ford	11/09/88	88 0961b	IRB Manor of the Plains, Inc.	Y	7000000	7000000	0	0
Junction City	Geary	01/15/88	88 00932	IRB Pawnee Comprehensive Mental He	N	200000	200000	0	0
Newton	Harvey	03/30/88	88 00937	IRB Newton Presbyterian Manor, Inc	N	3510000	3510000	0	0
Halstead	Harvey	07/18/88	88 00955	IRB Kansas Health Care LTD	N	1835000	1835000	0	0
Holton	Jackson	12/21/88	88 00979	IRB Jackson Co. Nursing Home	N	700000	700000	573425	0
Lenexa	Johnson	12/16/88	88 00975	IRB Charter House Associates Proje	N	8550000	8550000	0	0
Lenexa	Johnson	12/07/88	88 00970	IRB National Envelope Corp.-Midwes	N	5000000	5000000	0	0
Olathe	Johnson	03/18/88	88 00936	IRB Olathe Hospital Foundation, In	N	33985000	33985000	0	0
Kingman	Kingman	07/18/88	88 00954	IRB Kingman Co. Retirement Home As	Y	2000000	2000000	1650	0
Oswego	Labette	11/14/88	88 00963	IRB Coons Manufacturing Inc.	U	800000	400000	352775	35406
Parsons	Labette	08/05/88	88 00957	IRB Sunny Development Inc.	Y	550000	550000	66980	0
Leavenworth	Leavenworth	07/15/88	88 00952	IRB Cushing Memorial Hospital Corp	N	3535000	3535000	0	0
Emporia	Lyon	10/07/88	88 00960	IRB Emporia Hotel Venture	N	5000000	5000000	0	0
Hillsboro	Marion	03/04/88	88 00934	IRB Hillsboro Industries, Inc.	Y	725000	725000	49000	0
Marysville	Marshall	12/01/88	88 00967	IRB Landoll Corporation	Y	750000	750000	0	0
McPherson	McPherson	07/06/88	88 00950	IRB The Cedars Inc.	N	5420000	5420000	17550	0
Canton	McPherson	07/21/88	88 00956	IRB Shiloh Manor of Canton, Inc.	Y	700000	700000	0	0
McPherson	McPherson	12/21/88	88 00977	IRB B & B Movie Co.	Y	300000	300000	32450	1420
McPherson	McPherson	12/21/88	88 00978	IRB Radke Enterprises, Inc.	Y	500000	500000	0	0
McPherson	McPherson	12/14/88	88 00973	IRB Plains Plastics, Inc.	N	1300000	0	0	0
Inman	McPherson	10/18/88	88 0961a	IRB Larson Floor Covering, Inc.	N	70000	70000	0	0
Caney	Montgomery	05/10/88	88 00943	IRB Robert Wayne Spears	Y	1000000	1000000	980000	0
Osborne	Osborne	03/07/88	88 00935	IRB Osborne County Grain, Inc.	N	350000	350000	0	0
Hutchinson	Reno	05/20/88	88 00947	IRB Sunwest Hotel Corporation	N	10000000	10000000	0	0
Manhattan	Riley	08/10/88	88 00958	IRB Manhattan Retirement Foundatio	N	4000000	4000000	0	0
Wichita	Sedgwick	05/17/88	88 00946	IRB Market Centre III, LP	N	665000	665000	0	4347
Wichita	Sedgwick	08/15/88	88 00959	IRB The Coleman Company, Inc.	N	9000000	9000000	0	0
Wichita	Sedgwick	05/17/88	88 00945	IRB Market Center II.LP	N	1685000	1685000	0	9160
	Sedgwick	06/22/88	88 00949	IRB The Coleman Company	Y	3700000	3700000	2300000	0
Wichita	Sedgwick	11/10/88	88 00962	IRB The Boeing Company	Y	35000000	35000000	1430	396
Wichita	Sedgwick	12/06/88	88 00969	IRB Sharpline Converting, Inc.	Y	2000000	2000000	3402	0
Wichita	Sedgwick	05/17/88	88 00944	IRB Market Centre L.P.	Y	5625000	5625000	0	36879
Wichita	Sedgwick	12/07/88	88 00971	IRB Beech Aircraft Corporation	Y	28280000	28280000	1660	0
Wichita	Sedgwick	03/31/88	88 00938	IRB Best Western International, In	Y	1700000	0	1080	0
Topeka	Shawnee	07/15/88	88 00951	IRB Sunwest Hotel Corporation	N	5500000	5500000	0	0
Topeka	Shawnee	12/21/88	88 00976	IRB Great Plains Hotel Project	N	5000000	4300000	0	0
Topeka	Shawnee	06/17/88	88 00948	IRB Topeka PResbyterian Manor, Inc.	Y	8320000	8320000	2687520	0
Topeka	Shawnee	01/25/88	88 00933	IRB LaSiesta Foods, Inc.	Y	1400000	1400000	806506	835

BOARD OF TAX APPEALS  
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Filing Year 1988

CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Colby	Thomas	12/13/88	88 00972	IRB Sigco Sunplant, Inc.	Y	3250000	3250000	1455	11700
Kansas City	Wyandotte	04/19/88	88 00940	IRB Bethany Plaza, LTD	N	1180000	1180000	8	0
Kansas City	Wyandotte	11/29/88	88 00965	IRB General Motors Corp. Project	Y	140015988	140015988	0	0
*** Total ***						372051988	367166988	8632495	100143

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Filing Year 1987

CITY	COUNTY	DATE RECEIVED	DCKT#	LESSEE	EXEMPT	PRIN IRB AMOUNT	AMOUNT ISSUED	APPRAISED VALUE	PAYMENT IN-LIEU
Humboldt	Allen	06/04/87	87 00893	IRB Midwest Diecast, Inc.	y	700000	700000	0	0
Horton	Brown	10/21/87	87 00912	IRB Tri-County Manor Nursing Home	y	1010000	1010000	0	0
Andover	Butler	12/08/87	87 00920	IRB Beech Aircraft Corporation	Y	485000	485000	161005	0
Burlington	Coffey	10/09/87	87 00908	IRB K.C. Power & Light Company	y	90000000	90000000	0	0
Arkansas City	Cowley	11/17/87	87 00914	IRB Arkansas City Memorial Hospita	N	450000	450000	0	0
	Ellis	01/13/87	87 00885	IRB St. John's Rest Home	n	4800000	4800000	0	0
Dodge City	Ford	07/08/87	87 00899	IRB Methodist Hospital Assoc. Inc.	y	1875000	1875000	0	0
Mission	Johnson	06/16/87	87 00897	IRB American Fire Sprinkler Corp.	n	1400000	1400000	0	0
Parsons	Labette	12/21/87	87 00931	IRB The Edge, Inc.	Y	347500	347500	293090	0
Parsons	Labette	12/21/87	87 00930	IRB The Edge, Inc.	Y	258358	258358	258358	0
Parsons	Labette	12/21/87	87 00929	IRB The Edge, Inc.	Y	341498	341498	777420	0
Lincoln Center	Lincoln	10/12/87	87 00909	IRB Century Manufacturing	y	850000	850000	0	0
Emporia	Lyon	09/14/87	87 00906	IRB Emporia Presbyterian Manor, Inc	y	7395000	7395000	0	0
Hillsboro	Marion	06/29/87	87 00898	IRB Parkside Homes, Inc.	y	1200000	1200000	0	0
Peabody	Marion	03/06/87	87 00887	IRB Peabody Memorial Nursing Home,	n	600000	600000	0	0
Goessel	Marion	11/20/87	87 00915	IRB Mennonite Bethesda Society, Inc	N	925000	925000	2090000	0
Hillsboro	Marion	05/21/87	87 00891	IRB Salem Hospital, Inc.	n	980000	980000	0	0
McPherson	McPherson	09/08/87	87 00905	IRB Vanguard Plastics, Inc.	y	635000	635000	0	0
McPherson	McPherson	12/07/87	87 00922	IRB Dick Hess	Y	3000000	3000000	310000	0
Seneca	Nebraska	08/24/87	87 00903	IRB Nebraska Valley Community Hosp.	y	2508000	2508000	0	0
Chanute	Neosho	05/06/87	87 00890	IRB National Garment Company	n	1000000	1000000	0	0
Buhler	Reno	12/10/87	87 00925	IRB Gregory, Inc.	Y	2000000	2000000	35950	0
Salina	Saline	04/16/87	87 00888	IRB Salina Presbyterian Manor, Inc	y	800000	800000	0	0
Wichita	Sedgwick	12/09/87	87 00913	IRB The Boeing Company	Y	66000000	66000000	66000000	0
Wichita	Sedgwick	12/03/87	87 00917	IRB Kansas Masonic Home Project	N	3410000	3410000	0	0
Bd of Co.	Sedgwick	12/08/87	87 00918	IRB Beech Aircraft Corporation	Y	32920000	32920000	362930	0
Commission									
Wichita	Sedgwick	05/21/87	87 00892	IRB Pepsi-Cola Bottling Co. of Wic	y	6200000	6200000	0	5729
Wichita	Sedgwick	12/08/87	87 00919	IRB Ralph Vautravers/Rands Publish	N	2000000	2000000	373370	0
Wichita	Sedgwick	06/08/87	87 00894	IRB Wesley Retirement Communities	n	19940000	19940000	0	0
Wichita	Sedgwick	06/08/87	87 00895	IRB St. Francis Regional Med. Ctr.	n	100000000	100000000	0	0
Wichita	Sedgwick	12/17/87	87 00928	IRB Valassis Inserts, Inc.	Y	22000000	1000000	277520	0
Wichita	Sedgwick	04/24/87	87 00889	IRB Wichita Presbyterian Manor	n	4885000	4885000	0	0
Wichita	Sedgwick	10/21/87	87 00911	IRB Christian Challenge Schools,	n	550000	550000	0	0
Wichita	Sedgwick	08/06/87	87 00901	IRB Executive Manor Wichita, Inc.	n	8195000	8195000	0	0
Wichita	Sedgwick	08/06/87	87 00902	IRB Executive Manor Wichita Assoc.	n	1805000	1805000	0	0
Wichita	Sedgwick	08/25/87	87 00904	IRB Epic Center, Inc.	y	28500000	28500000	0	178508
Wichita	Sedgwick	10/13/87	87 00910	IRB Koch Industries, Inc. Project	y	4000000	4000000	0	17778
	Shawnee	02/03/87	87 00886	IRB Menninger Foundation	y	27635000	27635000	0	0
Topeka	Shawnee	07/20/87	87 00900	IRB OHSE Meat Products, Inc.	y	2000000	2000000	0	0
Topeka	Shawnee	12/17/87	87 00927	IRB Volume Shoe Corporation	Y	9000000	9000000	4916700	0
Topeka	Shawnee	12/17/87	87 00926	IRB Volume Shoe Corporation	Y	12500000	12500000	7236384	0
Kanorado	Sherman	12/08/87	87 00921	IRB The Oasis of Kanorado, Inc.	Y	575000	575000	90705	0
Kansas City	Wyandotte	10/05/87	87 00907	IRB Lady Baltimore Foods, Inc.	n	2250000	2250000	0	0
Kansas City	Wyandotte	12/10/87	87 00923	IRB KC Presbyterian Manor, Inc.	N	3415000	3415000	0	0
Kansas City	Wyandotte	12/10/87	87 00924	IRB Boyer Properties, KC Project	N	225000	225000	56090	0

BOARD OF TAX APPEALS  
INDUSTRIAL REVENUE BOND ISSUANCE SUMMARY

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Kansas City	Wyandotte	06/11/87	87 00896	IRB Owen Industries, Inc.	y	6000000	6000000	0	0
Kansas City	Wyandotte	12/02/87	87 00916	IRB General Motors Corporation	Y	450000000	450000000	0	0
*** Total ***						937565356	916565356	83239522	202015

**INSTITUTE FOR PUBLIC POLICY AND BUSINESS RESEARCH  
UNIVERSITY OF KANSAS**

**Testimony on the Fiscal and Economic Impact Model  
(Tax Abatement Model)**

*provided by*

**Dr. Helga K. Upmeier  
Research Associate**

*provided to*

**House Committee on Taxation and  
House Committee on Economic Development**

**March 25, 1992**

*Eco-Devo  
Attach 6  
03-25-92*

## **Introduction**

Madame Chairperson and members of the House Taxation Committee, and Madame Chairperson and members of the Economic Development Committee, I appreciate the opportunity to testify on the Fiscal and Economic Impact Model of the Institute for Public Policy and Business Research at the University of Kansas.

The Fiscal and Economic Impact Model of the Institute, also referred to as Tax Abatement Model, is a systematic approach to conducting a cost-benefit analysis of the impact of a new development and, in particular, the granting of a tax abatement. The Model can be used to facilitate decision making and enable communities to estimate the magnitude of costs and benefits associated with a new development. The Model is a considerable extension and a refinement of a cost-benefit analysis originally developed by Dr. David Darling of Kansas State University's Extension.

## **The Basic Concept of the Model**

The Model weighs the cost and benefits of a new development for a community as a whole and for a city, county and school district individually. For a better understanding of the Model's basic workings, it is helpful to discuss a scenario where a new firm locates in a community and to look at the fiscal and economic consequences in the respective community.

On the benefit side there are several factors to be considered:

- The new investment in real estate and personal property (machinery and equipment) allows communities to levy property taxes even at a reduced rate when an abatement is granted. While property taxes on the real estate investment can be fully levied when the abatement period is over, property taxes on machinery and equipment are affected by fast depreciation and will not be a big source of revenue to communities when abated.
- Wages and certain fringe benefits paid to the new firm's employees will increase local income to existing and new residents as well as to the unemployed or underemployed residents. The new wages will have a positive effect on the local economy by increasing local consumption and business sales. It will also boost sales tax collections and property taxes levied from new houses as new workers may move to the community. Fringe benefits such as health care are expected to return to the community in the short run and provide revenues and employment to the local health care sector.
- Operating expenses of the new firm will stimulate the local economy provided that a high proportion of these operating expenses is spent within the community for supplies and for business, professional, cleaning, transportation and other services.



- Both the new wages paid to employees and the operating expenses by the new firm will generate a multiplier effect by increasing local income and creating additional secondary jobs. In the Model, an income and employment multiplier account for this effect. An income multiplier in the range of 1.25 to 1.5 and an employment multiplier in the magnitude of 2.5 are used in the Model. The multiplier effect has a favorable impact on the private sector and on the public sector by increasing local tax collections through additional spending on goods, supplies and houses.
- Overall, the primary and secondary (multiplier) effects combined make up the total measurable benefits to the community associated with the new development.

On the cost side, the following operational and capital expenditures incurred to a city, county or school district are taken into account:

- Incremental operational expenditures to the city and county associated with the firm's new plant incur due to an increased demand for water treatment, sewage, garbage collection, police and fire service, street maintenance and other local government services.
- Capital expenditures associated with the new plant consist of outlays such as extension of water and sewer lines, construction of new roads and bridges, and capacity increases in other areas of local government.
- New residents associated with the new firm cause additional operational and capital expenditures. Although in-migrants generate revenues for the community due to new construction and spending they also contribute to additional operational and capital expenditures due to their demand for public services and facilities which are calculated on an average cost basis.
- The number of new school-children due to in-migration is expected to increase the operational and capital expenditures for the respective school districts. Since the prevalent age group of migrants is 18 to 45 and coincides with high fertility, a substantial number of new school-children will be attributable to new residents which are drawn to the community due to new employment. The operational expenditures per pupil vary by school district and include supplies, transportation, teacher salaries and other operational costs. Among the capital expenditures are construction of new schools, school additions, new school buses and other capital outlay costs.

### **Overview of the Model's Variables**

The Model employs 240 input variables to estimate the fiscal and economic impact associated with a new development. The Model's variables range from firm-related information such as the number of employees, salary levels, fringe benefits and a firm's local operating

expenditures to community-specific data such as mill levy rates, per capita expenditures, per capita revenues and capital costs incurred to communities through the new development. Variables relating to the school district include mill levy rates, state and federal aid per pupil, operational expenditures per pupil, capital outlay costs and number of new school-children to be expected due to the new development.

The Model incorporates a wide range of measurable benefits and costs associated with a project to extent these can be quantified. The Model does not take into account any unmeasurable costs such as traffic congestion, air and water pollution, environmental changes etc. and unmeasurable benefits such as social benefits of economic growth.

### **Results: Net Benefits and Benefit-Cost Ratio Over a Selected Period of Time**

Measurable benefits and costs to a community associated with a new firm are compared in the first year and over a selected time period of 15 years (discounted for time and risk). The dollar value of all benefits net of costs is calculated for the city, county, school district individually and as a combined total.

A benefit-cost ratio is calculated whereby a ratio of 1 to 1 indicates a breakeven situation over a 15-year time span, not accounting for any non-measurable costs and benefits outlined above. For a projects acceptance and the granting of a tax abatement, it is recommended that the benefit-cost ratio well exceeds a ratio of 1 to 1 over a 15-year time period to account for uncertainty regarding the likelihood of a firm's location without an abatement and any unmeasurable effects.

### **Credibility of the Model**

The credibility of the Model depends highly on carefully researched input data. The sensitivity of the Model to some of the input variables suggests that one should not view the results as precise values but reasonable approximations of the magnitude of the measurable fiscal and economic impact of a project.

Modelling of a real world situation is a complex task designed to capture all relevant impacts in a systematic way and to objectively evaluate them. Undoubtedly, economic modelling provides a better and more objective approach than any rudimentary accounting framework or arbitrary decision making.

Overall, the model represents a practicable solution for estimating the fiscal and economic consequences of granting a tax abatement by communities. However, it is intended to be only one piece of information to be considered by local decision-makers. Other decision making criteria to be considered should be (1) the likelihood or probability that a firm would locate or expand in the community without the granting of a tax abatement and (2) the unmeasurable benefits and costs associated with the new development.

TESTIMONY ON SEDGWICK COUNTY ECONOMY AND USE OF TAX EXEMPTIONS  
JOINT MEETING OF HOUSE TAXATION  
AND HOUSE ECONOMIC DEVELOPMENT COMMITTEES

CARLENE HILL FORREST  
CENTER FOR ECONOMIC DEVELOPMENT AND BUSINESS RESEARCH  
THE WICHITA STATE UNIVERSITY  
MARCH 25, 1992

Members of the committee, I'm Carlene Hill Forrest, Director of the Center for Economic Development and Business Research at the Wichita State University. I appreciate this opportunity to appear today.

I will be referring to the accompanying charts. I would first like to briefly review some the characteristics of the Sedgwick County and Kansas economies. I would then like to tell you about our experience in developing the Tax Abatement Model for Wichita.

The first chart highlights the magnitude of Sedgwick County's contribution to the State's economy. By almost any measure you consider, one county out of the 105 counties contributes almost 1/5th of the state total.

Sedgwick County alone accounts for 32 percent of the state's manufacturing jobs and 38 percent of all dollars earned in manufacturing jobs statewide.

The portion of the state's manufacturing industry based in Sedgwick County is important. Without a strong manufacturing sector the Kansas economy cannot continue to grow and prosper.

Kansas is often thought of as an agricultural state, but you may be surprised to see some of the counties with strong manufacturing bases and how we compare to the rest of the nation.

Seventeen Kansas counties receive 20 percent or more of their earnings in manufacturing jobs. (Chart)

(Chart) Thirteen percent of all jobs in Kansas are manufacturing jobs. Nationwide, 15 percent of all jobs are manufacturing jobs, a proportion that has been steadily declining over the past 20 years. However, in Sedgwick County the share of jobs in manufacturing is fairly stable, at 22 percent.

(Chart) The picture is even more dramatic if we look at earnings from manufacturing. Manufacturing jobs account for 19 percent of the earnings in Kansas, just one percentage point below the national average of 20 percent. In Sedgwick County, \$34 out of every \$100 is earned at a manufacturing job.

*Eco-Devo  
Attach 7  
03-25-92*

(Chart) In fact, in Sedgwick County, a higher proportion of jobs are manufacturing than in Michigan, a state once a world leader in the production of automobiles.

(Chart) If we look at earnings, Kansans earn a higher percentage of their dollars from manufacturing than Californians.

The most important point is the general trend of decline in these states and the nation as a whole, in contrast to the stable manufacturing base in Sedgwick County.

While 13% of the jobs in Kansas are manufacturing jobs, 19% of the earnings are from manufacturing. This is because manufacturing jobs tend to be higher paying jobs. (Chart) The average annual income per job across all industries in Kansas is \$19,629. In manufacturing jobs the average is \$29,171. The average income per job in the Service sector is \$18,527, 64 percent that of a manufacturing job.

In Sedgwick County, the average annual income for a manufacturing job is \$35,218, primarily due to the highly skilled nature of the work required to produce aircraft.

We are fortunate in Kansas to be a center for aircraft production, an industry in which the United States is still the world leader. (Chart) We estimate that 8.3 percent of the state's entire economy is either directly or indirectly related to the aerospace industry.

For example, in 1990, purchases by Boeing Wichita from Kansas suppliers totaled \$286 million. Other Boeing divisions purchased an additional \$125 million in supplies and services from Kansas companies in 1990.

In the face of global competition, the strong manufacturing base in Kansas is not a given. Yet the opportunities are tremendous. According to industry projections, demand for civilian air transports worldwide will result in a total of 12,000 shipments between 1992-2010. This demand is valued at \$857 billion, of which 78 percent is yet to be sold.<sup>1</sup> Gains or losses in our share of this market will have long-term implications for future sales of parts and service.

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<sup>1</sup>"U.S. Airframe Outlook Bright Despite Gloomy 1991 Results", Aviation Week & Space Technology, March 16, 1992, page 53.

We asked the question, "What if the number of manufacturing jobs in Sedgwick County had grown at the same pace as the national average?"

(Chart) Between 1986 and 1989 the number of manufacturing jobs in the United States increased by 2%. In Sedgwick County during those same four years, the number of manufacturing jobs increased 9% - from 54,222 to almost 59,000. If we had just matched the national trend, we would have added 3,448 fewer jobs during those years.

Those fewer jobs would have meant \$121,425,724 less earnings in Sedgwick County and \$242,851,448 in lost personal income statewide. Based on our estimate that 8.08 percent of all earnings go to state and local revenue, the total loss to the state would have been \$19.6 million. This estimate does not include corporate tax revenues that would have been lowered.

Where has the growth in Sedgwick County been concentrated? To answer this question we looked at City of Wichita records on all firms who have received tax abatements under the Kansas constitutional authority since 1987.

The jobs growth is shown below and in accompanying chart.

Year	No. of Firms	No. of Employees In Year of Exemption	No. Employees In 1991
1987	9	630	886
1988	1	30	33
1989	12	674	847
1990	5	208	320
Total	27	1,542	2,086
Net Increase			544

Average Annual Growth Jobs = 20%.

Using an average annual income for those jobs of \$18,000, based on company reports, the net increase to the State's personal income was almost \$20 million, resulting in a gain in state and local revenue of \$1.6 million per year. Again this does not include any corporate income taxes.

It is interesting to note the average size of these companies at the time of their requests was 57 employees. All of the companies were manufacturing plants.

We also looked at companies receiving IRB's through the City of Wichita. (Chart) Among the 37 companies for which we could obtain data, there was a net increase of 10,562 jobs between 1971-1991. This translates to an average annual growth rate of 11 percent. (Total impact is more difficult to estimate because not all of the companies receiving IRB's were manufacturing plants.)

One of the common misconceptions about tax abatements is that property is taken off of the tax roles when abatements are granted. Tax exemptions apply only to the new property and only for a limited amount of time. Existing property is not taken off the tax roles. The new property is added to the tax base once the exemption expires.

(Chart) Based on City of Wichita records, we estimate that by 1994, \$377 million new taxable property will have been added to the City tax roles as a result of investments in real estate and machinery financed in prior years by IRB's.

These figures show some of the benefits. The City of Wichita and the WI/SE Partnership are funding the adaptation to the Wichita economy of the Tax Abatement Model discussed by Ms. Upmeier in order to be able to more fully estimate the costs and benefits. We have just completed a major survey of employees in the county's manufacturing firms. A copy of the questionnaire is attached. We are now in the process of collecting estimates of the proportion of public services used for businesses.

The model will provide helpful information, but will not make the decision for government officials. Perhaps the primary benefit of the model and its development is the data base which results.

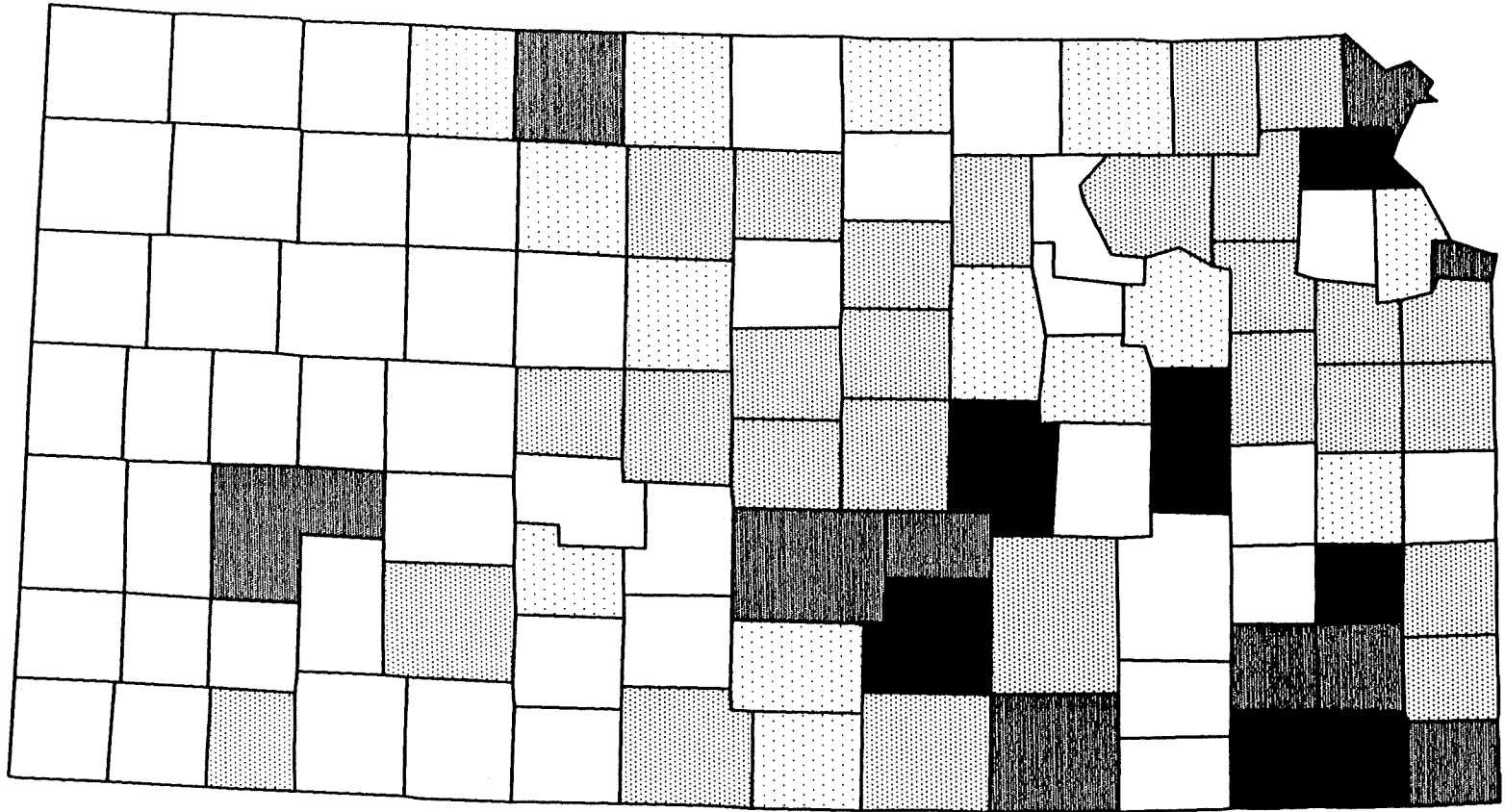
For example, in analyzing lists of manufacturing companies in Sedgwick County we found over 300 manufacturing companies with fewer than 10 employees. If we take away the very large companies (Beechcraft, Boeing, Cessna, Coleman, and Learjet) and those with fewer than 10 employees, the average number of employees in manufacturing plants in Sedgwick County in that mid-size group is 69.


In conclusion, I believe the investment the Wichita community is making in adapting the Tax Abatement Model to its use and the level of cooperation evidenced throughout the survey process demonstrates that the community takes the issue of tax abatements seriously.


## SEDGWICK COUNTY PERCENT CONTRIBUTIONS TO THE KANSAS ECONOMY


- 19% OF STATE'S TOTAL RETAIL SALES
- 20% OF TOTAL STATE INCOME TAX LIABILITIES
- 17% OF TOTAL STATE PERSONAL INCOME
- 18% OF ALL THE STATE'S JOBS
- 21% OF ALL EARNINGS
- 32% OF ALL MANUFACTURING JOBS
- 38% OF ALL MANUFACTURING EARNINGS


### EARNINGS FROM MANUFACTURING, 1989 PERCENTAGE OF TOTAL EARNINGS



  
Greater Than Or  
Equal to 30%

  
Greater Than Or  
Equal to 20% and  
Less Than 30%

  
Greater Than Or  
Equal to 10% and  
Less Than 20%

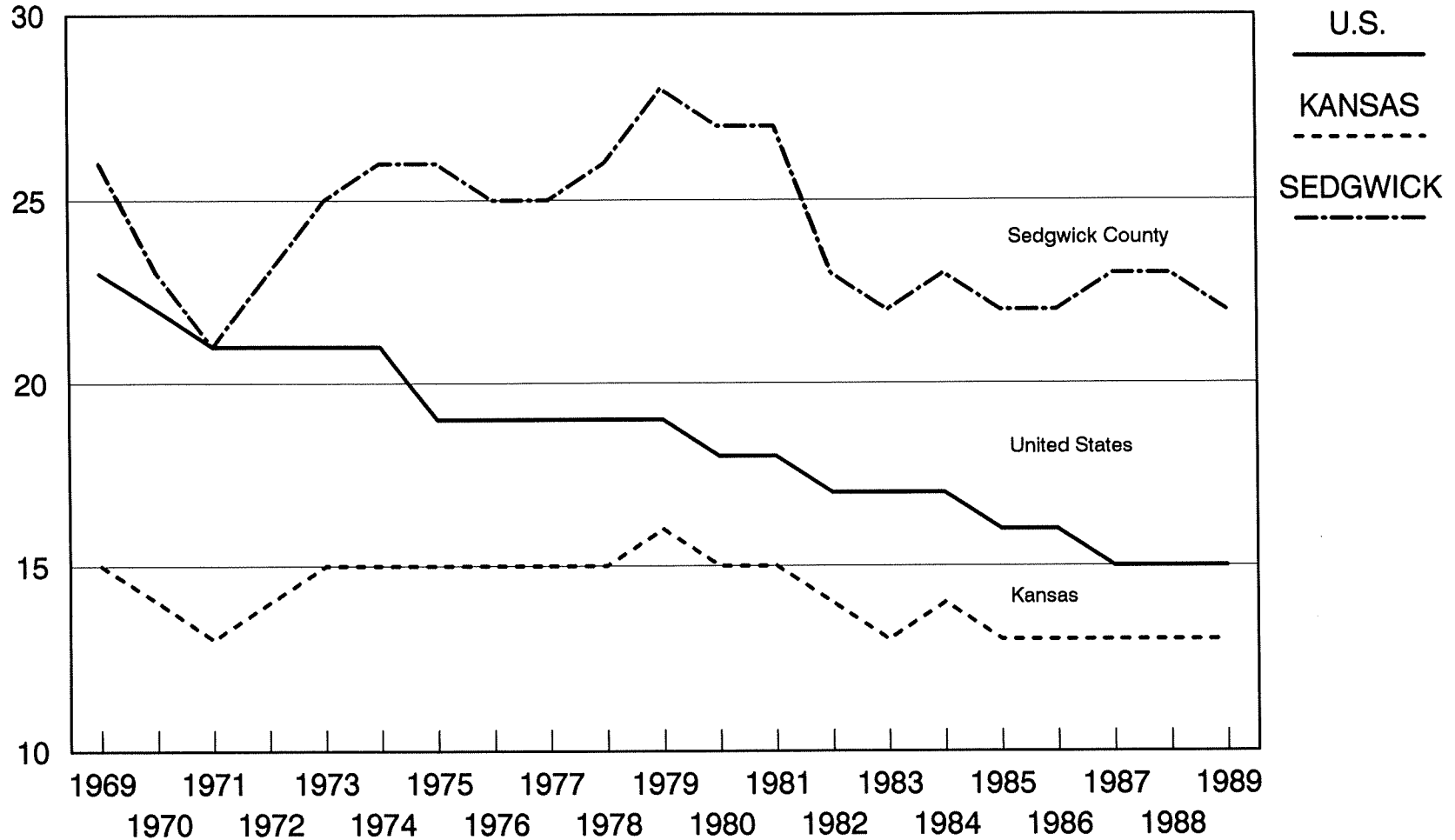
  
Greater Than Or  
Equal to 5% and  
Less Than 10%

  
Less Than 5%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.  
Compiled by the Center for Economic Development and Business Research.

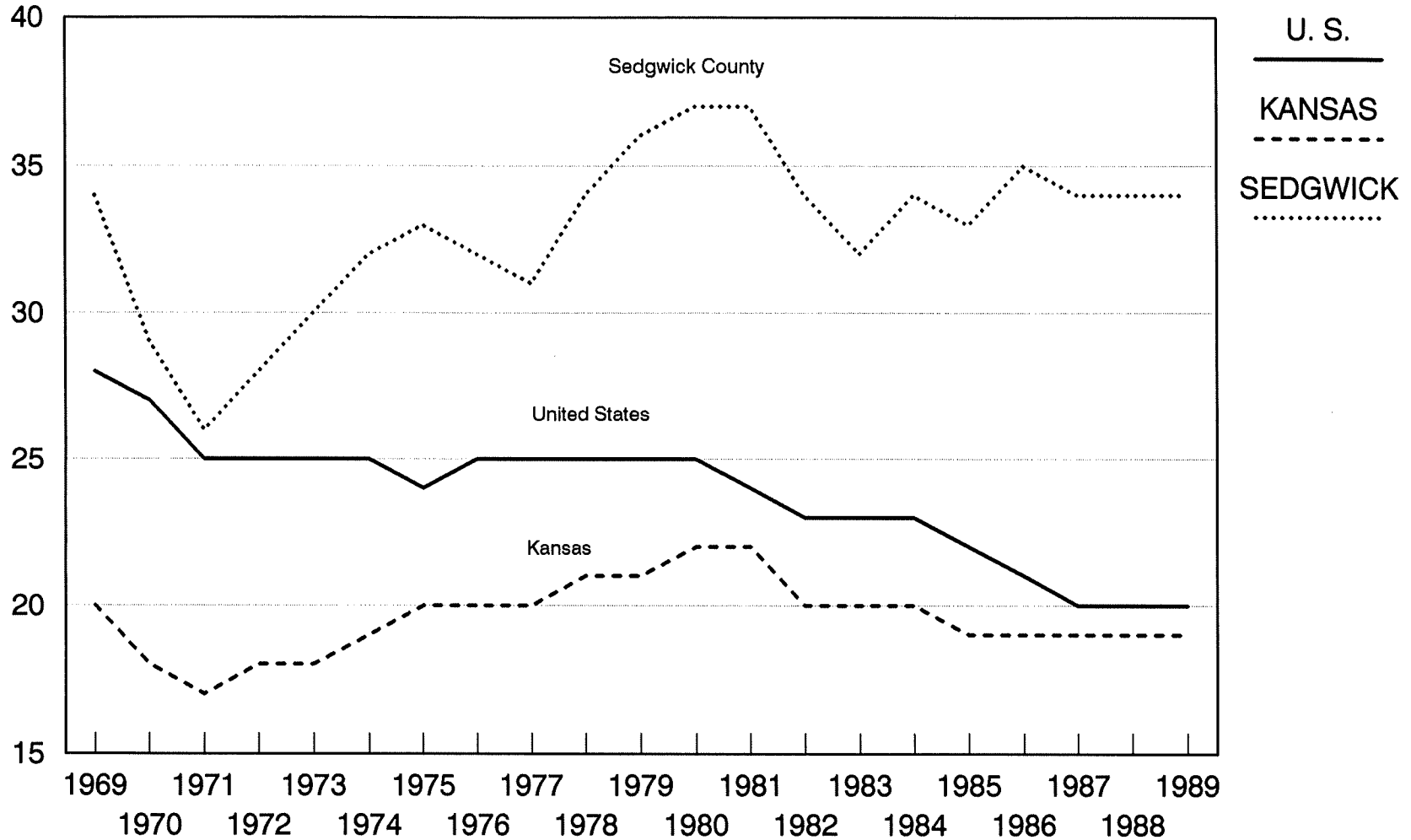


# MANUFACTURING EMPLOYMENT AS A PERCENTAGE OF TOTAL



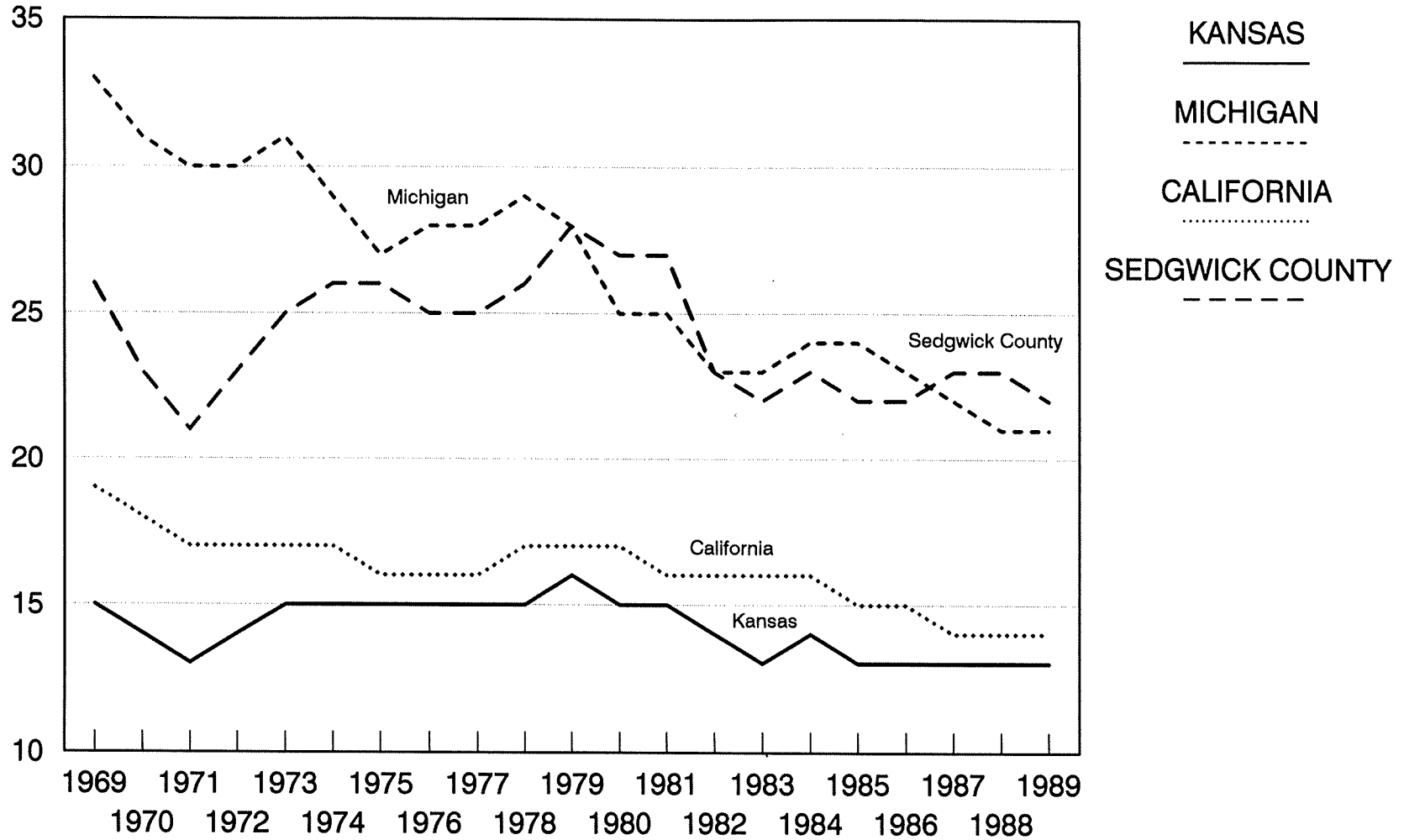
Source: U. S. Department of Commerce, Bureau of Economic Analysis.  
Compiled by The Center for Economic Development and Business Research, WSU.

# MANUFACTURING EARNINGS AS A PERCENTAGE OF TOTAL EARNINGS BY PLACE OF WORK



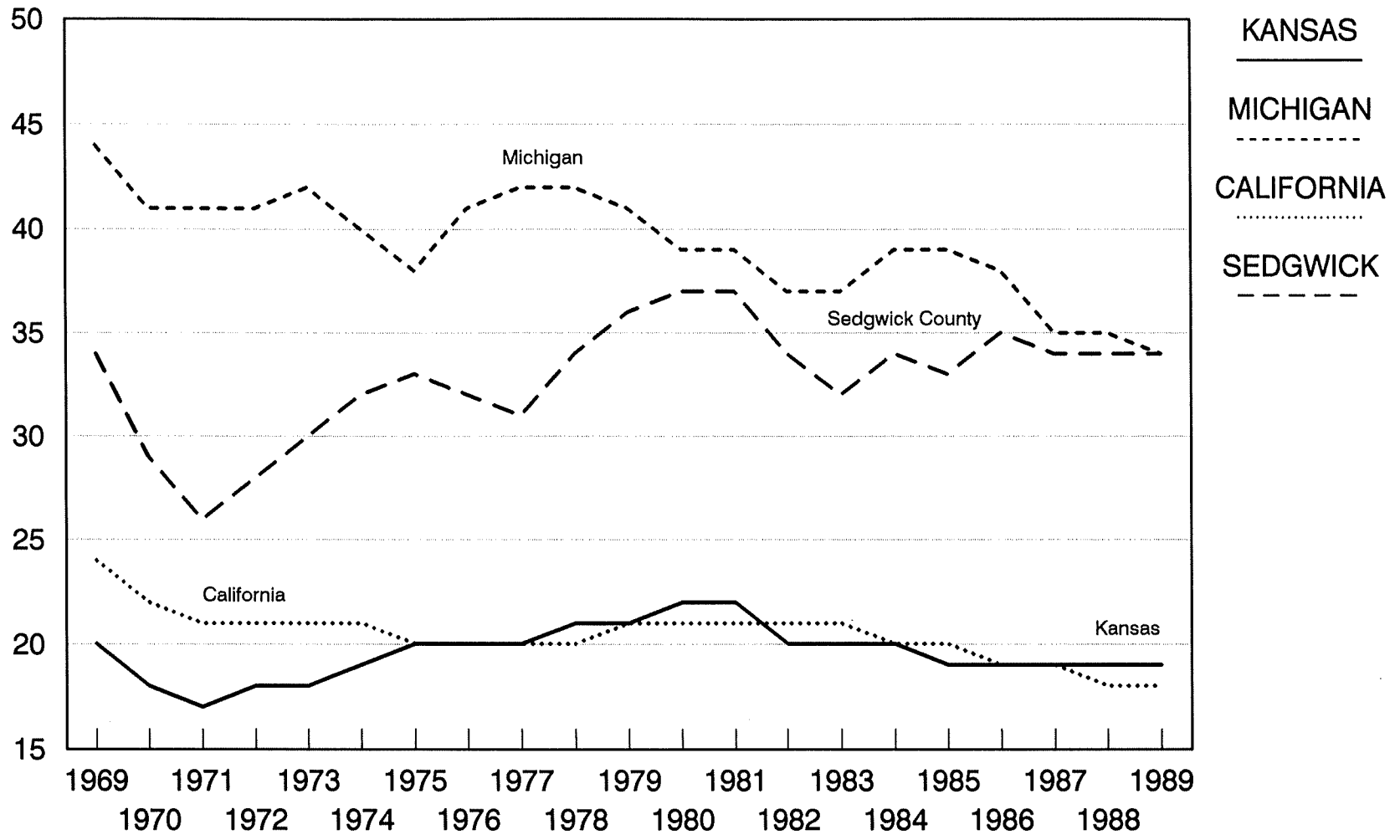
Source: U. S. Department of Commerce, Bureau of Economic Analysis.  
Compiled by The Center for Economic Development and Business Research, WSU.

# MANUFACTURING EMPLOYMENT AS A PERCENTAGE OF TOTAL



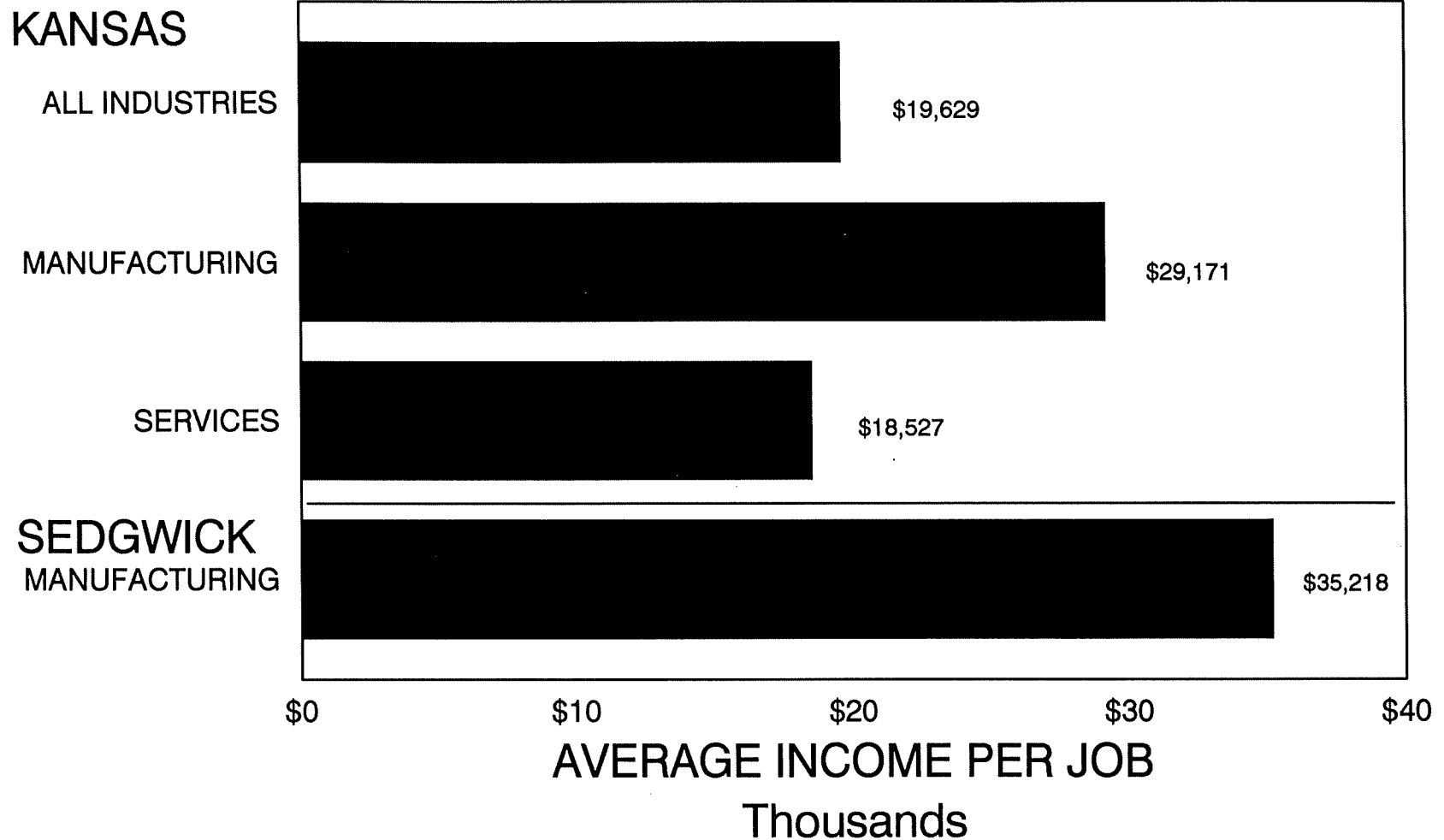
Source: U. S. Department of Commerce, Bureau of Economic Analysis.  
Compiled by The Center for Economic Development and Business Research, WSU.

# MANUFACTURING EARNINGS AS A PERCENTAGE OF TOTAL EARNINGS BY PLACE OF WORK



Source: U. S. Department of Commerce, Bureau of Economic Analysis.  
Compiled by The Center for Economic Development and Business Research.

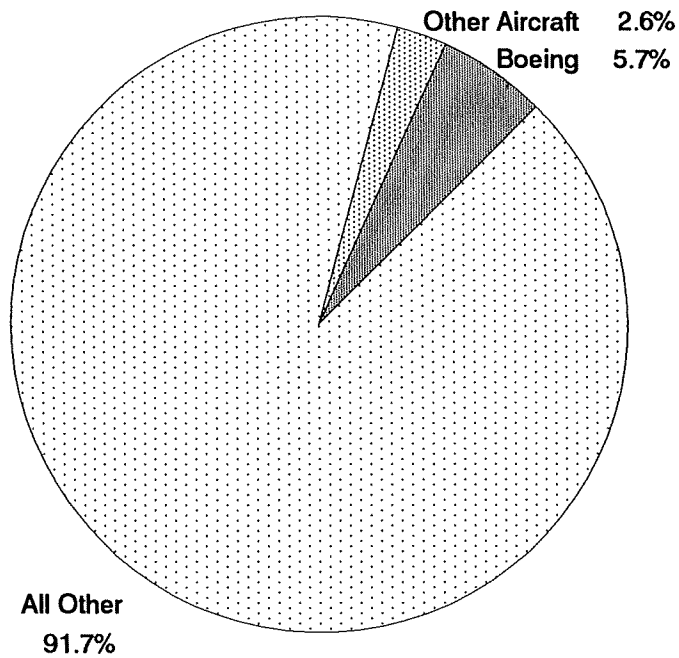
# AVERAGE INCOME PER JOB BY INDUSTRY 1989



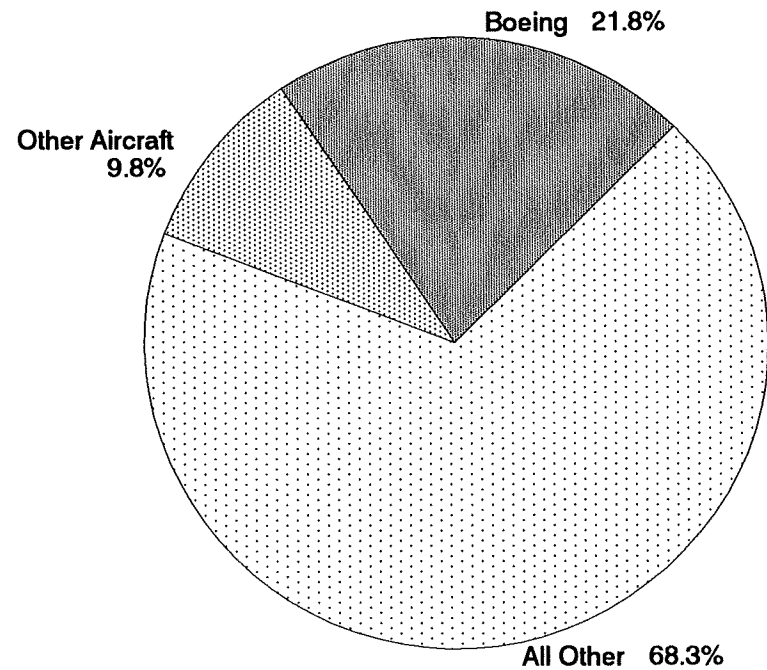
Source: U. S. Department of Commerce, Bureau of Economic Analysis.  
Compiled by The Center for Economic Development and Business Research.

# THE ESTIMATED TOTAL IMPACT OF THE BOEING WICHITA COMPANY AND THE AVIATION INDUSTRY ON EARNINGS, 1990\*

## KANSAS



## WICHITA

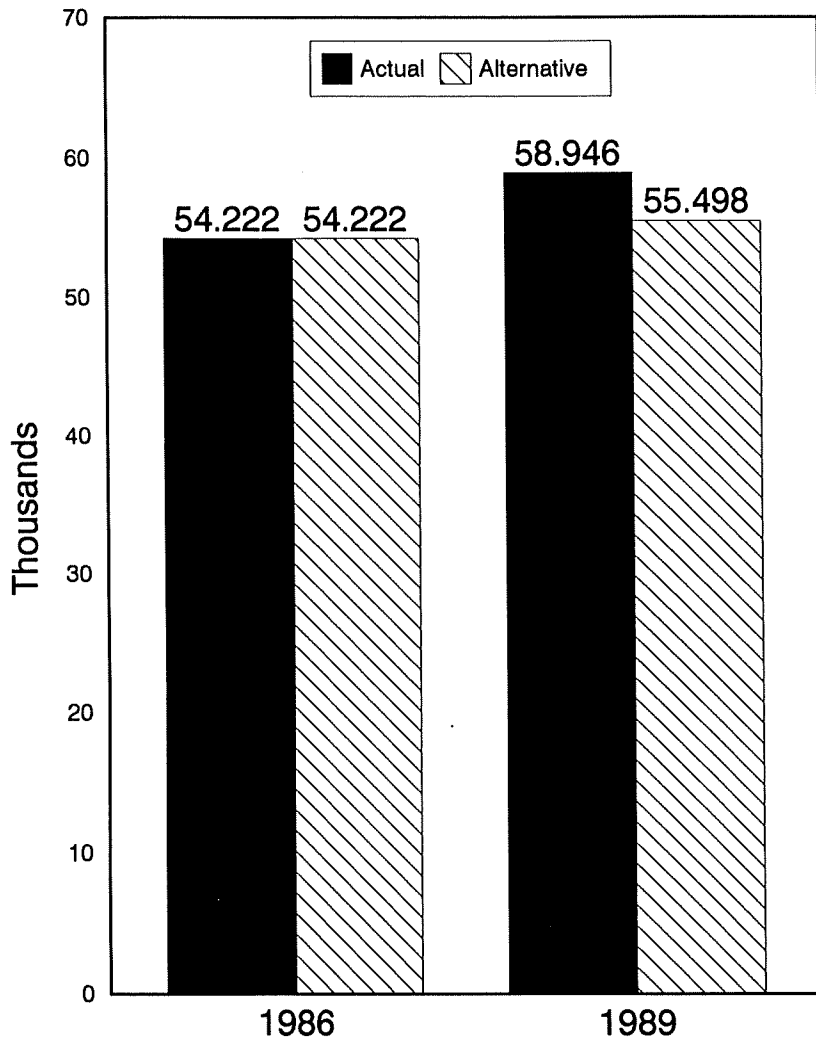


\*Figures assume an income multiplier of 1.8 for the Wichita MSA and 2.0 for Kansas. The total earnings figures are based on 1990 projections of personal income by place of work estimates from U.S. Dept. of Commerce, Bureau of Economic Analysis, Table CA5, Data on Disk, Released May, 1991.

# SEDGWICK COUNTY MANUFACTURING GROWTH

An Alternative Scenario

Manufacturing Jobs



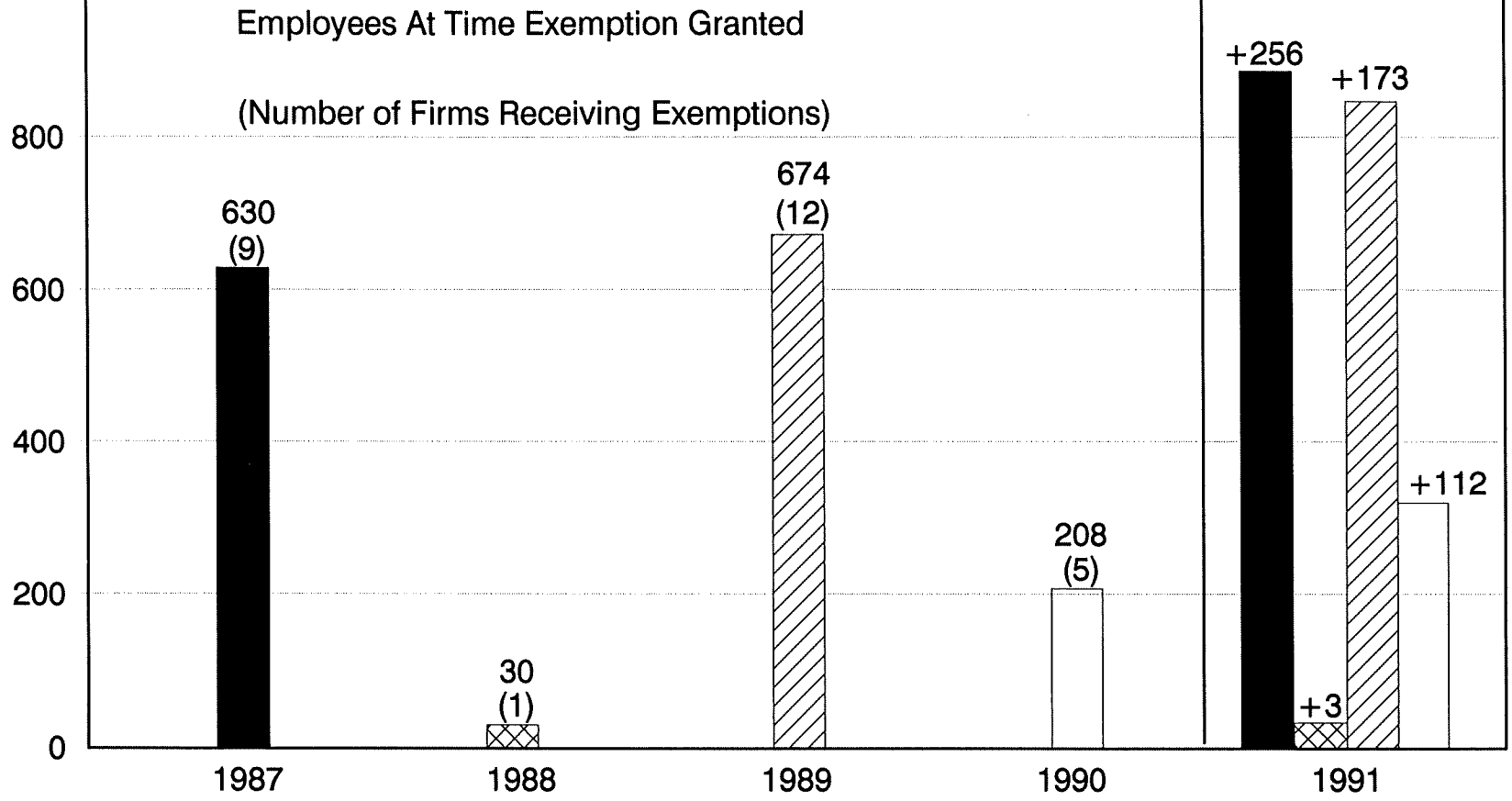
- U.S. GROWTH 1986-1989, 2 %
- SEDGWICK COUNTY 1986-1989, 9 %
- IF OUR GROWTH MIRRORED THAT OF U.S.
  - 3,448 FEWER JOBS IN MANUFACTURING
  - \$35,218 AVERAGE EARNINGS EACH
  - \$121,425,724 LESS INCOME IN COUNTY
  - \$242,851,448 LOST PERSONAL INCOME STATEWIDE
  - \$19,622,397 LOST STATE AND LOCAL REVENUE (DOES NOT INCLUDE BUSINESS TAX REVENUES.)

Source: Employment Data, U. S. Dept. of Commerce, BEA., Compiled by CEDBR, WSU.

# EMPLOYMENT GROWTH AMONG FIRMS RECEIVING CONSTITUTIONAL EXEMPTIONS

Employees

1000



Source: City of Wichita Reports  
Compiled by CEDBR, WSU, March, 1992.

**TOTAL 544 NEW JOBS  
AVERAGE AGR 20%**



# EARNINGS FROM JOB INCREASES

- 544 NEW JOBS AT PLANTS  
RECEIVING EXEMPTIONS UNDER CONSTITUTION
- AVERAGE ANNUAL INCOME  
\$18,000 (Firm Reports)
- $544 \times \$18,000 = \$9,792,000$
- $\$9,792,000 \times 2 = \$19,584,000$   
(Multiplier Effect)
- $\$19,584,000 \times 8.08\% = \$1,582,387$   
STATE AND LOCAL REVENUE IN  
ONE YEAR (DOES NOT INCLUDE  
ANY CORPORATE TAXES.)

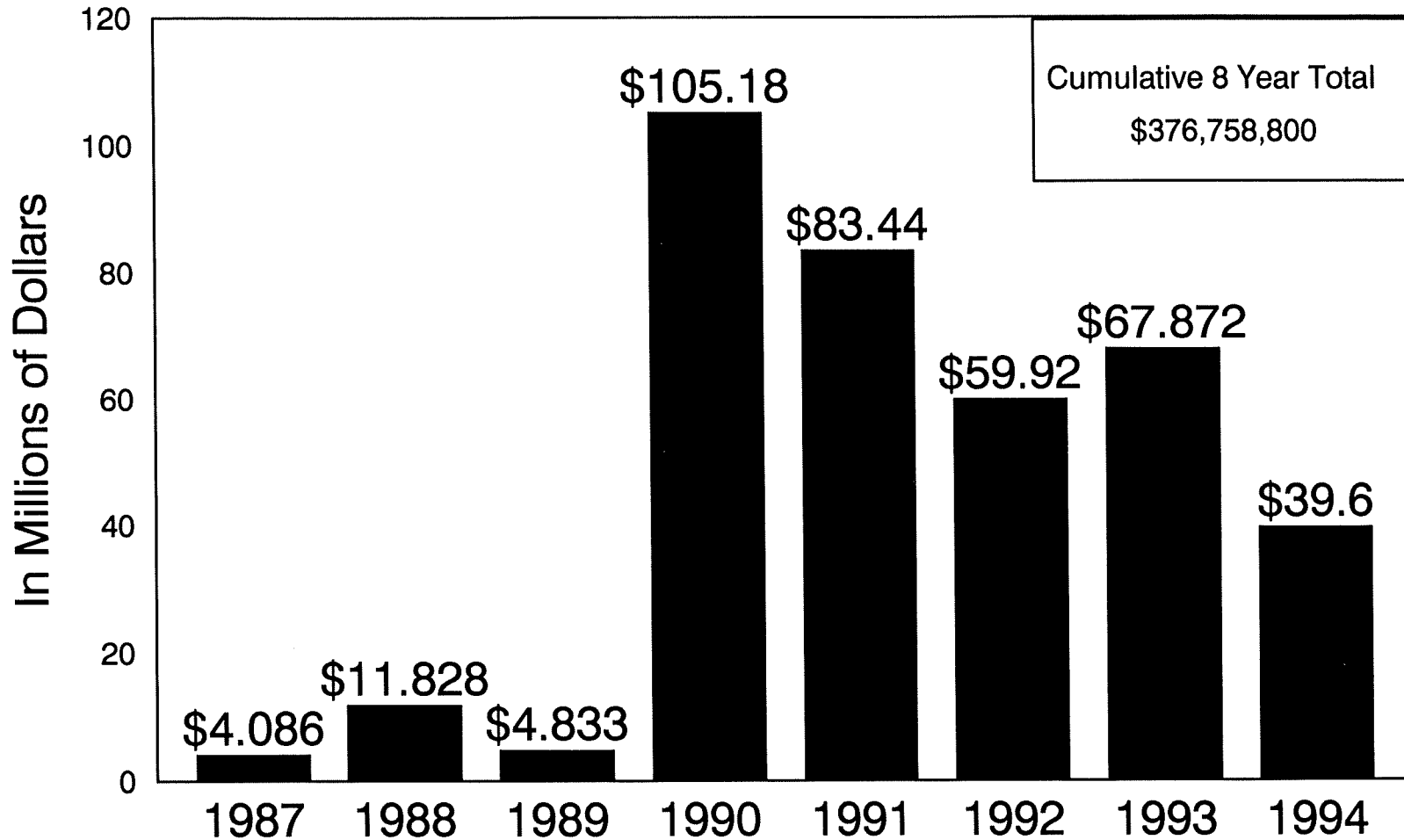
# EMPLOYMENT GROWTH FROM FIRMS RECEIVING IRB'S CITY OF WICHITA

- 37 FIRMS
- 10,562 NEW JOBS 1971-1991
- AVERAGE ANNUAL GROWTH RATE OF  
11 %

Source: Center for Economic Development and Business Research, WSU.

6-1-9

# ESTIMATED TAXABLE BASE OF NEW ENTRIES DUE TO PREVIOUSLY GRANTED IRB'S CITY OF WICHITA



\*Assume 80% of Bond Issue Amount Becomes Taxable

Compiled by CEDBR, From City Finance Reports

**EMPLOYEE QUESTIONNAIRE**  
**YOUR RESPONSES WILL BE KEPT STRICTLY CONFIDENTIAL.**

1. When did you start working for this company? (a) \_\_\_\_\_ 1991 (b) \_\_\_\_\_ 1990  
(c) \_\_\_\_\_ 1989 (d) \_\_\_\_\_ 1988 (e) \_\_\_\_\_ earlier.

2. Where do you live?  
(a) \_\_\_\_\_ Inside City limits of Wichita  
(b) \_\_\_\_\_ Outside of Wichita city limits, but in Sedgwick County  
(c) \_\_\_\_\_ Outside Sedgwick County; List city \_\_\_\_\_ and county \_\_\_\_\_.

3. Did you move to the Wichita area as a result of your decision to work for this company? \_\_\_\_\_ Yes \_\_\_\_\_ No

\*\*\*\*\*IF YOU LIVE OUTSIDE SEDGWICK COUNTY, STOP HERE. IF YOU LIVE IN SEDGWICK COUNTY, PLEASE CONTINUE\*\*\*\*\*

4. If you answered yes to number 3, since you moved to Sedgwick County have you:  
(a) bought or rented your own home \_\_\_\_\_, or (b) shared a home with someone who already lived here \_\_\_\_\_.

5. How long have you lived in Sedgwick County?  
(a) Less than 1 year \_\_\_\_\_ (b) 1 to 3 years \_\_\_\_\_  
(c) More than 3, but less than 5 years \_\_\_\_\_ (d) 5 or more years \_\_\_\_\_.

6. How many people live in your home ? \_\_\_\_\_ (Include yourself.)

7. How many members of your household (spouse, partner, adult child) have a full-time job in Sedgwick County?  
\_\_\_\_\_ (Number) (Exclude yourself.)

8. How many members of your family are or will be enrolled in local public schools, kindergarten through grade 12?  
Do not include children in private or parochial schools.  
\_\_\_\_\_ Number in 1991/92 \_\_\_\_\_ Total Number in 5 years (1996/1997)

9. Check your school district: See map on back for more information.  
\_\_\_\_\_ Andover (385) \_\_\_\_\_ Burton (369) \_\_\_\_\_ Cheney (268) \_\_\_\_\_ Circle (375) \_\_\_\_\_ Clearwater (264)  
\_\_\_\_\_ Conway Springs (356) \_\_\_\_\_ Derby (260) \_\_\_\_\_ Goddard (265) \_\_\_\_\_ Halstead (440) \_\_\_\_\_ Haven (312)  
\_\_\_\_\_ Haysville (261) \_\_\_\_\_ Maize (266) \_\_\_\_\_ Mulvane (263) \_\_\_\_\_ Remington/Whitewater (206)  
\_\_\_\_\_ Renwick (267) \_\_\_\_\_ Rose Hill (394) \_\_\_\_\_ Sedgwick (439) \_\_\_\_\_ Valley Center (262) \_\_\_\_\_ Wichita (259)  
\_\_\_\_\_ Other.

10. Which occupational category best describes your current job?  
\_\_\_\_\_ Managerial and Administrative \_\_\_\_\_ Professional \_\_\_\_\_ Technical \_\_\_\_\_ Production  
\_\_\_\_\_ Secretarial/Clerical \_\_\_\_\_ Sales \_\_\_\_\_ Other, Please name.

11. What is your current annual salary from this job at this firm?  
\_\_\_\_\_ less than \$20,000 (less than \$9.62/hr.)  
\_\_\_\_\_ \$20,000-\$40,000 (\$9.62/hr. - \$19.23/hr.)  
\_\_\_\_\_ above \$40,000 (above \$19.23/hr.)

12. Are you a full-time employee? \_\_\_\_\_ Yes \_\_\_\_\_ No

13. Which best described your situation before taking your current job? (Check One)

- (a) Full-time employee in Sedgwick County \_\_\_\_\_ elsewhere \_\_\_\_\_. If elsewhere, name of County \_\_\_\_\_, State \_\_\_\_\_.  
(b) Part-time employee in Sedgwick County \_\_\_\_\_ elsewhere \_\_\_\_\_. If elsewhere, name of County \_\_\_\_\_, State \_\_\_\_\_.  
(c) Not working, but looking for work \_\_\_\_\_.  
(d) Never had a full or part-time job during the past two years \_\_\_\_\_.

14. WHAT ONE THING WOULD YOU LIKE TO CHANGE ABOUT WICHITA? \_\_\_\_\_

PLEASE RETURN COMPLETED FORM TO \_\_\_\_\_

THANK YOU VERY MUCH FOR YOUR ASSISTANCE!

Business Code: \_\_\_\_\_

7-18

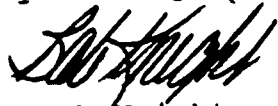
## EMPLOYEE SURVEY

We are all concerned about taxes. As the Mayor, I am concerned that we make the best use of your tax dollars. Sometimes the City Council and County Commission are asked to use tax dollars to help create new jobs. To know the true value of new jobs, we need to know something about the employees of Sedgwick County.

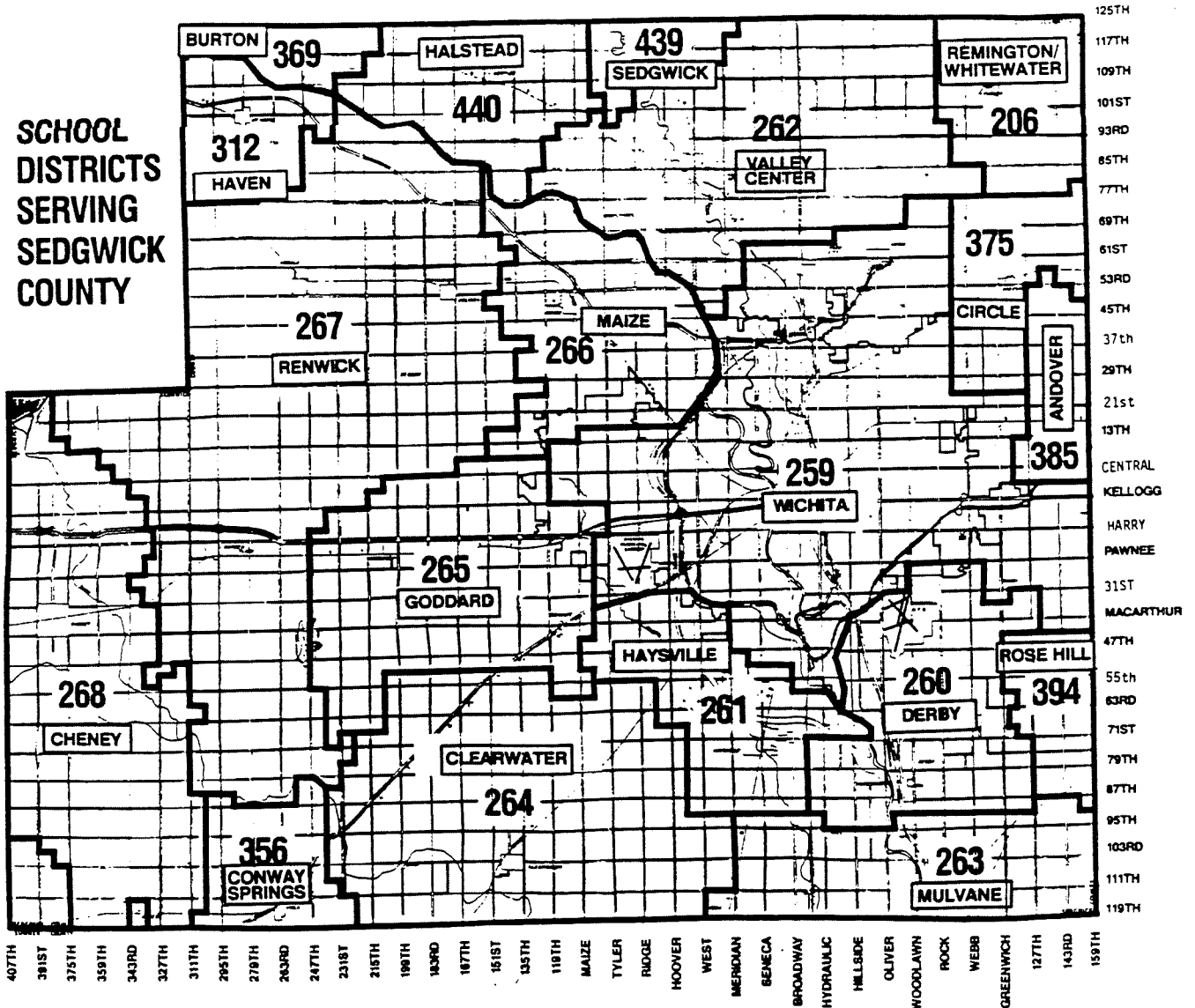
I am personally asking you to take a few minutes and respond to the one page survey on the back. Your participation will help assure that we have good information to use in making difficult decisions that affect us all. Your answers will be kept strictly confidential.

The map below may help you with one of the questions.

Thank you for your assistance.



Mayor, Bob Knight





**THE LEAGUE  
OF KANSAS  
MUNICIPALITIES**

**Municipal  
Legislative  
Testimony**

AN INSTRUMENTALITY OF KANSAS CITIES 112 W. 7TH TOPEKA, KS 66603 (913) 354-9565 FAX (913) 354-4186

**TO: House Committee on Economic Development  
House Committee on Taxation**  
**FROM:** *CM* **Chris McKenzie, Executive Director  
League of Kansas Municipalities**  
**DATE: March 25, 1992**  
**SUBJECT: Cities' Policies and Experiences With Economic Development Tax Exemptions  
under the Kansas Constitution**

**INTRODUCTION**

I was requested last week to prepare a briefing for the Committees on the experiences of various Kansas cities in developing and implementing policies designed to implement the economic development tax exemption authority granted to cities in Article 11, Section 13 of the Kansas Constitution (the "Amendment"). The focus of this inquiry, as I understand it, is to help the Committees form an understanding of local practices and the extent to which they conform to the requirements of state law.

This presentation will be divided into two parts. First, I will provide an overview of the exemption policies and practices of some sample cities. Second, Phil Kloster, City Manager of Newton, will go into some detail in discussing that city's exemption policies and experiences.

**MODEL POLICIES AND PROCEDURES FOR CITIES AND COUNTIES**

Shortly after the approval of the Amendment in August, 1986 the League formed a task force of state, local and private sector representatives to advise the League in the development of a model statement of policy and procedures for cities and counties in implementing the Amendment. That task force generated an almost 70 page manual, discussing every aspect of the Amendment from the basics of defining what a "tax incentive" is, to restrictions on "pirating" from other communities, to guidelines on how much tax incentives to provide depending upon the investment of a private business. In January, 1987 the preliminary report of that Task Force was distributed to approximately 100 cities. The reasons for a written policy on tax incentives by each city and county were explained in the report. Included among the stated reasons was the desire to assure the legislature that local exemption decisions will be made in an orderly and rational basis.

After the enactment of SB 440 by the 1990 legislature which imposed certain procedural requirements on the exemption decisionmaking process, the League updated its manual to incorporate those provisions and reissued it in September, 1990. (see excerpt in Appendix B). As far as the actual adoption of such policies, a League survey reported in the attached Research/Information Bulletin (No. 519) that 57 cities and 7 counties had adopted economic development tax incentive policies by October, 1989 (Appendix C). These policies predated the policy requirement of the 1990 legislation. A large number of the policies I have examined are based on the League prepared model.

**President: Bob Knight, Mayor, Wichita \* Vice President: Joseph E. Steineger, Jr., Mayor, Kansas City \* Past President: Frances J. Garcia, Commissioner, Hutchinson \* Directors: \* Donald L. Anderson, Mayor, Lindsborg \* Michael A. Conduff, City Manager, Manhattan \* Ed Ellert, Mayor, Overland Park \* Harry L. Felker, Mayor, Topeka \* Idella Frickey, Mayor, Oberlin \* William J. Goering, City Clerk/Administrator, McPherson \* Ralph T. Goodnight, Mayor, Lakin \* Jesse Jackson, Commissioner, Chanute \* Stan Martin, City Attorney, Abilene \* Mark Mingenback, Councilmember, Great Bend \* John Nalbandian, Commissioner, Lawrence \* Mary E. Reed, City Clerk/Director of Finance, Parsons \* Executive Director: Christopher K. McKenzie**

*See Dev  
Attach  
03-25-92*

## CITY TAX EXEMPTION EXPERIENCES

In preparing for today's discussion the League staff felt it was important to share with the Committees some tangible information on the tax exemption experiences of a number of cities around the state. A very quick survey was performed among a number of cities which we could determine from the September, 1991 report of the Board of Tax Appeals had actually granted economic development exemptions. The survey form asked them to report the name of the business, the year in which the exemption was approved, the assessed value of the new property, the percentage of the new assessed value that was exempted, the years the exemption was effective, the new jobs that were promised by the applicant, and the new jobs that were created. No information was requested on payments in lieu of taxes, although you will see that such information was reported in some cases. Please note that no information was requested from the City of Wichita since the House Tax Committee has heard separately from individuals from the Wichita area.

Appendix A contains the results of this survey. After our rather hurried review of the results, I respectfully suggest that some preliminary conclusions can be made. First, there is a real diversity of practice among cities in both the amount and the terms of the exemptions that are granted. In fact, within individual cities differences can be noted, indicating to us that city governing bodies are examining the applications on their individual merits. After some initial experiences, some cities are now beginning to grant exemptions that decline each year, allowing a business to bring a portion of its exempted property back on the tax rolls on a graduated basis each year. The City of Pittsburg also reported revoking an exemption due to a business not creating the number of jobs that were promised.

Second, economic development tax exemptions have produced tangible results in these communities. In fact in a number of cases more jobs resulted than were initially promised by the business. For those cities and businesses for which data was available on both new jobs promised (2,097) and new jobs created (2,845), a total of 748 more jobs were created than were initially promised. This figure does not include jobs that may have been created in businesses that support the businesses that secured the exemption or any other "multiplier" effects for state and local revenues or the local and state economy.

Third, exemptions are being granted to businesses that are heavily involved in interstate or international commerce. The City of Emporia's experience is one example. In his letter to me of March 20, 1992, the City Manager, Steve Commons, wrote:

We have utilized the exemption policy on four different projects which involved facility expansions. Two of the projects involved companies that have multi-state operations and the abatements gave us a competitive edge. The other two abatements involved two well established home grown companies that have developed products sold internationally...The job creation on these projects may be modest by some standards, but they were substantial and important to companies with which we were working.

### Cost-Benefit Analysis

K.S.A. 79-251, enacted in 1990, requires each county and city that considers an exemption application to analyze the costs and benefits of each exemption prior to granting the application. City practices and procedures in this area appear to vary, ranging from the preparation of detailed reports by staff (e.g., Salina, Arkansas City, etc.) or outside organizations (e.g., Newton, Lawrence, etc.) which identify the economic benefits to the city from the proposed exemption to a more intuitive weighing of the costs and benefits by the governing body. Based

On the information that the League has collected, city governing bodies are complying with the cost-benefit analysis requirements of the 1990 legislation.

In an effort to assist local governing bodies in this effort, David Darling of Kansas State University has developed a cost-benefit model which is being used by some cities (e.g., Newton) to assess the impacts of a proposed business investment and a requested exemption. An article summarizing the model appeared in the Kansas Government Journal in September, 1991, and is attached as Appendix D. You will hear separately today from staff with the Institute for Public Policy and Business Research at K.U. about an even more extensive model that has been developed for the City of Lawrence and which WSU is currently studying for adaptation for use in Wichita.

A word of caution about cost-benefit models is in order. In my personal experience and professional opinion, a local exemption decision should never be based solely on the results of a cost-benefit model alone. Many assumptions have to be made in structuring the model, and it is only a representation of reality. It should be used along with the judgment of the members of the governing body in making a decision. In other words, there may be instances in which a local governing body should grant a tax exemption when the benefits don't pencil out as exceeding the costs. And there are times when the benefits exceed the costs on paper, but the exemption should not be granted. Every situation is unique, and we should not remove the discretion of the local governing body to make decisions that are in the best interest of their community.

### **DO WE NEED PROPERTY TAX EXEMPTIONS?**

Underlying all of the discussion today about this subject is the basic question: Do we need property tax exemptions? Are they viable tools for recruiting jobs to Kansas and keeping them in our state, or are they needless "giveaways" as some critics charge?

My own personal experience at the local level when I was Douglas County Administrator and worked in tandem with the City of Lawrence and the Lawrence Chamber of Commerce convinced me that tax exemptions are an essential tool if we are going to be successful in competing with our surrounding states and states throughout the country. It is not uncommon for a business to consider locating in a Kansas community and a community elsewhere in this region or on the east or west coasts. And while the tax burden of a business is not the sole determining factor in a business relocation decision, in my experience it is one of the most critical.

Two recent reports from the Institute for Public Policy and Business Research underscore the importance of the property tax exemption tool in our communities remaining competitive with communities in our surrounding states. In an article in the Summer 1990 issue of the Kansas Business Review (see Appendix E), Pat Oslund of the Institute staff analyzed the tax costs of doing business in Kansas and surrounding states. As you can see on page 9 of that article, the estimates of effective property tax rates for Kansas businesses are significantly higher than our surrounding states. This has been increased significantly since classification and reappraisal.

In a special report to Kansas, Inc. in September, 1990 (see Appendix F) the Institute also analyzed the comparative tax abatement practices of Kansas and our surrounding states. As you can see, the practices vary, but each state in some way authorizes tax abatements by local units. The report states that "...Kansas property tax abatements for new and expanding firms are among the most generous in the region." On the other hand, the previously referenced report by Pat Oslund indicates that such a policy may be warranted given the effective property tax rates.



## **CONCLUSION**

With the approval of the 1986 Amendment the people of Kansas granted Kansas cities and counties a powerful tool to help maintain the economic health of our state. Data collected by the League indicates that the practices of Kansas cities have been responsible, in some cases more jobs have been created than initially promised by industries seeking abatements, cities have adopted abatement policies to fit local needs and situations, and property tax exemptions appear to be necessary to offset the effect of the extremely high effective property tax rates on Kansas businesses in comparison to other states in our region.

## **RECOMMENDATION**

The League of Kansas Municipalities will continue to work with its member cities and interested counties in developing and improving local tax exemption practices and procedures. We urge the Committees not to recommend any more restrictions on local exemption practices, including HB 2845 which would remove the ability to abate property taxes levied by local school districts. The experience of the last few years indicates that local governing bodies have used tax exemptions prudently to help build and maintain the Kansas economy, helping it to withstand the pressures of the national recession better than in many other states in the nation. The legislature needs to be vigilant in its support of these local efforts and not change the rules of the game every few years. We urge you to continue helping cities to facilitate the creation of new jobs for Kansans.

**STATUS REPORT ON CONSTITUTIONAL ECONOMIC DEVELOPMENT TAX EXEMPTIONS  
IN SELECTED KANSAS CITIES - MARCH 24, 1992**

<u>CITY</u>	<u>BUSINESS NAME</u>	<u>YR. EXEMP. APPROVED</u>	<u>ASSESSED VALUE NEW PROPERTY</u>	<u>% OF NEW VALUE EXEMPT</u>	<u>YRS EXEMP. EFFECTIVE</u>	<u>NEW JOBS PROMISED</u>	<u>NEW JOBS CREATED</u>	<u>COMMENTS</u>	
Arkansas City	Gilliland's Printing	1988	150,000	100	10	*	*		
	Gilliland's Printing	1989	107,271	100	10	*	*	Cumulative total new jobs promised 115	
	Gilliland's Printing	1990	114,000	100	10	*	*	Cumulative total new jobs created 135	
	Gilliland's Printing	1991	405,600	100	10	*	*		
	Gilliland's Printing	1991	87,881	100	10	*	*		
Beloit	ban-Am, Inc.	1990	125,000	100	10	6	8	In lieu payment equals 50% of taxes going up over 10 yrs.	
El Dorado	Cardwell International Limited	1991	321,697	*	4	40	41	2 years 100%; 2 years 50%	
	John Banks	1989	63,000	100	5	20	15		
	Pioneer Balloon Company	1990	596,315	*	10	50-80	92	1990-1992 100%; 1993-1996 66.67%; 1997-1999 33.34%	
	Southwest Valves	1988	11,915	100	2	3	3		
Emporia	Glendo Corporation	1991/1992*	112,673	100	**	3	9	* Pending before Kansas Board of Tax Appeals	
	Hopkins Manufacturers	1991/1992*	207,766	100	**	29	33	* Pending before Kansas Board of Tax Appeals	
	Thermal Ceramics	1990	188,633	100	**	7	12	** 10 years real; 5 years personal property	
	Vek-Tek, Inc.	1991/1992*	51,451	100	10	3	10	* Pending before Kansas Board of Tax Appeals	
Goodland	Ag-Dynamics	1986	1,150,000	0	7	12	15	Co. took bankruptcy in 1990. Bought out by Con-AGRA. Put back on tax rolls. Reapplying for exemption	
Great Bend	Fuller Industries	1989	2,346,880	100	10	0	0	Pays in lieu payments of 150,000 first 5 years Pays in lieu payments of 250,000 next 5 years	
Hutchison	Cargill Salt	1990	3,860,000	100*	5	7	6	Payments in lieu of taxes	
Kansas City	Barton-Solvente	1989	281,562	*	10	20	32	* 243,648 paid over 10 years	
	Constable Print #1	1988	232,700	*	10	**	**	* 166,643 paid in lieu of taxes over 10 years ** Combined with Constable Print #2	
	Constable Print #2	1988	244,950	*	10	25	30	* 207,730 paid in lieu of taxes over 10 years	
	Coopers Animal	1991	249,000	*	5	5	5	* 77,347 paid in lieu of taxes over 10 years	
	Focus Pack	Pending	101,671	*	10	8		* 85,102 paid in lieu of taxes over 10 years	
	Garsite TSR	1990	358,707	*	10	125	133	* 385,502 paid in lieu of taxes over 10 years	
	Metro WHS	1988	106,270	*	10	24	26	* 111,905 paid in lieu of taxes over 10 years	
	Nord III	1990	166,055	*	10	17	16	* 143,012 paid in lieu of taxes over 10 years	
	Plastic Pack	Pending	63,109	*	10	10		* 51,528 paid in lieu of taxes over 10 years	
	Stevenson & Assoc.	1990	220,000	*	10	29	32	* 196,684 paid in lieu of taxes over 10 years	
	Stultz Mfg.	1989	205,083	*	10	50	48	* 169,811 paid in lieu of taxes over 10 years	
	Lawrence	Packer Plastics	1986	5,897,000	50	10	91	91	In Lieu payment \$43,117
		Davol	1989	1,105,000	50	10	15	15+	In process of filing with BOTA
Davol		1991	4,266,000	50	10	200	200+	In process of filing with BOTA	
Standard Liquors		1989	2,620,330	50	10	47	47+	In process of filing with BOTA	
Allen Press		1989	3,000,000	100	10	20	20		
Allen Press		1989	1,220,000	50	10				
E&E Specialties		1989	2,000,000	50	10	15	15+	In process of appealing to BOTA	
Garage Door Group		1990	1,466,085	50	10	66	66		

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CITY	BUSINESS NAME	YR. EXEMP. APPROVED	ASSESSED VALUE NEW PROPERTY	% OF NEW VALUE EXEMPT	YRS EXEMP. EFFECTIVE	NEW JOBS PROMISED	NEW JOBS CREATED	COMMENTS
Lawrence (Cont'd)	Oread Laboratories	1991	2,400,000	50	10	33		Abatement ordinance not adopted
	Douglas County Development	1992	1,900,000	50	10	*		* Jobs identified in Pittman-Moore Abatement Ordinance not adopted
McPherson	Pittman-Moore	1992	1,250,000	50	10	18		Abatement Ordinance not adopted
	Femco, Inc.	1990	155,500	100	10			
	Mac Diesel Power	1990	*	*	7			No new real or personal property. Taxes frozen at 1990 levels.
Newton	Lifestyle Interiors	1987	210,000	100	10	35	65	
	Lifestyle Interiors	1991	73,578	100/90/80*	10	15		* Decreases every year;
	Mid-Continent Cabinetry	1987	906,796	100	10	75	225	
	Straightline Industries	1991	708,000	100/90/80*	10	47	49	* Decreases every year;
Olathe	Dillards Distribution Center	1988	3,403,308	100	10	400	400	Payment in lieu of taxes
	Pepsi Cola General Bottlers	1988	1,015,620	55*	5	150	150	* declines from 100% down over 5 year period figure shown is the average
Overland Park	United Telecom	1990	551,000,000*	50	20**	6000-9000	0***	* Value after 20 years ** 6 phases each phase has 10 years, staggered phases. *** Jobs transferred from other locations. No new jobs
Pittsburg	Future Forms, Inc.	1989	150,000	100	4	33	33	
	Maric Packaging Inc.	1991	350,000	100	3	4	7	
	Moneour's Inc.	1991	1,200,00	100	6	10	15	
	PittPlastics, Inc.	1990	1,200,00	100	6	25	42	
	Superior Ind. Int., Inc.	1990	55,000,000	100	10	350	800	
Salina	Vinylplex, Inc.	1990	333,000	100	2	3	8	
	Premier Pneumatics	1991	178,770	*	5	3-6	3	* 63%; 31.5%
	Wyatt Foundry	1991	483,857	100-50	5	20	Underway	

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**Partial Draft of  
Revised Edition**

# **Property Tax Exemptions for Economic Development Purposes**

**A Manual on Policy and Procedures for  
Kansas Counties and Cities**

**League of Kansas Municipalities**

**September 1990**

## Introduction

On August 5, 1986, the voters of Kansas approved a constitutional amendment authorizing counties and cities to grant property tax exemptions for certain economic development purposes. The approval of the amendment by the voters followed the passage of a series of economic development initiatives by the 1986 legislature, which included this amendment proposal.

The new constitutional, discretionary powers of counties and cities to provide for tax abatements by exemptions appear unique in Kansas history. The determination as to whether an exemption is actually granted to an eligible property is exercised by the elected governing body of the county or city, not by law of the legislature or by a specific constitutional provision. While the Constitution provides that the legislature "may limit or prohibit" the application of the amendment, the basic exemption power was extended by the voters, through the Constitution, directly to local governing bodies.

In 1990, the Kansas legislature enacted Senate Bill 400 (1990 Kan. Sess. Laws, Ch. 345) which established procedural requirements on cities and counties for the granting of exemptions. These requirements took effect July 1, 1990. This manual, published in preliminary edition in January 1987, has been updated to reflect the new law.

### Purpose of Manual

The purpose of this manual is to assist cities and counties in exercising this constitutional power in an effective manner and according to state law. While much of the manual material is devoted to explanation and background information, the central thrust is a proposed model Statement of Policy and Procedures, to be adopted by individual local governing bodies. All Kansas counties and cities are required by state law enacted in 1990 to develop and adopt official policies and procedures for the granting of exemptions for economic development purposes, prior to the granting of such an exemption. In addition, this local action is recommended by the Governing Body of the League of Kansas Municipalities even where there is no immediate need or request for an exemption.

The Policy and Procedures Statement section of this manual, found in Chapter 2, was initially prepared with the assistance of a Task Force on Tax Exemptions for Economic Development, established by the Governing Body of the League. The model statement has been modified to reflect the 1990 legislation. It seems probable that every business in Kansas which becomes legally eligible in the future for a constitutional exemption will apply for an exemption, as a matter of enlightened self-interest. As a result, a written policy statement on tax exemptions should aid all cities and counties that anticipate any new or expanded business in the future that will be eligible for an exemption.

The granting of tax exemptions, and the determination of an appropriate amount of in lieu payments that may be required as a condition of granting an exemption, will not be an easy job, nor will it be politically popular. "Monday morning quarterbacking" is to be expected. The power to exempt property has the potential for abuse, as well as for its good use for public purposes. While the promotion of jobs and economic development is clearly a state priority, and a priority of most Kansas counties and cities, a tax exemption is, in practical effect, a public subsidy in the form of a "tax expenditure." The exemption power must be used

carefully and thoughtfully, to achieve public purposes. As noted in the Redwood-Kreider report (see Chapter 6, Part 3):

Allowing local option on tax abatements could encourage unproductive competition among local governments within the state and thus unnecessarily erode the fiscal capacity of these jurisdictions. On the other hand, without this tool, Kansas communities would be disadvantaged relative to competing communities in other states. There are few other tools available. On balance, we recommend the initiative on the basis of allowing Kansas local governments to make that decision in their particular circumstances.

### **The Task Force**

While this manual was prepared by the staff of the League of Kansas Municipalities, the substantive part—Chapter 2 which sets forth a model local statement—was originally the product of the deliberations of the Task Force on Tax Exemptions for Economic Development. The statement represents the substantial consensus of the Task Force members, following a one-day meeting to review an advance draft, and subsequent draft review. The policy statement was also generally approved by the Governing Body of the League.

The members of the 1986 Task Force were as follows: John L. Carder, Mayor, Iola, President, League of Kansas Municipalities, Chairman; Fred D. Allen, Executive Secretary, Kansas Association of Counties, Topeka; Margo Boulanger, Mayor, Sedan; Paul "Bud" Burke, State Senator, Leawood; Roger Christianson, Director, Division of Industrial Development, Kansas Department of Commerce, Topeka; Chris Cherches, City Manager, Wichita; Charles H. Clark, Appraiser, Greenwood County, President, Kansas County Appraisers Association; Steve Commons, City Manager, Emporia; Gary Fleenor, Councilmember, Topeka; Bud Grant, Vice President, Kansas Chamber of Commerce and Industry, Topeka; John W. Koepke, Executive Director, Kansas Association of School Boards, Topeka; Gary Montague, City Manager, Shawnee; George W. Pyle, City Manager, Hutchinson; and David E. Warren, City Manager, Winfield.

### **1990 Final Edition**

The preliminary edition of this manual was published in January 1987. At that time, it was anticipated that the Kansas Legislature would enact legislation to affect the procedural aspects, if not the substance, of property tax exemptions under the constitution. In 1990 the Legislature enacted Senate Bill No. 440 which established new procedural requirements on cities and counties for the granting of exemptions. This final edition of the manual reflects the new law.

**E. A. Mosher  
Executive Director  
League of Kansas Municipalities**

## CHAPTER 1

### GENERAL EXPLANATION

Part 1--The Amendment in Brief

Part 2--Importance of the Amendment

Part 3--State and Constitutionally Required Procedures--Brief Review

Part 4--Basic Local Procedures

Part 5--

#### 1. The Amendment in Brief

The Kansas Constitution, as a result of an amendment approved by the voters at the August 5, 1986 election, authorizes the governing bodies of cities and counties to grant property tax exemptions for certain economic development purposes. The complete provision, now constituting Section 13 of Article 11 of the Kansas Constitution, is reprinted in Chapter 6 of this manual. It can be briefly summarized as follows:

*The Kansas Constitution permits counties and cities to "exempt from all ad valorem taxation all or any portion of the appraised valuation of " buildings, land and tangible personal property used exclusively by a new business for (A) manufacturing, (B) research and development, or (C) the storing of goods traded in interstate commerce. Further, such an exemption may be granted for existing buildings or new expansions to existing buildings, and for the land and associated new personal property, for these same purposes, to facilitate the expansion of the business, if new employment is created. The exemption may extend for up to 10 years.*

*The amendment also specifies that the legislature may limit or prohibit the granting of exemptions under this constitutional provision by an act uniformly applicable to all cities or counties.*

Much of this manual consists of an explanation of the amendment and the procedures for its implementation. For background information as to the development and legislative consideration of the proposed amendment, see Chapter 6.

#### 2. Importance of the Amendment

The tax exemption amendment resulted from a series of economic development initiatives of the 1986 legislature, intended to improve the Kansas economy on a long-term basis. The importance of the amendment in actually securing the state's economic development objectives remains to be seen--notwithstanding reappraisal and classification, property taxes in Kansas are not generally so high as to constitute the determinant factor as to whether a new business is created or an existing business expanded. However, it appears highly probable that every business eligible for an exemption will seek at least some level of tax reduction, simply as a matter of the owners' enlightened self-interest. Kansas is not alone in authorizing the granting of property tax abatements. According to a 1986 survey by the National Association of State Development Agencies at least 30 states have authorized the use of tax abatements by local governments. Whether or not implementation of the amendment will achieve its jobs and economic development objectives remains to be seen, an evaluation which must be deferred to future years. But it does constitute an important development tool for the state and for its local units.

Through January 1987 to March 1990, the State Board of Tax Appeals processed 123 economic development property tax exemptions (16-1987; 34-1988; 62-1989; 11-March, 1990). How extensive the amendment will actually be used probably depends more on future economic growth conditions than on the willingness of cities and counties to grant exemptions.

This is illustrated by the Kansas experience with the use of industrial development bonds (IDBs), where tax exempt bonds may be issued for "business purposes" with the bond facility exempt from property taxation. Even during the heyday of IDBs, prior to the federally-imposed statewide cap on the amount of tax exempt IDBs, the amounts issued in Kansas for manufacturing purposes, and the number of local units which actually issued IDB bonds for manufacturing, were comparatively small. And this occurred notwithstanding the predisposition of most cities to make their IDB bond authority available for manufacturing establishments.

In 1989, the federally-imposed cap on tax-exempt private-activity bonds was \$150 million of which \$148.7 million was issued. However, of the bonds issued only \$36 million were issued for the so-called "small issue IDB" which is an industrial development (private-activity) bond issue of \$10 million or less used for manufacturing facilities. The remainder of the \$148.7 million issued in 1989 was for mortgage revenue bonds (\$104.9 million) and hazardous waste disposal bonds (\$7.8 million). Congress is currently considering removing the tax-exempt status for small issue IDBs.

City and county governing bodies should not view the ability to grant property tax exemptions as their only tool in promoting economic development. Instead, a property tax exemption is one of many things a city or county can do to facilitate economic development. For a brief discussion on this topic, see "Public Tools of Kansas Cities for Private Economic Development: An Outline", in Research/Information Bulletin No. 511 (1989). The granting of property tax exemptions for economic development should be part of a comprehensive local strategy which includes other appropriate public tools and incentives and is aimed at achieving development goals sought by the governing body.

### **3. Required Statutory and Constitutional Procedures--Brief Review**

The constitutional provision, reprinted in Chapter 6, contains few requirements as to local procedures. Indeed, the only requirement is that the action be taken by resolution of the board of county commissioners or by ordinance of the governing body of the city. The city ordinance is to be adopted and published in the same manner as other ordinances (see K.S.A. 12-3001, et seq). Similarly, the county resolution requires the normal majority vote. Publication in the official county paper is not specifically required for a county resolution granting an exemption, but appears implicit.

In 1990, the legislature enacted Senate Bill 440 (1990 Kan. Sess. Laws Chp. 345) reprinted in Chapter 4, which establishes procedural requirements on cities and counties for the granting of property tax exemptions for economic development purposes under the provisions of section 13 of article 11 of the Kansas Constitution. These requirements, which took effect July 1, 1990, include the following:

(1) Prior to the granting of a property tax exemption for economic development purposes, the city or county governing body must adopt official policies and procedures for the granting of such exemptions which include:



(a) the preparation of a cost benefit analysis, and

(b) a procedure for monitoring the compliance of the business receiving an exemption with any conditions established for granting the exemption.

(2) A public hearing must be held on each proposed exemption, to be held at least seven days after publication of a notice in the official city or county newspaper.

(3) A written notice must be sent to the governing body of the city, county and unified district affected by the proposed exemption.

(4) In an effort to prevent "pirating", no personal property may be exempted if it has been previously subject to taxation or exemption in Kansas, unless the governing body finds that the exemption is required to retain jobs within the state.

1990 Senate Bill 440 also amended K.S.A. 79-213 to specify that economic development exemptions must be initially approved by the state board of tax appeals, as is required for other types of property.

K.S.A. 79-210, which requires the owners of certain exempt property to annually file with the county appraiser, was also amended to apply to economic development exemptions. The claim filed by the owner of the exempt property with the assessing officer must include a written statement that the property continues to meet all the terms and conditions established as a condition for granting the exemption, signed by the city or county clerk.

In addition to the above, 1990 Senate Bill 440 exempted from taxation certain leased or rented property held by a community-based, not-for-profit corporation and related to local economic development tax exemptions. This provision was apparently intended as a partial response to the Kansas Supreme Court's decision in *Board of Wyandotte County Commissioners v. Kansas Avenue Properties*, 246 Kan. 161 (1990). In *Kansas Avenue Properties*, the court held that Article 11, Section 13 of the Kansas Constitution does not allow the granting of ad valorem tax exemptions to property rented or leased for profit even though the property is being used by the renter or lessee solely for one or more of the economic development purposes contained in the amendment.

#### 4. Basic Local Procedures

The centerpiece of this manual is not the explanation or background material but the proposed local Statement of Policy and Procedures on the granting of tax exemptions and incentives for economic development, found in Chapter 2. The general procedure proposed, consistent with the Constitution and Senate Bill 440, is set forth in Section 4 of the city Statement and the county Statement. To fully understand how the 28-section Statement works, it is important to understand the general procedure, outlined in Section 4 of the Statement.

It will also be helpful to fully understand the meaning of the term "tax exemption-incentive," used throughout this report and the Statement. This is defined in Section 5 of the Statement. A "tax exemption" is simply an exemption of the property from ad valorem taxes. A "tax incentive" is a reduction in the payments made by the property, short of full taxation. Using the two-prong approach discussed below, the "tax incentive" constitutes the difference between

what the property would pay if it were not exempt, and the amount paid under local in lieu payment requirements. It is sometimes called a "tax abatement."

The constitutional provision, and existing state laws, permit the use of two basic approaches in providing tax exemptions for economic development purposes. One approach is implicit in the wording of the amendment--those provisions which permit the county or city to exempt from taxation "all or any portion of the appraised valuation." Under this approach, the county or city would simply grant a percentage exemption, varying from one percent to 100 percent, to the property eligible for the exemption, with no in lieu payment requirement.

The second basic approach is a two-prong approach: (1) granting a 100 percent exemption, but (2) conditioning this exemption on a requirement that in lieu property tax payments, in some amount, be paid by the benefitting property. This is the basic approach used in this manual and the model Statement of Policy and Procedures. The Task Force commends this two-prong approach as the most practical and workable method available. This "full-exemption-with-in-lieu-payments" practice is a common procedure used for IDB bond facilities, and is thus familiar to many local officials as well as businesses. It can provide some amount certainty to the applicant business, not possible when the exemption is in the form of a percentage of assessed valuation. It can be used to secure the continued payment of the amount of taxes previously paid on the property, an important concern of school districts and other taxing units.

This recommended approach also permits more sophisticated methods of establishing the amount of the tax incentive than is possible under the partial exemption approach. For example, a local unit that wants to relate the amount of tax incentive to the number of jobs created, or to some other criteria, would find it possible under this approach. Finally, this two-prong approach should simplify administrative procedures. Since a 100 percent exemption is granted (with in lieu payment requirements), the county appraiser will not be confronted with the problem of partial assessments.

## CHAPTER 2

### STATEMENT OF POLICY AND PROCEDURES

**Part 1--Local Review, Revision and Adoption**

**Part 2--Model Statement for Cities**

**Part 3--Model Statement for Counties**

*NOTE:* The model city Statement in Part 2 and county Statement in Part 3 are virtually identical, except for (1) the substitution of the word "county" for "city" and related needed changes, and (2) Section 6 as to jurisdiction. The City and County parts are separated to simplify local revision and adoption.

#### 1. Local Review, Revision and Adoption

Following a general reading of the applicable Statement, it is suggested that local officials then review the Statement in detail, using the section-by-section explanations appearing in Chapter 3.

While cities and counties are encouraged to adopt a local Statement consistent with those recommended provisions, local adaptation to local conditions also appears advisable. For example, Section 12, concerning analysis of costs and benefits, needs to be related to local conditions and local goals. Section 14, relating to the amount of tax incentives, is written in a form to encourage the addition of language which would help focus future decisions as to the actual amount of tax incentives granted. In several instances, references to certain office titles or dates are required, such as (November 15).

For another example of possible needed local adaptation, see Section 18 as to creating an administrative review committee. The rationale for this proposed committee is briefly stated in Chapter 3. In some local cases, an administrative review committee may not be needed. The makeup of the committee could also be revised.

#### Procedure for Adoption

Following local adaptation, the Statement should be formally adopted by the governing body, by resolution. Publication of this resolution is not required. The resolution could either adopt the Statement by reference or include the Statement in the full resolution. An appropriate form would be as follows:

**RESOLUTION NO. \_\_\_\_\_**

Be it Resolved, by \_\_\_\_\_

that the Statement of Policy and Procedures (set forth below) (attached to the official copy of this resolution) be adopted.

It is suggested that the adopted Statement be prepared in a form appropriate for general distribution to applicants for tax exemptions-incentives and other persons. The application form (see Chapter 4) could be attached to the Statement.



# Statement of Policy and Procedures Tax Exemptions and Incentives for Economic Development

CITY OF \_\_\_\_\_, KANSAS

Section

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3. Legal Authority
4. General Procedure
5. "Tax Incentive" Defined
6. Jurisdiction
7. Nominal Tax Determination
8. Minimum Payment In Lieu of Taxes
9. Special Assessments
10. Pirating
11. Application of "But-For" Principle
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Section

15. Application Required
16. Application and Renewal Fees
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25. Exemption Ordinance
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28. Definitions

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**Section 1. Purpose.** The purpose of this statement is to establish the official policy and procedures of the City of \_\_\_\_\_ for the granting of property tax exemptions and tax incentives for real and personal property used for economic development purposes, in accordance with the provisions of Section 13 of Article 11 of the Constitution of the State of Kansas and as required by K.S.A. 1990 Supp. 79-251.

**Section 2. General Objective.** The securing of private economic growth and development and the addition of new jobs within the community are important current and long-term objectives of this City. The granting of property tax exemptions and tax incentives is one of the tools available under Kansas law to help secure these public objectives. This Statement is intended to establish the procedure and policy standards to govern the fair, effective and judicious use of the power to grant such exemptions and tax incentives in this City.

**Section 3. Legal Authority.** The governing bodies of Kansas counties and cities may exempt certain property used for economic development purposes from taxes for a maximum of 10 years, in accordance with the provisions of Section 13 of Article 11 of the Kansas Constitution, subject to the requirements of K.S.A. 1990 Supp. 79-251 et seq. This authority is discretionary with the City, and the City may provide for tax exemptions-incentives in an amount and for purposes more restrictive than that authorized by the Constitution or state laws. Pursuant to its home rule powers, the City may (1) require the owners of any property for which an exemption is requested to provide certain information, (2) condition the granting of an exemption to an agreement providing for the payment of in lieu charges or taxes under

the provisions of K.S.A. 12-147 and 12-148, and (3) require the payment of initial application and annual renewal fees reasonably necessary to cover the costs of administration.

**Section 4. General Procedure.** The following basic procedure shall govern the issuance of tax exemptions-incentives within this City:

(1) The applicant business shall apply for a tax exemption-incentive by filing a written application as provided in Section 15.

(2) If the City determines the requested tax exemption-incentive (a) may be lawfully granted, and (b) the initial request is worthy of further consideration, the City shall prepare a cost-benefit analysis report of the requested tax exemption-incentive as provided in Section 12.

(3) The City shall then determine whether the proposed tax exemption-incentive should be granted, following a public hearing after the required notice.

(4) If it is determined that some tax exemption-incentive should be granted, a 100 percent exemption of that property of the business legally eligible for exemption shall be provided, but subject to an agreement of the business to make an in lieu tax payment as may be required by the City.

(5) The amount of the tax incentive, which will be an amount less than the taxes otherwise payable if the property were not exempt, will then be determined in accordance with this Statement.

(6) Upon the failure of the business to fully and timely pay the in lieu tax payments, as may be required as a condition of the granting of an exemption, or to provide reports or other information requested by the City and reasonably necessary for the implementation of this policy, the City may either deny, revoke, or not renew, the authorization of such an exemption. All requests for a tax exemption-incentive for economic development purposes shall be considered and acted upon in accordance with this Statement.

**Section 5. "Tax Incentive" Defined.** Various words and terms used in this Statement are defined in Section 28. The terms "tax incentive" or "tax exemption-incentive" shall both mean the difference between the amount of ad valorem property taxes the affected business would pay if there were no city-granted exemption and the amount required to be paid as in lieu taxes or charges. For example, if the taxes required with no exemption were \$5,000, and the required in lieu payments were \$3,000, the "tax incentive" or "tax exemption-incentive" would be \$2,000.

**Section 6. Jurisdiction.** The City shall grant tax exemptions-incentives only for property located within the City. The City encourages the Board of County Commissioners to consult with the City as to applications outside the City and within a three-mile area of the City.

**Section 7. Nominal Tax Determination.** All tangible property of a business receiving a tax exemption-incentive under this Statement shall be annually assessed by the county appraiser in the same manner as if it were not exempt, but the amount thereof shall not be placed on the assessment rolls. The amount of the property taxes which would be payable shall also be determined annually by the county clerk and treasurer, in the same manner as if the property were not exempt, but such amount shall not be placed on the tax rolls.

Separate assessment and tax calculations shall be made for the land, for the improvements thereon, and for any taxable tangible personal property associated therewith, of the exempt business. The appropriate county officers are requested to provide the City with this information as early as possible, but not later than (November 15) of each year.

**Section 8. Minimum Payment In Lieu of Taxes.** Any applicant receiving a tax exemption-incentive pursuant to this Statement shall be required to make a minimum payment in lieu of taxes which equals the amount of property tax which was paid or was payable for the most recent year on the appraised valuation of the real estate, including either buildings together with land or land only, prior to the construction of new buildings or added improvements to buildings on such property or prior to the acquisition of the property by the new business. The purpose of requiring this minimum in lieu tax payment is to ensure that the city, county, school district and any other taxing jurisdictions affected by the exemption will not receive less tax revenue from the exempted property than was received prior to the exemption. For extraordinary reasons, such as when vacant buildings are acquired for a new business, or when the market value of the property decreases, this requirement may be waived in part or in whole by the governing body, as provided in Section 27.

**Section 9. Special Assessments.** Any tax exemption granted for real property under this Statement shall not affect the liability of such property for any special assessments levied or to be levied against such property.

**Section 10. Pirating.** It shall be the policy of the City to discourage applications for tax exemptions-incentives, or to grant such tax incentives, which deliberately encourage and cause the pirating of business from another Kansas community to this community, or from this community to another Kansas community. It is the intent of the City to avoid participation in "bidding wars" between cities or areas competing for the location of new businesses or expansion of existing businesses, through attempts to offer the largest tax incentive or other public inducement, which is detrimental to the state's economy and the public interest. As provided in K.S.A. 1990 Supp. 79-252, the City shall not exempt any tangible personal property of a business if such property is currently subject to ad valorem taxation within the State of Kansas or has been exempted from taxation pursuant to section 13 of article 11 of the Kansas Constitution, except if the governing body makes a factual determination that such an exemption is required to retain jobs in the state of Kansas, an exemption may be granted for such tangible personal property.

**Section 11. Application of "But-For" Principle.** Any tax exemption-incentive granted by the City shall be subject to the "but-for" principle, i.e., the tax incentive must make such a difference in determining the establishment or expansion of the business that the business would not otherwise be established or expanded in the City but for the availability of the tax incentive. It is the policy of the Governing Body that private businesses should not be subsidized with public funds, the indirect consequence of tax exemptions-incentives, unless some public good results and the public subsidization can reasonably be expected to make a significant difference in achieving economic growth and development and the creation of new jobs within the City.

**Section 12. Analysis of Costs and Benefits.** The City will consider granting tax exemptions-incentives only upon a clear and factual showing of direct economic benefit to the City through advancement of its economic development goals, including the creation of additional jobs and the stimulation of additional private investment. Before a tax exemption -

incentive is granted to an applicant the Administrative Review Committee shall prepare, or direct to be prepared, a cost-benefit analysis report which shall examine the costs and benefits to the public of the proposed tax exemption-incentive. The cost-benefit analysis report shall consider, but not be limited to the following factors, as applicable:

- (a) The appraised valuation of the property in relation to the economic benefit to the City of increased employment.
- (b) The gain in tax revenue which may result from the new or expanded business, including the increase in the property tax base upon the expiration of the exemption.
- (c) The contribution that the new or expanded business will make towards increased employment and earnings within the community.
- (d) The number of new jobs created directly by the business in relation to the amount of tax incentives granted.
- (e) The kinds of jobs created in relation to the type of skills available from the local labor market.
- (f) The utilization by the business of labor skills and abilities of unemployed persons in the community.
- (g) The degree to which the business improves the diversification of the economy of the City and its environs.
- (h) The degree to which the ultimate market for the manufactured products is outside the community, recognizing that outside markets bring in "new money" to the local economy.
- (i) The potential of the business for future expansion and additional job creation.
- (j) The beneficial impacts the business may have by creating other new jobs and businesses, including the utilization of local products or other materials and substances in manufacturing.
- (k) The beneficial economic impact the business will have on a particular area of the City, including designated enterprise zones and areas of needed revitalization or redevelopment.
- (l) The compatibility of the location of the business with land use and development plans of the City and the availability of existing infrastructure facilities and essential public services.
- (m) The extent to which additional direct or indirect public costs to the City and to other local units would be necessary, such as the cost of the extension of public facilities.



(n) The extent to which the economic and employment benefits of the tax incentive accrue to the residents and taxpayers of those taxing subdivisions which indirectly "subsidize" the business as a result of the forgone tax revenue.

**Section 13. No Exemptions.** (1) No tax exemption shall be granted if the exemption would create, in the judgment of the Governing Body, an unfair advantage for one business over another competing business within the City. (2) No tax exemption shall be granted to any business which commenced operations prior to August 5, 1986, nor for the expansion of a business unless such expansion created new employment.

**Section 14. Amount of Tax Incentives.** The two primary objectives of the City in granting tax exemptions for economic development are to (1) provide needed jobs, and (2) expand the economic and tax base of the City. The City recognizes that a simple system of determining the amount of tax incentives to be granted to reach these objectives may not always be equitable if applied uniformly to different kinds of businesses. As a result, in determining the actual amount of tax incentive granted, the City shall consider the factors and criteria set forth in Section 12 of this Statement. In addition, the City shall consider the following standards:

\* \* \*

**Section 15. Application Required.** The City will not consider the granting of any tax exemption-incentive unless the business submits a full and complete application, and provides such additional information as may be requested by the Governing Body. The (title of officer) is hereby authorized and empowered to prepare a standard application form which, upon completion, will provide the Governing Body with adequate and sufficient information to determine whether a tax incentive should be granted and the amount thereof. The accuracy of the information provided in the application shall be verified by the applicant. Any misstatement of or error in fact may render the application null and void and may be cause for the repeal of any ordinance adopted in reliance on said information.

**Section 16. Application and Renewal Fees.** Any business requesting a tax exemption pursuant to this Statement shall pay to the City an application fee of (\$250), which shall be submitted at the same time the application form required by Section 15 is submitted. In addition, any business which has been granted a tax exemption shall pay an annual renewal fee in the amount of (\$100.)

**Section 17. Initial Review Procedure.** On receipt of the completed application form and the required fee, the (officer) shall determine (a) whether the application is complete and sufficient for review, and (b) whether the applicant business is eligible for an exemption under the Kansas Constitution, this Statement and any other applicable laws. If the application is incomplete, the (officer) shall immediately notify the applicant, noting the need for such changes or additions as deemed necessary. If questions arise as to whether the business is legally eligible for an exemption, the matter shall be referred to the city attorney, who shall consult with the applicant business. If the application is found complete, and is for a purpose which appears to be authorized by law, the (officer) shall so notify the Administrative Review Committee.

**Section 18. Administrative Review Committee.** There is hereby created an Administrative Review Committee, which shall be composed of the mayor or other member of the Governing Body designated by the mayor, who shall serve as chairman, the city (clerk), and the city (manager), which shall meet on call of the chairman. The purpose of the Administrative Review Committee shall be to receive and review requests and applications for tax exemptions-incentives, to gather and review such additional information as may be deemed necessary, to prepare or cause to be prepared a cost-benefit analysis report, to conduct preliminary negotiations with the applicant business, and to make such recommendations as deemed advisable to the Governing Body. Administrative Review Committee records, including applications for tax exemptions, may be withheld from public disclosure under the Kansas Open Records Act as provided for under subsections (20) and (31) and other subsections of K.S.A. Supp. 45-221, but shall be available for public inspection when otherwise required by law. The committee is authorized to issue administrative letters of intent when requested by the applicant upon a finding that the public interest requires confidentiality in order to successfully negotiate the location of the prospective business within the city or the expansion of an existing business. Such administrative letters of intent shall not be binding on the Governing Body, and shall be superseded by any final action by the Governing Body or by any letter of intent issued by the Governing Body under Section 21.

**Section 19. Initial Governing Body Action.** Upon receiving the recommendations of the Administrative Review Committee, the Governing Body shall first determine whether to reject the requested exemption or to further consider the request. Upon a favorable vote for further consideration, the Governing Body shall either (1) issue a letter of intent as provided by Section 21, or (2) schedule a public hearing to consider granting a tax exemption-incentive.

**Section 20. Notice and Hearing.** No tax exemption shall be granted by the City prior to notice and a public hearing as required by K.S.A. 1990 Supp. 79-251. Notice of the public hearing shall be published at least seven days prior to the hearing in the official city newspaper, giving the purpose, time and place, and the hearing may be held at a regular or special meeting of the Governing Body. The city clerk shall thereupon notify in writing the board of county commissioners, the appropriate school district, and the clerk of any other taxing jurisdiction, excluding the state, which derives or could derive property taxes from the affected business, advising them of the scheduled public hearing and inviting their review and comment. Upon request, the city clerk shall provide any such public agency with a copy of the application. The applicant business shall be invited, but not required, to attend the public hearing.

**Section 21. Letters of Intent.** Upon receiving the recommendations of the Administrative Review Committee, the Governing Body may issue a letter of intent, setting forth in general terms its proposed plans for granting a tax exemption-incentive and any conditions thereto. Such letters of intent shall be issued only with the approval of the Governing Body, and as an expression of good faith intent, but shall not in any way bind the City to the granting of an exemption-incentive. Such letters of intent shall expire six months after issuance, but may be renewed. A public hearing shall not be required prior to the issuance of letters of intent. No elected or appointed officer, employee or committee of the City, and no chamber of commerce, board, development council or other public or private body or individual, shall be authorized to speak for and commit the Governing Body to the granting of a tax exemption-incentive. Letters of intent issued by the Governing Body shall supersede any letters issued by the Administrative Review Committee.

**Section 22. Annual Renewal Subject to Review.** The extent and term of any tax exemption-incentive granted shall be subject to annual review by the Governing Body to ensure that the ownership and use of the property and any other qualifying criteria of the business for the tax exemption-incentive continue to exist. The review shall be completed by not later than February 1 of each year. The City shall require an annual renewal application to be filed by the business. The annual renewal application shall include information from the business indicating compliance with any terms or conditions established by the governing body for the granting of the exemption, such as number, quality of jobs created, etc. Upon a finding that the property continues to meet all the terms and conditions established as a condition of granting the exemption, the City Clerk shall so certify to the owner for submission to the assessing officer, as providing by K.S.A. 1990 79-210a.

**Section 23. Transfer of Ownership or Use.** No exemption or tax incentives granted by the City shall be transferred as a result of a change in the majority ownership of the business. Any new owner shall file a new application for a tax exemption-incentive. Further, the City shall be notified by the business of any substantive change in the use of a tax exempt property (see Section 26).

**Section 24. Distribution of Revenue.** The granting of tax exemptions-incentives by the City is hereby declared to be a contract under the provisions of K.S.A. 12-147. The in lieu of taxes payment which may be required of a business granted a tax exemption under this Statement shall be paid to the county treasurer, with notice of the amount and date paid provided to the City. The county treasurer is directed to apportion the payment, under the provisions of subsection (3) of K.S.A. 12-148, to the general fund of all taxing subdivisions, excluding the state, which levy taxes on property where the business is situated. The apportionment shall be based on the relative amount of taxes levied, for any and all purposes, by each of the applicable taxing subdivisions.

**Section 25. Exemption Ordinance.** The city clerk shall provide a copy of the ordinance, as published in the official city newspaper, granting an exemption from taxation to the applicant for use in filing an initial request for tax exemption as required by K.S.A. 79-213, and by K.S.A. 79-210 for subsequent years.

**Section 26. Exemption Forms.** A copy of the exemption applications required by K.S.A. 79-213 and 79-210, and the statement required by K.S.A. 79-214 for the cessation of an exempt use of property, shall be filed with the city clerk by the property owner.

**Section 27. Waiver of Statement Requirements.** The Governing Body reserves the right to grant or not to grant a tax exemption-incentive under circumstances beyond the scope of this Statement, or to waive any procedural requirement. However, no such action or waiver shall be taken or made except upon a finding by the Governing Body that a compelling or imperative reason or emergency exists, and that such action or waiver is found and declared to be in the public interest. The Governing Body shall not waive any procedural requirements required by state law.

**Section 28. Definitions.** For the purpose of this Statement, in application to this City, the words or phrases as used in either the Constitution, applicable state law or this Statement shall have meaning or be construed as follows:

- (a) "Applicant" shall mean and include the business, property owner or owners, and their officers, employees and agents.
- (b) "Associated therewith" as used with respect to tangible personal property shall mean being located within, upon or adjacent to buildings or added improvements to buildings.
- (c) "Commenced operations" shall mean the start of the business activity housed in the building for which a tax exemption-incentive is requested.
- (d) "Economic development purposes" shall mean the establishment of a new business or the expansion of an existing business, engaged in manufacturing articles of commerce, conducting research and development, or storing goods or commodities which are sold or traded in interstate commerce, which results in additional employment.
- (e) "Expansion" shall mean the enlargement of a building or buildings, construction of a new building, the addition of tangible personal property, or any combination thereof, which increases the employment capacity of a business eligible for a tax exemption-incentive and which results in the creation of new employment.
- (f) "Manufacturing articles of commerce" shall mean a business engaged in the mechanical or chemical transformation of materials or substances into new products, as defined in the "Standard Industrial Classification Manual."
- (g) "Research and development" shall mean the application of science or technology to the improvement of either the process of manufacturing or manufactured products or both.
- (h) "Storing goods or commodities which are sold or traded in interstate commerce" shall refer to the business of storing property which may be exempt from ad valorem taxation under the provisions of K.S.A. 79-201f.
- (i) "Tangible personal property" shall mean machinery and equipment used during the term of the tax exemption which may be granted.
- (j) "Tax incentive" or "tax exemption-incentive", see Section 5.

**Cities - 57**

The following cities reported, during October 1989, the existence of an official written policy statement as to the granting of property tax exemptions for economic development purposes.

Abilene	6,350	Kiowa	1,310
Anthony	2,620	LaCrosse	1,490
Arkansas City	12,990	Lawrence	56,490
Beloit	3,990	Leavenworth	36,230
Bonner Springs	6,880	Lindsborg	3,330
Caney	2,380	Lyons	3,740
Chanute	9,872	Marion	1,850
Dodge City	19,710	Medicine Lodge	2,630
Downs	1,220	Newton	16,380
Edwardsville	3,470	North Newton	1,220
Ellinwood	2,510	Olathe	52,180
Ellis	2,080	Ottawa	10,750
Ellsworth	2,380	Overland Park	96,510
Elwood	1,200	Paola	4,340
Emporia	24,610	Pittsburg	18,310
Fort Scott	8,450	Pratt	7,330
Galena	3,460	Sabetha	2,169
Garden City	22,770	St. Marys	1,690
Gardner	3,140	Sedgwick	1,520
Girard	2,940	Shawnee	30,240
Goddard	1,970	Stockton	1,780
Halstead	2,060	Topeka	118,580
Hays	17,810	Valley Center	4,130
Hesston	2,860	Wamego	3,500
Hillsboro	2,600	Washington	1,400
Horton	1,810	Wellington	8,300
Hutchinson	41,500	Wichita	288,870
Iola	6,770	Winfield	11,650
Kansas City	162,070		

**Counties - 7**

The following are among the counties reported to have economic development exemption policies:

Barton	32,800	Saline	50,000
Cowley	37,000	Sedgwick	391,100
Ellis	27,700	Shawnee	160,800
McPherson	27,600		

# RESEARCH / INFORMATION BULLETIN

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## Kansas Cities and Counties With Economic Development Property Tax Exemption Policies

This report presents a listing of 57 Kansas cities and 7 counties which are known to have, or report as having, an official written policy statement as to the granting of property tax exemptions for economic development purposes.

Under Section 13 of Article 11 of the Kansas Constitution, cities and counties are authorized to grant property tax exemptions for certain limited economic development purposes. (For more information on this subject, see the report "Property Tax Exemptions For Economic Development Purposes--A Manual on Policy and Procedures for Kansas Counties and Cities", issued by the League in January, 1987).

In the fall of 1989, the Joint Committee on Economic Development of the Kansas Legislature proposed a bill relating to such property tax exemptions, one provision of which would mandate that a city or county have in effect an official statement of policies and procedures for the granting of such exemptions before any such exemption may be granted. This proposal became Senate Bill No. 440, which will be considered by the legislature for final action at the recessed session scheduled to begin on April 25.

The listing of cities on the next page which report the existence of such an official policy is based primarily on a League survey conducted in October 1989. This listing has not been verified. Further, in many instances, information is not available to the League as to the comprehensiveness of the reported adopted policy.

The survey form used to collect most of the information below, usually completed by city clerks, posed the following question: "Tax Exemptions. Has your governing body adopted a written policy as to the granting of property tax exemptions for economic development purposes? Yes \_\_\_\_; No \_\_\_\_\_. (Does not apply to IRBs)."

# An Economic Development Fiscal Impact Model for Kansas

by David L. Darling

*Editor's Note: David L. Darling is an extension specialist in the Department of Community Economic Development in the School of Cooperative Extension Services at Kansas State University.*

Many communities have an explicit objective of increasing employment opportunities and/or increasing per capita incomes. They visualize plant expansion, tourist development, expansion of service industries and population growth as contributing to their objectives. They feel that the increased tax base that development brings will also provide net gains to their community. They may or may not consider the cost of development in terms of the demand for more better public services, changes in social structure of the community and changes in personal relationships that normally accompany development.

Each type of development will have a different set of impacts on the local community depending on its characteristics. Tourist development usually consists of the growth of small businesses hiring young people on a seasonal basis. In contrast, consider the construction and operation of a power plant. This development results in a large addition to the tax base but only a small addition to employment opportunities. However, these jobs are permanent, year-round ones and the pay is relatively high. How well these two developments and others may fit into a community depends on the match between the characteristics of an area and the characteristics of the proposed development.

The Fiscal Impact Model discussed in this report provides a systematic way to evaluate development alternatives and to forecast the potential impacts of one specific type of economic activity.

## How the Model Works

A model, or analytical framework, is introduced in the following pages. It is designed to assist local decision makers to calculate the expected revenues and expenditures attributed to a proposed economic change, such as the operation of a new manufacturing facility. This article includes a section on the pertinent theory, a description of the model, the assumptions and simplifications made by the author of the model and some suggested uses of the model.

The author hopes to communicate enough information about the economic theory that the reader will feel comfortable with the concepts without getting overburdened with their complexities. One especially important concept, the income multiplier, is described in the theory section.

## Theoretical Background

A community's economy, like the economy of any large geographical area, is comprised of a number of individual firms and people interacting with each other. Each interaction form as a link between two parties and the more

links, the larger the economy. For example, a nearly self-sufficient farmer forms fewer links within his community than a carpenter who sells his labor and buys his needs from many firms and people in his community. To properly analyze the impact of a change in a community's economy, one must study the linkages between parties and the amount of interaction. Local governmental units are part of the economic fabric.

All linkages can be divided into three types: consumption, production and fiscal linkages.<sup>2</sup> For this model the author defines consumption linkages as the transactions between new plant employees and local businesses. Production linkages are defined as the transactions between the new plant and other local businesses. Fiscal linkages are defined as the transactions (taxes) between tax payers and local governments. Each transaction that involves the expenditure of money by the new plant or new plant employees creates a multiplier effect. In this model, the multiplier effect will be measured using an income multiplier as compared to an employment multiplier.

Before discussing income multipliers, Figure 1, is presented so that the reader can better understand the three previously defined types of linkages.

The income multiplier, developed by John Maynard Keynes, is a measurement of the total impact of a new dollar entering an economy. The multiplier can be divided into two parts, the primary and secondary effect. The primary effect corresponds to the initial introduction of the new money into the local economy. A new factory hires local people, and this new payroll is an example of one way new money can enter an economy. The secondary effect corresponds to the cumulative impact of that new money as it turns over (changes hands) within the economy. To follow with the above example, the new plant employees, after earning their first paycheck, go out and purchase food, pay rent and utility bills and buy gas. The multiplier will be large when the local economy's linkages are numerous and strong. However, if much of the new money leaks out of the economy the multiplier effect will be diminished.

Besides the concepts of linkages, leakages, turnovers and income multiplier, the reader also should be aware of the concepts of average and marginal costs and capacity thresholds.

When considering the costs of accommodating new industry, residents, commuters and residential development within the capacity of existing local government facilities and services, one must be concerned about the average and marginal costs. The average cost of providing a service equals the total cost divided by the population of residents, miles of road, households or other pertinent units. The marginal cost equals the additional cost incurred to

provide the new users with a service divided by the number of new users. As long as the marginal cost is equal to or less than the average cost, then the city, county or school government can accommodate new users without major expense. However, when the marginal cost exceeds the average cost, then the capacity of the facility or service is being approached, and a major capital investment or operating cost addition is needed if the quality and quantity of service is to be maintained.

Let's consider an example—police protection. If a factory employing 200 people decided to locate in a town of 3,000 this would create new demands on the police force. More traffic will result in more car accidents, new residents who built new homes may increase the need of patrolling in the area, and the new business activity generated by consumption linkages may result in more burglaries. The police department may be able to accom-

modate this demand by stretching its resources or it may have to hire a new police officer and buy a new police car. In this later case the marginal cost of accommodating growth is higher than the average cost. A capacity threshold has been reached and this triggers the decision to expand both the police force and equipment available to the police department.

### The Model

In the previous section the relevant theory and its application were discussed. Figure 1 shows the logical relationship the model takes into account. New industrial growth stimulates the local economy through production, consumption and fiscal linkages.

Next, Figure 2, presents the individual components of

the model. Each sector experiences the impact of new benefits and costs. The benefits to the private sector include both primary and secondary revenues attributable to the new plant payroll and any new plant purchases from local businesses. Private sector costs include any income earned by plant employees in a previous job, income lost if the new plant displaces an existing business, and money spent by individuals and organizations to attract the new plant. The benefits to the public sector include new property tax revenue from the construction of the new plant and any new homes built for plant employees, public utility user fees, miscellaneous revenues and state and federal aid provided schools. The costs incurred by the city, county and school sectors include all money spent to accommodate the plant, new residents, new commuters and new students. Also the model accounts for any publicly subsidized industrial development incentive program.

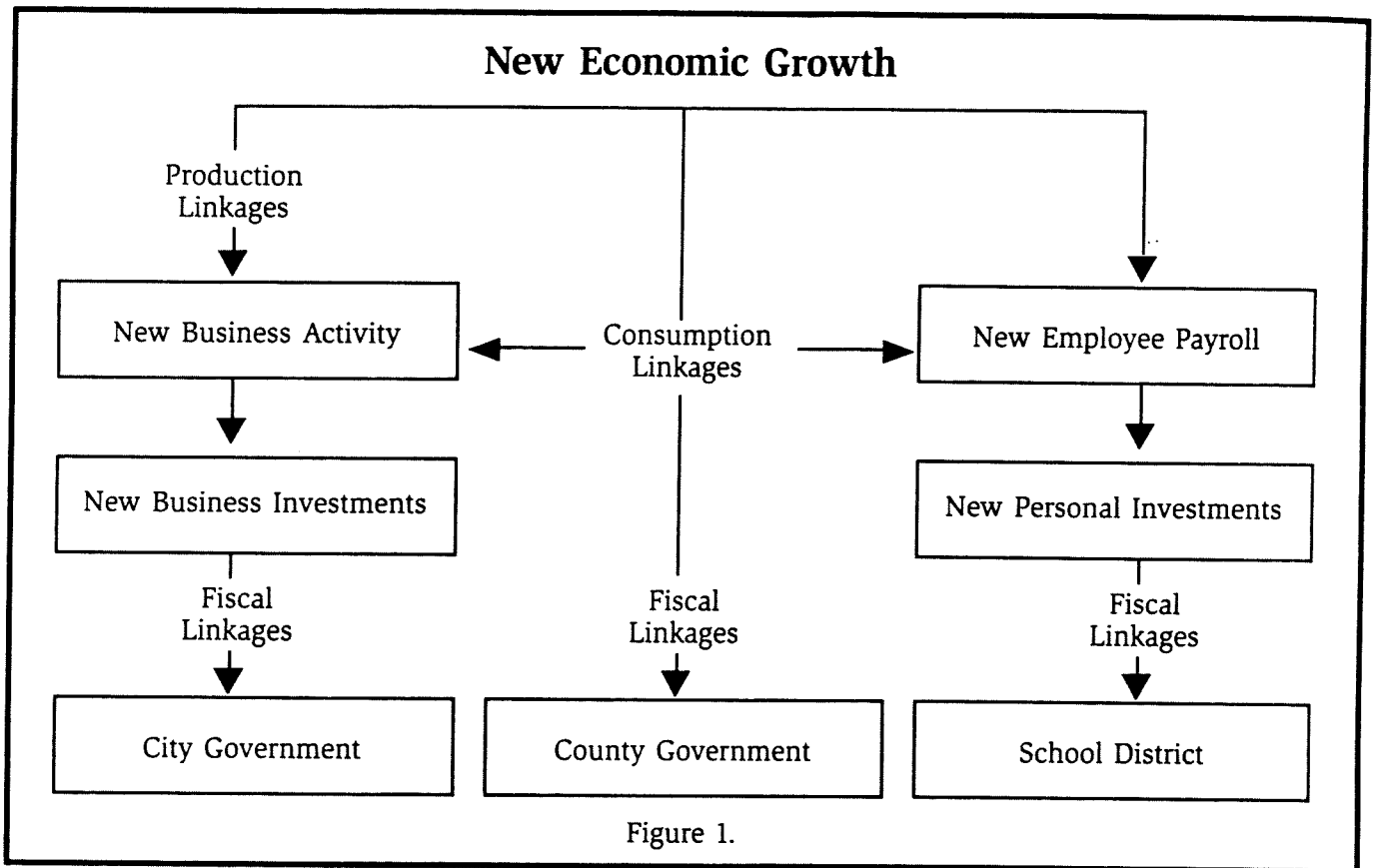


Figure 1.

In summary, the important characteristics of the Fiscal Impact Model consist of the following: (1) it provides an economic analysis; (2) it concentrates on the local impacts in one county; (3) the results are approximations; (4) the results forecast the impacts during the first full year of operation of the new development; (5) the results forecast the net gains to each sector, expenditures subtracted from revenues; (6) the results forecast the annual impacts in current dollars, not future dollars; and (7) the local sectors included are the private economy, the county government, the city government(s) and the school district(s).

### Assumptions and Simplifications

Every model is a simplification of reality. The following are the major simplifications and the important underlying assumptions of this model:



## Uses of the Model

- (1) Township government impacts are left out. New business investments made by local firms in response to business activity are left out.
- (3) New bank deposits created by the new income generated by the new industry are left out even though new bank deposits increase the funds available to finance new local investments.
- (4) Commuters working in the county and plant community cost local government 25 percent of the cost of an average resident who lives and works in his own community. This number reflects the approximate percent of time the commuter actually spends at his place of work out of a 24-hour, 365-day period.
- (5) Property tax revenues will go up in proportion to the new assessed valuation added by the construction of a new plant and new homes.
- (6) City and county government non-property and non-utility revenues will go up in proportion to the added population.
- (7) State and federal transfer payments to local governments and schools will go up in proportion to the added population of residents and students.
- (8) The income multiplier effect resulting from the payment of property taxes by the new industry to local government is not measured.
- (9) Any tax abatement shows up as an opportunity cost to local governments and is deducted from benefits as a true cost.

The model can be used in a variety of ways. It can be used to evaluate an existing industry; to forecast the impact of a new industry; to consider alternative types of industry as part of a planning process, or to calculate how large and what kind of public investments a community can afford to offer an incoming industry.

The model should be used in a closed session with rational and well informed people. The concepts involved in considering potential impacts are not well understood by many. Few can explain the difference between the multiplier effect of a new income and the turnover of a new income within a community's economy. Most people think that if a dollar turns over five times annually the total impact of one new dollar of income in an economy equals five dollars per year. When one estimates that the total effect of one new dollar equals between \$1.10 to \$2.00, most think you are grossly underestimating it. Thus, it is important that the group be willing to learn some correct concepts and discard their previously held mistaken ones.

One last word of caution: If the user works for a public agency, then any forecasts may become public property. Those who do not find that the results fit their biases will attack the forecasts. Be prepared to defend their accuracy.

1. Albert O. Hirschman, "A Generalized Linkage Approach to Development with Special Reference to Staples", *Essays in Economic Development and Cultural Change*, (Ed. by Manning Nash, University of Chicago Press: Chicago, January 1977), p.73.

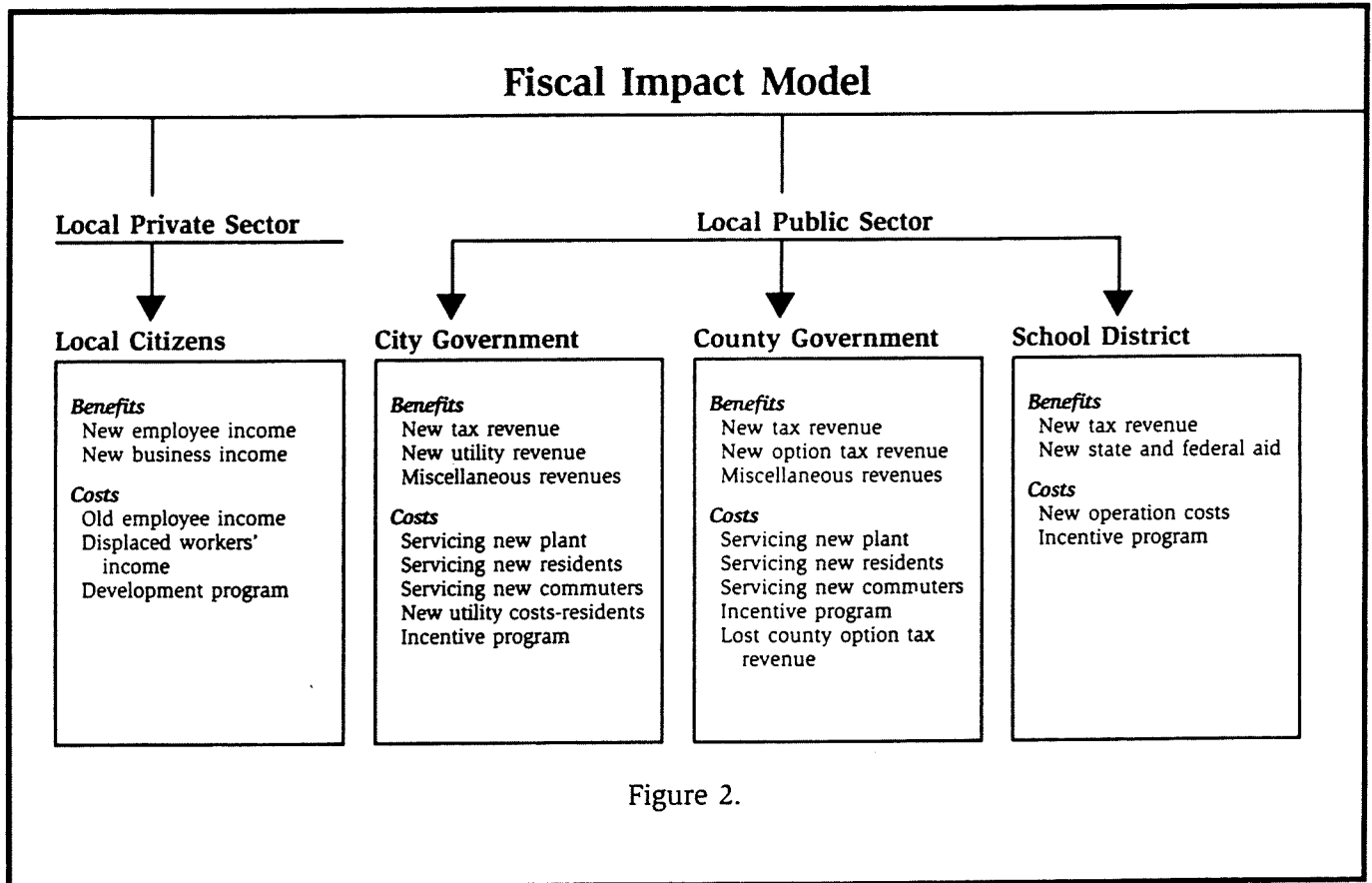


Figure 2.

8-28



# Kansas Business Taxes in a Competitive Environment: Results From a Simulation Model



Pat Oslund

Pat Oslund is a research associate at the Institute for Public Policy and Business Research.

## Introduction

Kansas policy makers have long been concerned with business taxation and how it fits into the general framework of economic development. The issue came to a head during 1985, with major changes in the Kansas tax code following in the 1986, 1987, and 1988 legislative sessions. The issue was resurrected in 1990 due to widespread dissatisfaction over the effects of reappraisal and classification.

Business taxes and tax incentives have been tied, correctly or incorrectly, to state efforts for economic development and growth throughout the region. State development strategies exhibit two broad roles for business taxes. Taxes may be used in a pro-active sense, targeting investment through large incentives. This approach has recently been initiated in Nebraska. Alternatively, the strategy may be to neutralize the tax issue by removing or reducing those taxes found to impede growth. This approach is spelled out in the Redwood-Krider report on Kansas economic development, which recommends bringing Kansas taxes into line with competing states.<sup>1</sup>

In order to create policies to neutralize the tax issue, it is first necessary to have reliable quantitative information on how Kansas actually fares in comparison with the region, and under what circumstances taxes may place Kansas at a competitive disadvantage. Kansas Inc., a public-private partnership which funds and

conducts research on Kansas public policy, asked the Institute for Public Policy and Business Research (IPPBR) to investigate these issues. The Institute updated an earlier tax study, and developed a tax simulation model to estimate the quantitative effect of taxes on representative firms in fifteen important industries in the region.<sup>2</sup> The analysis was conducted for a study area including Kansas, Colorado, Iowa, Missouri, Nebraska, and Oklahoma.

This article presents results from the Institute's research, emphasizing the role of taxes in economic development. Part 1 of the article reviews the academic literature on state and local taxation and focuses on the controversy over the relationship between taxation and growth.

Part 2 of the article presents a description of tax rates and the bases to which they apply, in order to provide background material on business taxes in the six state region surrounding Kansas. The role of business incentives in the state tax structures is carefully noted, since incentives can make a substantial difference in the tax bills of new and expanding firms.

Part 3 of the article makes use of the IPPBR Tax Simulation Model to compare Kansas taxes with those in nearby states and to explore a number of issues concerning the importance of taxes in business location decisions. The simulation approach captures the interaction of state tax rates, tax bases, incentives, and basic business costs. For this reason, the model gives a more complete picture of the Kansas business tax climate than can be provided by a comparison of tax rates alone. The model gives quantitative estimates of the size of interstate tax differences, the value of incentives, and the

importance of taxes in relation to other business costs.

## Part 1: How do State and Local Taxes Affect Businesses?

Throughout the 1980s, state and local governments played an increasingly active role in trying to attract and retain jobs. Their efforts were particularly intense in areas which experienced declines in traditional manufacturing and extractive industries due to changes in global competitive conditions. Tax policy was a major focus of the attempt to stimulate a healthy economy in many states. At the national level, reforms during the mid-1980s lowered marginal tax rates for corporations, and several states copied the rate reduction, including Colorado, which lowered the corporate tax rate for upper income brackets. However, much of the push for state tax reform during the 1980s was directed toward the use of special tax credits and abatements. Tax incentives, along with other inducements such as industrial revenue bond financing, dominated state and local involvement in efforts to encourage business growth.

State and local governments have spent considerable time and money developing and implementing both general tax reforms and specific tax incentive programs. Ironically, there is considerable debate about whether the general level of state and local taxation, or any of the specific abatement programs, influences job and investment growth. The issue has been examined numerous times and in numerous ways.<sup>3</sup> Studies examining the impact a state's general tax structure have arrived at mixed and often contradictory conclusions. Recently a consensus seems

to be emerging that increases in overall state tax effort negatively affect state income growth.<sup>4</sup> However, the question of whether business taxes or personal taxes most affect growth is still unsettled.

Like studies examining general taxes, studies of the effect of specific incentives also have failed to resolve the question of whether the programs stimulate growth. For example, Steinnes<sup>5</sup> finds no evidence that industrial bond finance incentives increase the number of jobs in manufacturing or services; in contrast, Papke<sup>6</sup> discovers that subsidized bond financing positively affects the number of new firms locating in a state. Papke also finds that tax incentives influence firm location through their effect on the after-tax rate of return of a new investment.

In summary, the academic literature has offered policy makers little clear guidance about the proper role of taxation in state economic development strategies. If, as Papke argues, both corporate tax rates and incentives influence firm locations, then state and local governments must be extremely concerned that they create a competitive tax environment; alternatively, if personal taxes are more responsible for economic growth than corporate taxes or incentives, the emphasis on incentive packages may be ineffective, and, in fact, wasteful. Blair and Premus suggest that choosing a location for a new establishment is really a two stage process, with the firm choosing a general region for investment in the first stage and a specific site in the second stage.<sup>7</sup> Taxes and incentives may become important at the second stage for firms which have already decided to locate in a particular region.

## Part 2: State and Local Business Taxes in the Region Surrounding Kansas

State and local governments levy three important taxes on businesses: corporate income taxes, property taxes, and sales taxes. In addition, firms are required to participate in two special funds which provide benefits to employees: unemployment insurance and worker compensation.

Taxes rates and the bases on which taxes are charged vary widely across the states in the region. Differences in the definitions of tax bases may cause business taxes to vary more widely across states than would be expected by a simple comparison of tax rates.

### The Corporate Income Tax

Each of the states in the region levies a corporate income tax on net profits or taxable income derived from within the state. As a source of state finance, the corporate tax appears small, comprising less than 10 percent of total state tax revenue for the U.S. on average; in Kansas, dependence on the corporate income tax approximates the U.S. average. While corporate income taxes may be a small source of total revenue, they are, however, an important cost to businesses: of taxes paid to state and local governments, the corporate income tax generally ranks second after the property tax.

**Income Tax Rates.** Corporate tax rates in the region surrounding Kansas average between 5 and 6 percent. On the low end, Kansas taxes the first \$25,000 of income at 4.5 percent; on the high end, Iowa taxes incomes over \$250,000 at 12 percent. Colorado is now in the process of implementing a rate reduction from 6 percent to 5 percent for high-income firms. Under emergency financial pressure due to unanticipated tax refunds to pensioners, Missouri has recently instituted a temporary tax increase from 5 percent to 6.5 percent for high income firms. Kansas experimented with an alternative minimum tax on corporations in 1988, but has now repealed the tax. It is important to note that comparisons of state tax rates can be misleading, for the states exhibit considerable variations in the allowable deductions, in income allocation methods, and in economic development incentives, all of which influence corporate tax bills.

**Deduction for Federal Taxes.** All of the states in the region use federal taxable income as a starting point for state tax calculations. To generalize, federal taxable income is then modified through additions and deductions. Two states in the region permit a deduction for federal

taxes paid: Missouri allows a deduction of 100 percent of federal taxes, while Iowa allows a 50 percent deduction, both of which substantially reduce tax liabilities. Table 1 quantifies the impact of the deduction by contrasting statutory and adjusted marginal tax rates.

**Income Allocation for Multi-State Firms.** When a firm does business in several states, a serious problem arises over how the taxable income of the firms should be divided among competing tax jurisdictions. Since each state is free to decide its own allocation rules, there is no assurance that exactly 100 percent of income will be taxed overall. Nationally, a "three factor" formula based on sales, payroll, and property serves as a standard for income allocation. In states employing the formula, the firm calculates the ratio of in-state to total sales, the ratio of in-state to total payroll, and the ratio of in-state to total property. The average of these three ratios gives the fraction of the firm's income taxed by the state.

As an alternative to the three factor formula, some states rely on allocations based on sales and property, or on sales alone. The choice of allocation formula significantly changes the amount of income subject to in-state taxation, an important fact for an export oriented firm--that is, a firm selling a large percentage of its output outside state boundaries. The higher the weight given to sales, the lower will be the allocation fraction for such firms. Under a sales only criterion, the export oriented firm pays only a small amount of taxes to the state in which production facilities are located.

### Property Tax

Both state and local governments levy taxes on the value of land, buildings, and equipment owned by firms and households. For the most part, however, property taxes are a tool of local rather than state governments; indeed, property taxes provide the single largest source of local revenue in all six states. Within the region surrounding Kansas, property tax shares range from 57 percent of local tax revenues in Missouri, to 98 percent in Iowa; Kansas local governments raise

**Table 1**  
**State Corporate Income Tax Rates, Federal Deductibility, and Income Allocation Methods**

State	Statutory Rates	Marginal Adjusted Rates <sup>1</sup>	Federal Deductibility	Income Allocation Method
Colorado	For FY 1987-1988: First \$50,000 -- 5.5% Excess of \$50,000 -- 6% Beginning in FY 1989: A flat rate of 5% will be phased in, fully effective July 1, 1993.	5.5% 6.0% 5.0%	No	Choice of two factor formula (1/2 sales, 1/2 property), or three factor formula (1/3 each sales, property, payroll).
Iowa	First \$25,000 -- 6% Next \$75,000 -- 8% Next \$150,000 -- 10% Over \$250,000 -- 12%	5.0% 6.6% 8.3% 10.0%	50% of federal income tax is deductible	Single factor formula based on sales only. Sales in Iowa defined as shipped or delivered to Iowa destinations.
Kansas	First \$25,000 -- 4.5% Over \$25,000 -- 6.75%	4.5% 6.75%	No	Three factor formula (1/3 each sales, property, payroll). For firms with payroll factor more than twice the average property and sales factors, a two factor formula based on sales and property is an option.
Missouri	Flat 5% <sup>2</sup> Effective Jan. 1, 1990- Dec. 1991: Less than \$100,000 -- 5% \$100,000-\$335,000 -- 6% More than \$335,000 -- 6.5%	3.3% 3.3% 4.0% 4.3%	100% of federal income tax is deductible	Choice of single factor formula based on sales only, or three factor formula (1/3 each sales, property, payroll). For use in sales only formula, sales in Missouri include all sales with destinations and origins in Missouri, plus half of all sales with either the origin or destination in Missouri, but not both.
Nebraska	First \$50,000 -- 5.58% Over \$50,000 -- 7.81%	5.58% 7.81%	No	Three factor formula (1/3 each sales, property, payroll).
Oklahoma	Flat 5%	5.0%	No	

<sup>1</sup> The calculation assumes a marginal federal tax rate of 34%.  
**MARGINAL ADJUSTED RATE = STATUTORY RATE x (1 - .34 x deductibility fraction).**

<sup>2</sup> Missouri also has a local corporate income tax in the cities of Kansas City and St. Louis. This earnings tax is equal to 1% of net profits from activities in the city.

Note: Rates are for 1989 unless otherwise indicated.

Sources: Information provided by individual state departments of revenue, state statutes, and *All State Tax Guide* (Englewood Cliffs, NJ: Prentice Hall, 1988).

over 82 percent of their revenues from this source.

Property taxes impose a significant cost on firms. For example, a 1988 IPPBR

study estimated that, for the typical firm, property taxes are second in size only to federal income taxes;<sup>3</sup> however, the impact of the tax varies substantially from

state to state and from industry to industry. The actual tax paid by a firm results from a complex interaction of tax rates, the types and amount of property owned,

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the definition of the tax base, assessment practices, and whether the firm qualifies for any special tax incentives.

The concept of *effective property tax rates* provides a key to understanding property taxation and to comparing taxes across states. The definition of an effective tax rate is simple: it is the annual tax bill divided by the true market value of a piece of property. Effective rates vary not only among states, but also among the major categories of property: residential real estate, commercial real estate, business machinery and equipment, and inventories.

**Components of the Effective Tax Rate.** Calculating an effective tax rate is easier in theory than in practice. In fact, any estimate of the rate must include three components: the applicable mill levy, the statutory assessment ratio, and the relationship between appraised and market property values.

A mill levy is a tax rate expressed as the dollar tax per \$1000 assessed valuation. The total mill levy on a piece of property generally results from a combination of county taxes, city taxes, school district taxes, and taxes for special services such as sewers or fire protection. Within a single state, mill levies vary widely.

Statutory assessment ratios define the percentage of a property's appraised value which is entered on the tax rolls. Three states in the region apply different statutory ratios to different property classifications; for example, Kansas currently assesses residential property at 12 percent, commercial and industrial real estate at 30 percent, and industrial machinery at 20 percent.

No area of property taxation causes more controversy than property appraisal. Ideally, property appraisals should reflect true market values; in practice, the divergence can be dramatic, particularly when reappraisals are few and far between. A striking example of this has recently occurred in Kansas: prior to 1989, assessments were based on real estate appraisals as much as twenty years old. Increases in property values came as a shock to many homeowners and business owners.

**Table 2**  
**Estimates of Effective Property Tax Rates**  
(taxes as % of actual market value)

State	Real Estate Rates		Other Property Rates	
Colorado	Industrial	2.38%	Mach. and equip.	2.00%
	Commercial	2.86%	Inventories	not taxed
	Residential	1.16%		
Iowa	Industrial	2.57%	Industrial machinery and computers	.77%
	Commercial	2.57%	Other business property	not taxed.
	Residential	2.07%	Inventories	not taxed.
Kansas		(1988) (1989)		(1988) (1989)
	Industrial	1.67% 3.34%	Mach. and equip.	3.91% 2.23%
	Commercial	1.48% 3.34%	Inventories	3.91% no tax
	Residential	.94% 1.38%		
Missouri	Industrial	1.80%	Mach. and equip.	1.57%
	Commercial	1.80%	Inventories	not taxed.
	Residential	.89%		
Nebraska	Industrial	2.31%	Mach. and equip.	2.49%
	Commercial	2.31%	Inventories	not taxed.
	Residential	2.18%		
Oklahoma	Industrial	.90%	Mach. and equip.	.90%
	Commercial	.90%	Inventories	.90%
	Residential	.91%		

Note: All rates are for 1988 except as shown. Effective rates were estimated by IPPBR based on information provided by the individual states.

**Effective Tax Rates in the Region.** Table 2 presents estimates of the effective property tax rates in the region surrounding Kansas. The estimates for Kansas compare effective tax rates before and after reappraisal and classification. Changes in the Kansas property tax system have increased the share of taxes paid by commercial and industrial real estate, while reducing the share paid by machinery, equipment, and inventories.

#### Sales Tax

Most state governments, including those of the six states investigated in this

study, impose an ad valorem tax on retail sales. During the 1980s the sales tax has grown in importance, and within the past five years all of the states in the region have legislated increased sales tax rates, either on a permanent or a temporary basis. Local taxes have experienced a similar upward trend.

**Sales Tax Rates.** State sales tax rates in the region fall within a narrow range, between a low of 3 percent in Colorado and a high of 4.425 percent in Missouri (Table 3); both Missouri and Kansas have increased rates within the last year. Local sales tax rates add to the tax total, and in

**Table 3**  
**Sales Tax Rates, 1989**

State	State Tax	Local Tax
Colorado	3% 0.2% tax on tourism related goods and services.	May be levied, not to exceed 4%.
Iowa	4%	May be levied up to 1%; also local option hotel/motel tax may be levied, not to exceed 7%.
Kansas	4.25%	May be levied at 0.5% or 1% by both counties and cities.
Missouri	4.425% Will drop to 4.125 % on July 1, 1990.	May be levied, not to exceed 3%; St. Louis county may levy up to 3.375% tax.
Nebraska	4%	May be levied at 1-1.5%.
Oklahoma	4%	May be levied, county not to exceed 2%.

Source: Information provided by individual state departments of revenue.

some jurisdictions rival state taxes in magnitude; for example, Denver taxes most sales at 3.5 percent in addition to the state tax. In parts of Kansas City, Missouri, local taxes stand at 2.25 per-

cent, while in Overland Park, Kansas, taxes reach the state allowed maximum of 2 percent.

*Sales Tax Base.* Most states use a fairly broad concept of retail sales in de-

**Table 4**  
**Worker Compensation Rates (1988) and Unemployment Insurance Rates (1987)**  
(average payment per \$100 payroll)

	CO	IA	KS	MO	NE	OK
Unemployment Insurance	.79	1.69	.94	.64	.57	1.08
Worker Compensation						
Electronics	4.32	1.77	1.72	2.31	2.26	3.61
Construct. Mach. Manf.	8.74	5.60	3.57	3.90	5.62	6.53
Plastics	7.01	4.94	4.77	5.98	3.12	7.17
Data Processing	.89	.96	0.90	1.08	2.12	2.23

Sources: U.S. Department of Labor and National Council on Compensation Insurance.

fining their sales tax bases; in fact, the sales tax combines elements of a tax on consumption, a tax on investment, and a tax on production. The extent to which each of these three activities is taxed depends on state specific rules for sales tax exemptions and inclusions.

Perhaps the most important business sales tax exemption is an exemption for the purchase of new machinery and equipment. All of the states in the region surrounding Kansas allow this exemption in some form, although the specific requirements for the exemption vary considerably among them. Kansas exempts equipment and machinery used directly in manufacturing, processing, or storing goods; within Kansas enterprise zones, exemptions are even more generous, extending to most service industries (Table 3).

#### Labor Taxes

Payments into two funds, unemployment insurance and worker compensation, add considerably to the cost of labor. Rates vary by state and, particularly for worker compensation, by industry; in some states and industries, the additional cost can top 8 percent. Table 4 shows that Kansas rates compare favorably with those of other states in the region.

#### Tax Incentives

All of the states in the region make extensive use of tax incentive programs; in most cases, incentives are targeted toward new jobs and investment activity. Incentives apply to each of the major business taxes: income, property, and sales, but the specific amounts of the incentives and the rules for eligibility vary widely from state to state<sup>9</sup> (Table 5).

### Part 3: The Results of the Tax Simulation Model

IPPBR has developed a tax simulation model to translate general information about state tax structures and business costs conditions into estimates of taxes and costs for specific industries and locations. Results of the model are presented in the four examples which follow.

The model displays a simple general structure composed of three main elements. The first element is a computer program representing the tax climate in each state in the region. The program incorporates data on tax rates, tax bases, and available incentives. The program fully accounts for interactions among federal, state, and local taxes. The second element of the model is a set of industry profiles for representative firms with 50 employees in each of fifteen industries. The profiles include national averages for asset values, costs, and profitability. The final element is a database of local cost adjustment factors. Wages, utility costs, land prices, and other factors affecting the firm's bottom line vary substantially from location to location within the six state study region. Location specific cost information is used to modify the firm profiles.

The model produces estimates of the taxes and costs for typical firms in the chosen industries. In brief, property taxes are calculated on the basis of the firm's assets, income taxes on the basis of sales minus costs, sales taxes on the basis of taxable business purchases, and labor taxes (social security, unemployment insurance, and worker compensation) on the basis of wages and salaries. All results of the model are carried out for fifteen years and then converted to annual averages.

#### Advantages of Simulation Models

The simulation approach has several distinct advantages as a tool to study state tax structures and interstate competitiveness:

1. The model captures feedback effects among federal, state, and local taxes. For example, state taxes are generally deductible from federal taxable income. Due to an effect known as the *federal offset*, a \$100 reduction in state taxes increases a firm's federal tax liability, so that the total saving is less than \$100.

2. The simulation model can quantify the impact of tax credits and abatements. Information on the incentive programs of each state is incorporated into the computer program.

3. The model can be run for a variety

**Table 5**  
**Major Business Tax Incentives in the Region:**  
**States Offering Incentives**

Type of Incentive	CO	IA	KS	MO	NE	OK
Tax Credit for Job Creation	Y	Y	Y	Y	Y	Y
Tax Credit for New Investment	Y	N	Y	Y	Y	Y
Research and Development Tax Credit	Y	Y	Y	N	Y	N
Property Tax Exemption or Moratorium on Land or Structures	R	Y	Y	Y	N	Y
Property Tax Exemption or Moratorium on Machinery or Equip.	N	Y	Y	N	R	N
Sales and Use Tax Exemption on New Equipment	Y	Y	Y	Y	R	Y
Sales Tax Exemption on Raw Materials Used in Manufacturing	Y	Y	Y	Y	Y	Y

Y: the incentive is offered to a wide range of firms in the state.

R: the incentive is offered under very restrictive conditions.

N: the incentive is not offered.

Note: Eligibility for tax credits and abatements may depend on whether the firm is located in an enterprise zone, or whether the firm is a manufacturer. Details can be found in Pat Oslund, *Business Taxes in Kansas and Nearby States*, (Lawrence, Kansas: Institute for Public Policy and Business Research, forthcoming).

Source: Compiled from information provided by the individual states.

of community sizes. For example, it is possible to compare the situation of a typical firm choosing to locate in a small city in Kansas with the situation which would face the firm in a small city in Iowa or Oklahoma. To date, the model has been applied for eleven major urban areas in the region, and for a sample of medium and small sized communities.

4. Finally, the model has the capability to capture the interaction between taxes and basic business costs. For example, property taxes depend on the value of a firm's real estate as well as on tax rates.

The simulation model has been designed to allow the user to make alternative sets of assumptions about the situations of the representative firms. Major assumptions fall into three categories:

1. The degree to which the firms qual-

ify for tax credits, deductions, and abatements.

2. The apportionment of income for multi-state firms.

3. The importance of costs other than taxes on location decisions.

Each set of assumptions is discussed in more detail below. Whether a firm receives tax incentives can make a large difference in its final tax bill. The examples presented in this article contrast two alternative sets of assumptions. In Example 1, firms are assumed to qualify for all incentives allowed for new firms in their respective industries. The firm is assumed to locate in an enterprise zone in the states where enterprise zone credits exist. Many states offer local governments some discretion in the magnitude of incentives which may be offered; for example,



property tax abatements in a state may range from 50 percent to 100 percent. For the purpose of this study, however, firms are assumed to receive the maximum incentives allowed by state law. The first scenario approximates the situation of a "footloose" firm which can shop for the best incentive package available in the region.

The alternative scenario, employed in Example 2, offers the firm no special tax credits or abatements. This scenario is intended to represent the situation of a mature, long established firm which is currently neither expanding nor changing locations. The mature firm pays taxes in line with the basic tax structure of the state in which it is located. A mature firm may be discouraged from making additional investments in a state by a high business tax level. Although the situation of an expanding firm is not explicitly considered by the model, it can be thought of as a combination of the new firm and mature firm cases.

Another key assumption of the Tax Simulation Model is whether the firm is a multi-state business. In general, a firm is considered a multi-state enterprise if its property, payroll, or sales are located in more than one state. Multi-state firms create complex problems for state taxation, since the income of the firm must be divided among two or more locations for tax purposes. The federal government cannot compel the states to follow any national guidelines for income allocation methods. For the purposes of these examples, firms are assumed to locate all of their property and payroll within a single state. In contrast, they are assumed to sell only 10 percent of their output in-state; that is, the firms are export oriented. The location decision of an export oriented firm is more likely to be influenced by tax and cost considerations than is the decision of a firm with strong ties to consumers in local markets.

The final set of assumptions concerns the extent to which differences in non-tax costs are built into the model. The appropriate set of assumptions depends on the type of question the user is trying to address. If the user is interested in distinguishing differences in state tax

structures, a model which holds all other costs constant across locations is suitable. On the other hand, the user may be interested in assessing the attractiveness of business locations in Kansas relative to the surrounding region. In this case, an extended model which builds in local cost adjustment factors for labor, land, utilities, and other key inputs, is a more appropriate tool. Examples 1 and 2 assume that all factors except taxes are constant across states, while Examples 3 and 4 rely on the extended model.

In the examples which follow, the model is used to make interstate comparisons for a sample of four industries. The industries are chosen to represent a

variety of characteristics:

1. The electronics firm manufactures high tech products using a very capital intensive technology. According to a survey in *Site Selection and Industrial Development*, capital per worker in a new firm averages \$136,000.<sup>10</sup>

2. The fabricated metal products firm represents more traditional heavy industry. New firms in this industry invest approximately \$110,200 per worker.

3. The average firm in the plastics manufacturing industry requires less capital per worker, according to the survey: approximately \$55,000. The industry represents light manufacturing.

4. In the data processing industry,

**Table 6**  
**Taxes for Typical New Firms Qualifying for Maximum Allowable Tax Incentives**

State	INDUSTRY			
	Electronics	Fabricated Metal Products	Plastics	Data Processing
Colorado				
Taxes	\$677,026	\$633,068	\$361,343	\$175,493
Rank in Region	5	6	6	2
Iowa				
Taxes	\$634,303	\$554,860	\$352,730	\$176,147
Rank in Region	1	1	5	3
Kansas				
Taxes	\$641,241	\$560,027	\$343,916	\$190,145
Rank in Region	3	3	2	6
Missouri				
Taxes	\$661,139	\$570,418	\$327,797	\$164,590
Rank in Region	4	4	1	1
Nebraska				
Taxes	\$692,383	\$593,811	\$352,397	\$180,301
Rank in Region	6	5	4	4
Oklahoma				
Taxes	\$639,192	\$556,994	\$346,658	\$186,243
Rank in Region	2	2	3	5

Note: Taxes include federal income taxes, state income taxes, sales taxes, labor taxes, franchise taxes, and property taxes. The lowest taxed state is ranked as 1. All calculations are for medium sized cities. Results are measured in 1987 dollars.

Source: IPPBR Tax Simulation Model.

capital intensity averages \$17,000. The industry represents the business service sector, an increasingly important part of the Kansas economy.

#### Examples of Model Results

*Example 1: How do the taxes facing a typical new firm in a Kansas location compare with taxes at locations in other states?* Many states offer tax incentives to compete for new jobs and investment. Even those states which might prefer to avoid the use of incentives may be forced to offer them to avoid losing business to their neighbors.

The tax simulation model quantifies the impact of incentives offered to new businesses. As shown in Table 6, Kansas

taxes fall in the average range for manufacturing; the tax climate appears favorable for new manufacturing firms contemplating Kansas locations. Thus it would appear that Kansas has achieved the goal of neutralizing the tax issue for new manufacturers. In contrast, taxes for the one service firm in the sample, data processing, appear to be the highest in the region. The explanation is straightforward: in Kansas, new manufacturing firms are sheltered by property tax abatements of up to 10 years; on the other hand, service firms fail to qualify for property tax abatements, and hence bear the full impact of high Kansas property tax rates.<sup>11</sup>

*Example 2: How competitive is the Kansas tax climate for mature firms? A*

firm which has been established at its current location for several years generally fails to qualify for business tax incentives--that is, unless the firm expands or moves. It follows that the tax climate facing the established firm may differ significantly from that of a new firm; in fact, the tax credits and abatements offered to new firms may shift the burden of taxation to a state's long term business residents. The tax simulation model can be used to compare the taxes facing mature firms in the region.

Table 7 shows the simulation results. Kansas taxes appear to be the highest in the region for all four industries: the Kansas property tax is primarily responsible for the result. The medium sized communities included in the sample levied an average mill rate of 133, which translates into an effective tax rate of nearly 4 percent on commercial real estate. The simulations suggest that Iowa is the lowest taxed location in the region, a conclusion which follows directly from the structure of the Iowa income tax. As pointed out earlier, Iowa relies on a sales-only allocation formula; therefore, for export oriented firms located in Iowa, most income will be exempt from the state corporate income tax.

Although business taxes appear high for mature firms, taxes are only one of many components that comprise a state's business climate. As Table 8 shows, the moderate level of non-tax costs improves the overall competitive position of the state.

*Example 3. How important are interstate tax differences in comparison with differences in basic production costs?* Multiple factors influence a firm's decision of where to locate. In addition to taxes, basic business costs such as land and labor, the availability of transportation, and community features such as schools and recreational opportunities all enter into the decision process. A large number of location factors fall outside the scope of the simulation model, particularly those factors concerning the quality of life in a community; on the other hand, the simulation model is designed to compare the influence of two location factors, taxes and basic costs.

**Table 7**  
**Taxes for Typical Established Firms Qualifying for No Tax Incentives**

State	INDUSTRY			
	Electronics	Fabricated Metal Products	Plastics	Data Processing
Colorado				
Taxes	\$700,135	\$652,021	\$371,720	\$180,079
Rank in Region	3	5	5	3
Iowa				
Taxes	\$636,756	\$557,287	\$354,468	\$177,341
Rank in Region	1	1	1	2
Kansas				
Taxes	\$773,752	\$668,617	\$408,059	\$198,771
Rank in Region	6	6	6	6
Missouri				
Taxes	\$711,300	\$614,736	\$360,462	\$177,256
Rank in Region	4	3	2	1
Nebraska				
Taxes	\$753,615	\$629,010	\$366,195	\$186,301
Rank in Region	5	4	4	4
Oklahoma				
Taxes	\$677,194	\$587,944	\$363,549	\$188,777
Rank in Region	2	2	3	5

Note: Taxes include federal income taxes, state income taxes, sales taxes, labor taxes, franchise taxes, and property taxes. The lowest taxed state is ranked as 1. All calculations are for medium sized cities. Results are measured in 1987 dollars.

Source: IPPBR Tax Simulation Model.

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**Table 8**  
**Taxes, Costs, and Standard Deviations**  
**(firms with 50 employees in medium sized cities)**

Industry	Electronics	Metals	Plastics	Data Proc.
<b>New Firms</b>				
Medium City, Kansas				
Costs: Non-tax	\$2,418,615	\$3,413,527	\$3,912,325	\$3,002,091
Total Taxes <sup>1</sup>	\$641,241	\$560,027	\$343,916	\$190,145
State and Local Taxes <sup>1</sup>	\$119,387	\$126,109	\$80,524	\$62,837
Total Taxes <sup>2</sup>	\$652,518	\$574,181	\$352,826	\$202,475
Tax and Non-tax Costs	\$3,071,133	\$3,987,708	\$4,265,152	\$3,204,566
Regional Average				
Costs: Non-tax	\$2,456,778	\$3,461,149	\$3,945,539	\$3,038,285
Total Taxes <sup>1</sup>	\$657,547	\$578,196	\$347,474	\$178,820
State and Local Taxes	\$163,896	\$169,146	\$96,043	\$62,837
Taxes <sup>2</sup>	\$655,778	\$576,348	\$343,472	\$178,267
Tax and Non-tax Costs	\$3,112,557	\$4,037,497	\$4,289,011	\$3,216,551
Standard Deviations				
Costs: Non-tax	\$63,648	\$69,515	\$69,011	\$55,580
Taxes <sup>1</sup>	\$21,455	\$27,988	\$13,114	\$10,073
Tax Dev. as % of Cost Dev.	33.7%	40.3%	19.0%	18.1%
Tax Dev. as % of Total Taxes	3.3%	4.8%	3.8%	5.6%
<b>Established Firms</b>				
Medium City, Kansas				
Costs: Non-tax	\$2,424,196	\$3,417,985	\$3,914,586	\$3,003,569
Total Taxes <sup>1</sup>	\$773,752	\$668,617	\$408,059	\$198,771
State and Local Taxes <sup>1</sup>	\$311,976	\$283,693	\$173,214	\$73,220
Total Taxes <sup>2</sup>	\$785,900	\$683,878	\$417,933	\$211,775
Tax and Non-tax Costs	\$3,210,096	\$4,101,863	\$4,332,519	\$3,215,344
Regional Average				
Costs: Non-tax	\$2,462,542	\$3,465,575	\$3,947,129	\$3,038,765
Total Taxes <sup>1</sup>	\$708,792	\$618,269	\$370,742	\$184,754
State and Local Taxes <sup>1</sup>	\$241,954	\$229,974	\$130,894	\$58,798
Total Taxes <sup>2</sup>	\$707,400	\$616,782	\$367,290	\$184,515
Tax and Non-tax Costs	\$3,169,942	\$4,082,357	\$4,314,419	\$3,223,280
Standard Deviations				
Costs: Non-tax	\$57,616	\$65,151	\$67,732	\$55,365
Taxes <sup>1</sup>	\$45,651	\$37,534	\$17,991	\$8,209
Tax Dev. as % of Cost Dev.	79.2%	57.6%	26.6%	14.8%
Tax Dev. as % of Total Taxes	6.4%	6.1%	4.9%	4.4%

<sup>1</sup>Tax calculations assume that costs are constant across states.

<sup>2</sup>Tax calculations incorporate interaction between costs and taxes.

Source: IPPBR Tax Simulation Model.

In order for taxes to influence the location of investment, two conditions are necessary. First, taxes must have a significant impact on a firm's after-tax profit. For the firms considered in this study, taxes are generally of the same magnitude as profits; thus the first condition holds. Second, taxes must vary significantly among the alternative locations under consideration. The simulation model provides estimates of tax variations and compares them with cost variations in order to gauge their importance.

Table 8 presents estimates of the standard deviation of taxes and costs in the six state study region.<sup>12</sup> The standard deviation is a measure of the average distance between a state's taxes or costs and the regional average. For all of the industries examined in this article, interstate differences in basic business costs exceed differences in taxation.<sup>13</sup> On the average, interstate tax differences are small: 13 to 19 percent of state and local taxes, and 3 to 6 percent of total taxes. In only one case, that of an established electronics firm, does the magnitude of the tax variation approach the magnitude of the cost variation. The results of the model suggest that cost differences among states will be more influential than tax differences for firms considering investment in the region.

In the established firm case, the standard deviation in taxes varies directly with the capital intensity of the firm, suggesting that differences in property tax rates and bases across the states explain a significant share of the total tax variation in the region.

The data in Table 8 can also be used to make comparisons between new and established firms. The standard deviations of basic business costs are very similar in the two cases, due to the assumptions on which the model is based. However, the standard deviation of taxes is smaller for the new firm case than for the established firm case for all of the manufacturing industries. The tendency is still seen when taxes are measured as a percentage of the regional average tax. In their efforts to attract investment, states have generally attempted to match any tax advantages offered by their neighbors; therefore, for

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new firms, the levels of business taxation within the region have become more alike.

*Example 4: How much could changes in Kansas taxes improve the competitiveness of Kansas locations?* Kansas maintains the goal of removing barriers to investment and employment. With this goal, it is reasonable to pursue a strategy of creating a business climate in which overall taxes plus costs are average for the region. This strategy of *neutrality* positions the state to compete for business on the basis of other benefits it can offer: education, quality of life, access to markets, and productivity.

Table 9 shows that for new firms receiving all available tax incentives, taxes plus costs fall below the regional average. Since in practice many communities offer only partial tax abatements, the cost and tax climate in Kansas is probably very close to neutral.

For mature manufacturing firms, Kansas locations face some competitive disadvantages which might discourage new investment in the future. Tax cuts on the order of 8 to 15 percent would be necessary to achieve neutrality.

The simulation model also shows the size of tax cuts which would be necessary for Kansas to become the lowest bottom line state. This would require tax breaks to offset any disadvantage in either taxes or basic costs. In most cases, the cuts would be very large. Furthermore, in order to achieve a total tax reduction of one dollar, state and local governments must reduce taxes by more than one dollar because of the federal offset factor. Given the differences in basic business costs as well as taxes which exist throughout the region, it would be politically infeasible for Kansas to try to compete for business on the basis of taxes alone.

## Conclusions

This article has examined state and local business taxation in the region surrounding Kansas from several perspectives. A survey of state taxation reveals that each state employs a unique combination of tax rates, tax bases, and tax incentives, factors which interact in a complex manner to determine the actual taxes

**Table 9**

## Tax Changes Required for Kansas Neutrality and Competitiveness

New Firms	Electronics	Fab.		Data Proc.
		Metals	Plastics	
Change to Match Regional Average % of Current State and Local Taxes	\$49,708 41.5%	\$59,747 47.5%	\$28,631 35.6%	\$14,382 22.7%
Change to Match Lowest State % of Current State and Local Taxes	-\$14,564 -12.2%	-\$16,452 -13.1%	-\$73,240 -91.0%	-\$45,726 -72.0%
<b>Established Firms</b>				
Change to Match Regional Average % of Current State and Local Taxes	-\$48,185 -15.4%	-\$23,407 -8.2%	-\$21,719 -12.5%	\$9,523 12.8%
Change to Match Lowest State % of Current State and Local Taxes	-\$88,761 -28.3%	-\$74,758 -26.3%	-\$102,800 -58.9%	-\$42,458 -56.9%

Notes: The minus sign indicates that a tax decrease is required. Regional averages are calculated excluding Kansas. In each case, Missouri has the lowest overall taxes plus basic costs.

Source: IPPBR Tax Simulation Model

a firm will pay.

The simulation model presented in the article is designed to capture complex interactions and is used to examine several questions of potential interest to policy makers. The model shows a striking difference between competitive situations of new firms versus established firms regarding business taxes. Kansas locations offer new businesses a tax climate which is neutral to slightly favorable; in contrast, mature firms located in the state face business taxes, particularly property taxes, which are high for the region.

An extended version of the model examines business taxes in the context of other business costs. From this perspective, it appears that tax differences among the states in the study region are significantly smaller than differences in basic costs such as land and labor. Even if taxes are important to business decision-makers, they are likely to be less important than other cost factors. For state and local policy makers in Kansas, efforts to attract new investment on the basis of tax breaks alone will probably prove unsuccessful.

## Acknowledgements

This article is based on research funded by Kansas Inc. Charles Warren, President of Kansas Inc., and Jerry Lonergan, Vice President for Research, provided focus and guidance for the study. Dr. Mohamed El-Hodiri, Professor of Economics and Director of Economic Research, IPPBR, served as principal investigator. Dr. David Burress provided many valuable contributions. Alyn Pennington, Kshama Gargesh, and Scott Muyskens provided capable research assistance. The opinions expressed in this article are solely those of the author.

## Notes

1. Anthony Redwood and Charles Krider, *Executive Report, Kansas Economic Development Study: Findings, Strategy, and Recommendations*, Report No. 108. Lawrence, Kansas: Institute for Public Policy and Business Research, June, 1986.

2. IPPBR completed the original study for Kansas Inc. in 1988 and the updated study in 1990. Results from the original study can be found in Pat Oslund, "Business Taxes in Kansas and Nearby States," *Kansas Business Review*, 11, No.4 (1988), 1-14.

3. Two good surveys of the literature are Joseph L. Bast, John H. Beck, Robert J. Genetski, Richard C. Rue, and John W. Skorburg, *Coming Out of the Ice: A Plan to Make the 1990s Illinois' Decade*. Chicago: Heartland Institute, 1989; and Roger Wilson, *State Business Incentives and Economic Growth: Are They Effective? A Review of the Literature*, Economic Development in the States, vol. 1. Lexington, Kentucky: Council of State Governments, 1989.

4. Bast, *Coming Out of the Ice*, p. 20.

5. Donald Steinnes, "Business Climate, Tax Incentives, and Regional Economic Development," *Growth and Change*, 15, no.2 (1984), 38-47.

6. Leslie E. Papke, *The Influence of Interstate*

*Tax Differentials on the Birth of New Firms: Estimates of a Poisson Process*. Center for Tax Policy Studies Paper no. 9. West Lafayette, Indiana: Purdue University, November 1986.

7. John P. Blair and Robert Premus, "Major Factors in Industrial Location: A Review," *Economic Development Quarterly*, 1, No.1 (1987), 72-85.

8. Oslund, *Business Taxes*, p. 12.

9. The complete report of the IPPBR/Kansas Inc. tax project contains details of the tax incentive plans of each state. See Pat Oslund, *Business Taxes in Kansas and Nearby States*. Lawrence, Kansas: Institute for Public Policy and Business Research, forthcoming.

10. Data were compiled from "The Corporate Index," *Site Selection and Industrial Development*, 34, no.1 (1989), 58-257.

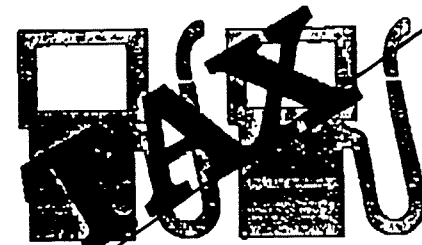
11. An exception is the case of industrial revenue bond financing. Kansas state law allows property financed with IRBs to be exempt from local property taxes for up to ten years.

12. The standard deviation is defined by the following formula:

$$\sqrt{\frac{\sum_{\text{states}} (\text{state-regional av.})^2}{\text{number of states}}}$$

13. Standard deviations have been calculated for the case which assumes no interaction of taxes and costs. This case measures the deviations in taxes due to tax structure alone.

# The Economic Effects of the 1989 Increase in the Kansas Gasoline Tax



Robert Glass  
David Rearden  
with David Burress

Robert Glass is a research associate, David Rearden is a research assistant at the Institute for Public Policy and Business Research, and Dr. Burress is an assistant professor in the economics department at the University of Kansas and a research associate at the Institute for Public Policy and Business Research.

"Targeted taxes force voters and lawmakers to take account of the price tags of programs they favor, just like a consumer at a store."

Michael J. Mandel in "Aiming Taxes Straight at Their Targets," *Business Week*, July 2, 1990, p. 62.

## Introduction

In 1989 the Kansas Governor and Legislature agreed upon a gasoline tax increase directed at providing more revenue for the maintenance and improvement of the state's highway system. What is the price tag of this program? How will the tax increase affect the Kansas economy? This paper is a response to these two questions.

Because this paper only analyzes the cost side of the cost benefit paradigm, a third and most important question, "Are improved highways worth the cost?" is not directly answered; however, a partial answer can be given. If the benefits of the highway program are equivalent to the tax revenue generated to pay for it, then Kansans will be better off as a result of the tax increase/highway improvement program. Specifically, we found the net

loss of income to Kansans of the first stage of the tax increase would be 69% of the tax revenue raised. So for Kansans to break even on the tax increase/highway improvement program, the highway improvement only needs to generate benefits worth 69% of its cost in tax dollars.

Before any of the wider questions concerning the gasoline tax increase can be answered, the effect of the tax increase on the Kansas gasoline market must be determined. We estimated this effect using an econometric model. The only unusual problem confronted during this phase of the research was the tax disparity between Kansas and Missouri. The increase in the Kansas gasoline tax made it greater than the Missouri gasoline tax. We found that the substitution of Missouri gasoline for Kansas gasoline, as a result of the tax increase, was statistically significant.

To estimate the total impact of the tax

# Costs and Taxes for Selected Kansas Industries

Volume One

*Overview of State and Local Taxation in the Region*

The Institute for Public Policy and Business Research  
The University of Kansas

**K**KANSAS  
inc.

## Property Tax Abatement

State and local governments frequently offer property tax abatement as an incentive to attract new firms and to encourage industry expansions. Arguably, property tax abatement provides the single most important tax incentive at the state and local level. Property taxes in the region surrounding Kansas often exceed state and local income taxes for manufacturing firms (see Volume 2 of this report). When granted, tax abatements frequently amount to more than 50 percent of the tax liability. Thus property tax abatement amounts to a large reduction in a large tax. This is not to argue that property tax abatements actually attract new industry--findings on this issue are still mixed [Grady, 1987; Pomp, 1986; Steinnes, 1984]. It does, however, mean that property tax abatements result in large amounts of revenue foregone by local governments.

The percentage of tax abatement and the requirements for eligibility vary widely from state to state. Some state governments, for example, Missouri, limit abatements to state designated enterprise zones. In other states, including Kansas, abatements may be granted at the discretion of local governments, regardless of enterprise zone status. Property tax abatements may be targeted to particular industries such as manufacturing, or they may be more general, extending to services, wholesalers, and retailers.

Missouri, Kansas, and Oklahoma grant the most generous tax abatements in the region. Missouri provides tax abatements for real estate improvements, including new buildings, in enterprise zones and in blighted areas. Tax exemptions may range as high as 100 percent, and may extend for 25 years. Almost any industry qualifies for exemption. Kansas allows local governments to abate up to 100 percent of property tax liabilities for 10 years for new and expanding industries. Abatements are limited to property used in manufacturing, research and development, and warehousing<sup>3</sup>. Although the number of industry types qualified for abatement is smaller than in Missouri, the range of property qualified is larger. Taxes may be abated on land, buildings, improvements, machinery, and equipment. Oklahoma guarantees 100 percent tax exemptions for 5 years for qualified new and expanding firms in manufacturing, research

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<sup>3</sup> Kansas law also allows property financed with industrial revenue bonds to be exempt from local property taxes for up to ten years.

and development, and computer services. As in Kansas, the abatements extend to land and equipment as well as structures.

Comparisons of business property taxation among the states in the region should consider two factors: 1) the effective tax rates on commercial and industrial real estate, machinery and equipment, and inventories; and 2) the probability of property tax abatement. With respect to the first factor alone, Kansas property taxes appear high, particularly for firms with a large percentage of their assets in commercial real estate. However, Kansas property tax abatements for new and expanding firms are among the most generous in the region. Many Kansas communities favor the use of abatements, although not necessarily at the 100 percent level. This allows new or expanding Kansas industries to avoid a large percentage of the property tax burden. The net impact may be to shift property taxes onto mature firms and households.



**Table 10  
Property Tax Abatements**

State	Extent of Tax Abatement	Eligibility Requirements
Colorado	Local option for property tax reduction in enterprise zones. Limited to increase in value of property due to new or expanding business. Abatements rarely used.	Must be a qualified new business facility located in an enterprise zone.
Iowa	Local option to abate local property taxes on value added to industrial real estate. Max. abatement: YR 1: 75% YR 2: 60% YR 3: 45% YR 4: 30% YR 5: 15%.	Limited to new construction of industrial real estate, research service facilities, warehouses, distribution centers. Also applies to new industrial equipment and machinery (which is considered part of real estate in Iowa).
Kansas	Local option to exempt all or any portion of buildings, land, added improvements, and machinery and equipment for new or expanding firms. Exemptions last for no more than 10 years after opening of new business or completion of expansion. Property financed with industrial revenue bonds may be exempt for up to 10 years.	Limited to property of new or expanding businesses used for 1) manufacturing; 2) research and development; or 3) storing goods or commodities which are stored or traded in interstate commerce. No restrictions on types of firms qualifying for exemption with industrial revenue bonds.
Missouri	Under Urban Redevelopment programs: up to 100% of improvements to real property may be tax exempt for up to 25 years.  Under Enterprise Zone programs: 50%-100% of value of improvements to real property will be abated up to 25 years.	Improvements to real property must occur in blighted areas of cities with populations over 4000 in Jackson and St. Louis counties, 2500 elsewhere in state. For enterprise zone exemption, any industrial or commercial firm, or firm renting/leasing residential property to low or moderate income persons qualifies. Applied to real estate improvements only.
Nebraska	15 year tax abatement for agricultural processors investing at least \$10 million and hiring at least 100 new workers.	Agricultural processing only.
Oklahoma	New and expanding facilities are 100% exempt from property tax for 5 years. Included in exemption are land, buildings, improvements, structures, machinery, equipment, other personal property used directly in the manufacturing process.  Also: machinery and equipment used in oil and gas production are exempt.	Limited to mfg. facilities, research and development, and those computer service and data processing facilities which obtain at least 80% of their revenue from out of state. Applies to new and expanding firms. Exemption for equipment applies only if such equipment results in a net increase in employment.

SOURCES: Information provided by individual state departments of revenue and commerce and state statutes.

PRESENTATION BEFORE JOINT HOUSE COMMITTEES  
ON ECONOMIC DEVELOPMENT AND TAXATION

BY

PHILIP A. KLOSTER  
CITY MANAGER  
CITY OF NEWTON, KANSAS

STATE CAPITOL  
TOPEKA, KANSAS  
MARCH 25, 1992

Committee Chairpersons,

Committee Members,

I am appearing before you today to review you some of the history and the procedures related to tax abatements granted by the City of Newton in recent years. In addition, to present you with an outline of procedures we use in our economic development program and to answer any questions you might have with regard to economic development and the importance that tax abatement has had for the community of Newton and for me personally during my experiences as City Manager in communities in three mid-western states.

Economic development is an essential activity for small communities in rural America and particularly here in Kansas where we need to make every effort to broaden our tax base through the growth of industry in our communities. In the material presented

to you today, you will find a status report on constitutional economic development tax exemptions granted by the City of Newton since 1987. You will note that the City of Newton has granted four such tax abatements for economic development purposes during the last five years. You will note that there are nearly \$2 million dollars in real and personal property valuations that have been added as a result of these tax abatements for the City of Newton and those exemptions have been granted in return for a promise to create 157 new jobs, when in reality they have created in excess of 339 new jobs.

Also attached you will find the economic development exemption policy that I recommended to the City of Newton upon my arrival in 1990 that sets out procedures that staff and the City Commission are to follow in granting economic development tax abatements. You will note that the policy calls for us to do an economic impact analysis on the prospect before any consideration will be given to a tax abatement request and that any tax abatement must be reviewed on an annual basis to assure that it complies with both state and local regulations.

Since developing this tax abatement policy, we have also determined that it is in our best interest to grant graduated exemptions that provide 100% in year one, 90% in year two and so forth. We also request recipients of our tax abatements to make in lieu of tax payments for emergency services. Emergency

services are the most used tax supported services a business typically receives and as a result, we feel the industry should pay for those services.

Previously, I mentioned the need to do an economic impact analysis on the tax abatement prospect and I have attached a copy of a letter that my Director of Finance wrote to League Director, Chris McKenzie, covering the City of Newton's economic impact analysis model that was developed by Kansas State University. The letter outlines the process used in determining the impact of Straighthline Manufacturing prior to its commitment to locate in Newton. I will point out that the impact model showed a net impact to the community of over \$1 million dollars and over \$100,000 to Harvey County.

I will leave you with the following thoughts. We need economic development just to break even in Kansas. There will be a natural outflow of business due to business decline and job loss do to economic changes. Companies will close because markets disappear. Business leaders will die off and in some cases business will disappear because of mistakes they make or because of loss of major customers. We need a steady stream of new and expanding business to offset this natural decay and competition is exceptionally keen for small communities and rural states such as Kansas. Because of competition from other states granting tax abatements, the tax abatement policy that we have here in Kansas

is a key part of our effort to attract new and expanded investment in our State.

Personally, I feel that those of us responsible for putting together economic development packages in our communities have a responsibility to assure our tax payers that we are getting a positive investment in return for any tax abatements that we recommend. An example of positive tax abatement policy was an example I had in a state prior to coming to Kansas that involved the development of a piece of agriculture property generating roughly \$700 a year in property taxes for a capital investment in excess of \$8.5 million dollars, creation of 270 plus jobs and initial direct tax contribution of approximately \$100,000 a year with the ultimate addition to the tax role within the decade of property worth approximately \$10 million dollars.

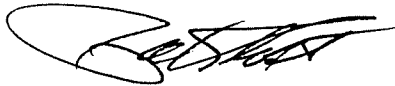
Another example is a prospect that we are currently working with that desires to occupy one of our vacant, decaying factories and simply requests that we hold the tax contribution at its current level for a period of 10 years as they invest materials and equipment to put that facility back in production and in the process create a significant number of new jobs.

As you can see by the City of Newton's tax abatement policy, we concur with the State's move to better control the process of granting tax abatements. We feel that you have done a good job in

writing those guidelines and that they should remain unchanged and that we should be allowed to continue, on a local level, to make the decisions that are best for our communities and at the same time protect our tax paying properties from picking up an unfair share of the cost of local government at the expense of tax abated properties.

With that, I have taken enough of your time and would be more than happy to answer any questions you may have regarding our policy and procedures regarding tax abatement or economic development activities.

Respectfully submitted



Philip A. Kloster



**CITY OF NEWTON, KANSAS  
COMMISSION POLICY STATEMENT**

ECONOMIC DEVELOPMENT TAX EXEMPTION POLICY	BY DATE ADOPTED	POLICY CODE #/PG 1-11.1
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A. BACKGROUND

This policy was adopted by the Governing Body to permit ad valorem tax abatements for real and personal property when those tax abatements further the economic development of Newton, Kansas. This policy complies with Article 11 of the Constitution of the State of Kansas, and with Chapter 345 of the 1990 Session Laws of Kansas.

B. PURPOSE

The primary purpose of ad valorem tax abatement is the public good resulting from direct benefit to the City of Newton as economic development goals such as the creation of jobs, industrial diversification and additional investment in the community are achieved.

C. POLICY

1. It is the policy of the City of Newton, Kansas to grant up to 100% ad valorem tax abatements for a period of up to 10 years to provide an incentive for new or expanding local enterprises that commence new or expanded operations after August 5, 1986, and that invest in equipment and facilities and create jobs as further specified below:
  - a. Those types of businesses or enterprises as specified by Section 13 of Article 11 of the Kansas Constitution will be considered for tax abatement as provided by this policy.
  - b. All new buildings and tangible personal property associated therewith, and all building improvements made to existing facilities and all added tangible personal property which serves to create additional employment will be considered for tax abatement as provided by this policy.
  - c. The City of Newton, Kansas, shall grant up to 100% ad valorem tax exemption on buildings and tangible personal property for a period of up to ten (10) years for any new business or enterprise meeting the qualifications of this section.
  - d. Existing industry meeting the qualifications as referred to in item a. above which expands its building facilities or adds additional equipment in a manner that serves to create additional employment will be granted tax exemption for a



period of up to ten (10) years for the expanded portion of their building facilities and for the additional equipment acquired.

2. **CONDITION OF CONTINUED EXEMPTION:** All tax exemption granted shall be conditioned and shall remain in effect only as long as the recipient continues conducting a qualified business activity in the facility or with the tangible personal property for which the exemption was granted. The exemption shall terminate upon the cessation of such activity.

D. PROCEDURE

1. Those enterprise qualifying for tax exemption as described by Article 11 of the Kansas Constitution and this Policy that seek to apply for tax exemption shall submit a request for tax exemption to the Newton City Commission in care of the Newton City Manager. The request shall describe the nature of the applicant's business and indicate the extent to which the company meets the criteria for tax exemption as provided by this policy.
2. The City Manager shall present the request to the City Commission at the next convenient regular or special meeting of the Commission. If, upon initial review of the request, the Commission finds that the request is for a qualified activity, and desires to give the request further consideration, the Commission, by resolution, shall establish a date and a time to conduct a public hearing upon the request, which resolution shall provide for notice to be given to the public and to the Board of County Commissioners of Harvey County, Kansas, and to the Board of Education of U.S.D. 373, in accordance with law.
3. In advance of such public hearing, the City Manager shall consult with the staff of the Harvey County Jobs Development Council, Inc., and shall cause an analysis to be prepared of the costs and benefits of the granting of such exemption as requested. Such analysis shall be provided to the City Commissioners, to the Board of County Commissioners, to the Board of Education, and to the applicant in advance of the public hearing. A copy of such analysis shall also be filed with the City Clerk, who shall make such copy available for inspection by the general public upon request.
4. At the time of the public hearing upon such request, the applicant, representatives of the Board of County Commissioners and of the Board of Education, and all other interested parties shall be heard upon such request, the Commission reserving the right to make

reasonable limitations upon the amount of time to be allotted to each speaker.

5. If, after the completion of the public hearing, the City Commission determines that a tax exemption should be granted to the applicant, a resolution of intent to grant the tax exemption shall be adopted. The resolution may set forth in general terms proposed plans for granting a tax exemption incentive. Such resolutions shall be issued as an expression of good faith intent. Such resolutions shall expire six months after issuance, but may be renewed.
6. Following the location and construction of a new industry or expansion of an existing industry making the request for tax exemption, or in the event the applicant has at the time of the granting of the tax exemption acquired or constructed the property as to which tax exemption has been requested, the Governing Body of the City of Newton shall adopt an ordinance granting the tax exemption. A copy of the ordinance granting the tax exemption shall be provided to the Harvey County Appraiser directing implementation of the tax exemption.
7. The City Manager shall, annually throughout the term of the exemption, obtain from the applicant such information as may be required to determine the following:
  - a. The nature of the continued use by the applicant of the exempt property in relation to the qualified uses for which the exemption was granted;
  - b. The levels of employment maintained by the applicant during the preceding period, as compared with any prior periods;
  - c. The levels of investment by the applicant in any additional property in the City; and
  - d. Any other facts or factors that the City Manager may deem pertinent to a determination as to whether the City and other taxing jurisdictions within Harvey County are deriving the benefits projected through the cost and benefit analysis prepared at the time of the application.
8. The City Manager shall prepare a report to the City Commission on his findings and analysis from such annual review, which shall be presented to the City Commission sufficiently in advance of the time necessary for the Commission to act upon the continuation of the tax exemption for the next tax year. The applicant, the Board of County Commissioners, and the Board of Education shall be provided with a copy of such report

and shall be given notice of meeting of the City Commission when such report shall be received and considered.

9. The City Commission, after having received and reviewed such report and such additional evidence as it shall deem necessary or advisable, shall then determine whether and to what extent such tax exemption should be continued for the succeeding tax year, and shall enact any changes in such tax exemption by ordinance.



## the city of newton

120 east 7th street p.o. box 426

newton, kansas 67114-0426

March 20, 1992

JAMES M. HEINICKE  
DIRECTOR OF FINANCE

Mr. Chris McKenzie, Executive Director  
League of Kansas Municipalities  
112 W. 7th  
Topeka, KS 66603

Dear Mr. McKenzie,

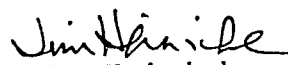
In response to your fax letter of March 19, I would like to comment on the cost/benefit analysis utilized by the City of Newton (as well as Harvey County) in the evaluation of constitutional amendment tax abatements and IRB requests.

Our methodology is based upon a computer model developed by Dr. David Darling with the Kansas State University Cooperative Extension Service. Mr. Darling has developed a marginal cost and marginal revenue model which takes into account various parameters (such as mill levies, housing values, spending patterns) and allows the introduction of variables representing the business requesting an abatement. For example, we can run an analysis of a new business employing 20 people at \$6.50 per hour, with a projected budget of \$700,000 per year, spending 65% of its operating budget locally, etc.

An example of the outputs of the model are shown for Straightline Industries, including both fiscal impacts on local government as well as overall economic impact. The model shows for Newton (indicated in the tables as Comm-1) and Harvey County as net positive impact. USD 373 also has a positive impact. The overall economic impact of new company spending, new employees spending, and the multiplier effects, all combine for a \$ 1.1 million impact.

We can share this with you in much greater detail. It is really not a difficult model to operate. The Harvey County Jobs Development Council, the local economic development agency, typically runs the numbers. Let me know if you have questions or require additional information.

Sincerely,

  
Jim Heinicke  
Director of Finance

JMH:jh

# STRAIGHTLINE MANUFACTURING, INC. ECONOMIC IMPACT ANALYSIS RESULTS

## ASSUMPTIONS:

1. Location in city limits of Newton, KS
2. Inputs
3. Scaled Property Tax Incentive (100%-90%-80%-70%-60%-50%-40%-30%-20%-10% for Years 1-10, respectively)

## SUMMARY OF RESULTS

I. Private Sector	Comm-1	Comm-2	Comm-3	County
<b>A. Personal Income</b>				
1. New Benefits	\$368,355	\$0	\$0	\$40,109
2. Lost Benefits	\$0	\$0	\$0	\$0
3. Net Change	\$368,355	\$0	\$0	\$40,109
<b>B. Business Receipts</b>				
1. New Retail Sales	\$169,839	\$0	\$0	\$23,673
2. New Other Sales	\$455,839	\$0	\$0	\$49,673
3. Lost Retail Sales	\$0	\$0	\$0	\$0
4. Lost Other Sales	\$0	\$0	\$0	\$0
5. Net Change	\$625,679	\$0	\$0	\$73,346
C. Cost to Attract Firm	\$0	---	---	---
<b>Total Net Change</b>	<b>\$994,034</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,455</b>

II. Government Sector	Comm-1	Comm-2	Comm-3	County
<b>A. Sales Tax Collections</b>				
1. New Revenue	\$885	\$0	\$0	\$1,935
2. Lost Revenue	\$0	\$0	\$0	\$0
3. Net Change	\$885	\$0	\$0	\$1,935
<b>B. Utility Bills</b>				
1. New Revenue	\$2,968	\$0	\$0	---
2. New Expenditures	\$2,362	\$0	\$0	---
3. Net Change	\$606	\$0	\$0	---
C. New Property Taxes	\$5,843	\$0	\$0	\$3,529
D. New Other Revenue	\$2,928	\$0	\$0	\$1,073
E. New Service Costs	\$754	\$0	\$0	\$1,129
F. Tax Incentive	\$2,901	\$0	\$0	\$1,753
<b>Total Net Change</b>	<b>\$6,606</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,656</b>

III. School District Sector	Plant District	Second District	Third District
A. New Property Taxes	\$9,694	\$0	\$0
B. New Student Aid	\$7,200	\$0	\$0
C. New Education Cost	\$6,000	\$0	\$0
D. Tax Incentive	\$4,814	\$0	\$0
<b>Total Net Change</b>	<b>\$6,080</b>	<b>\$0</b>	<b>\$0</b>

IV. Net Economic Impact	Comm-1	Comm-2	Comm-3	County	Total
A. Private Sector	\$994,034	\$0	\$0	\$113,455	\$1,107,489
B. Government Sector	\$6,606	\$0	\$0	\$3,656	\$10,262
C. School District Sector	\$6,080	\$0	\$0	---	\$6,080
<b>Economic Impact</b>	<b>\$1,006,720</b>	<b>\$0</b>	<b>\$0</b>	<b>\$117,111</b>	<b>\$1,123,831</b>

Source: Calculated by the Harvey County Jobs Development Council based upon computer model developed by Dr. David Darling, Kansas State University Cooperative Extension Service.

# STRAIGHTLINE MANUFACTURING, INC. ECONOMIC IMPACT ANALYSIS RESULTS

## ASSUMPTIONS:

1. Location in city limits of Newton, KS
2. Inputs
3. Scaled Property Tax Incentive (100%-90%-80%-70%-60%-50%-40%-30%-20%-10% for Years 1-10, respectively)

I. Private Sector	Comm-1	Comm-2	Comm-3	County
<b>A. New Personal Income</b>				
1. Primary	\$181,647	\$0	\$0	\$21,370
2. Secondary	\$186,708	\$0	\$0	\$18,738
<b>B. New Business Receipts</b>				
1. Retail Sales	\$169,839	\$0	\$0	\$23,673
2. Other Sales	\$455,839	\$0	\$0	\$49,673
<b>C. Lost Personal Income</b>				
1. Primary	\$0	\$0	\$0	\$0
2. Secondary	\$0	\$0	\$0	\$0
<b>D. Lost Business Receipts</b>				
1. Retail Sales	\$0	\$0	\$0	\$0
2. Other Sales	\$0	\$0	\$0	\$0
<b>E. Cost to Attract Firm</b>	\$0	---	---	---
<b>Net Change</b>	<b>\$994,034</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,455</b>

II. Government Sector	Comm-1	Comm-2	Comm-3	County
<b>A. New Revenue</b>				
1. Sales Tax				
a) Collections	\$0	\$0	\$0	\$1,935
b) Share of county option sales tax	\$885	\$0	\$0	---
2. Property Tax				
a) Houses	\$567	\$0	\$0	\$343
b) Plant	\$5,275	---	---	\$3,187
3. Utilities				
a) Houses	\$568	\$0	\$0	---
b) Plant	\$2,400	---	---	---
4. Other	\$2,928	\$0	\$0	\$1,073
<b>B. New Expenditures</b>				
1. Sales Tax				
a) Collections	\$0	\$0	\$0	\$0
b) Share of county option sales tax	\$0	\$0	\$0	---
2. Services				
a) Houses	\$480	\$0	\$0	\$737
b) Plant	\$0	---	---	\$0
c) Commuters	\$274	---	---	\$392
3. Utilities				
a) Houses	\$202	\$0	\$0	---
b) Plant	\$2,160	---	---	---
4. Tax Incentive	\$2,901	\$0	\$0	\$1,753
<b>Net Change</b>	<b>\$6,606</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,656</b>

Source: Calculated by the Harvey County Jobs Development Council based upon computer model developed by Dr. David Darling, Kansas State University Cooperative Extension Service.

# STRAIGHTLINE MANUFACTURING, INC. ECONOMIC IMPACT ANALYSIS RESULTS

## ASSUMPTIONS:

1. Location in city limits of Newton, KS
2. Inputs
3. Scaled Property Tax Incentive (100%-90%-80%-70%-60%-50%-40%-30%-20%-10% for Years 1-10, respectively)

III. School District Sector	Plant District	Second District	Third District
<b>A. New Revenue</b>			
1. Property Tax			
a) Houses	\$941	\$0	\$0
b) Plant	\$8,753	---	---
2. Student Aid	\$7,200	\$0	\$0
<b>B. New Expenditures</b>			
1. Provide Education			
	\$6,000	\$0	\$0
2. Tax Incentive			
	\$4,814	\$0	\$0
<b>Net Change</b>	<b>\$6,080</b>	<b>\$0</b>	<b>\$0</b>

Source: Calculated by the Harvey County Jobs Development Council based upon computer model developed by Dr. David Darling, Kansas State University Cooperative Extension Service.

VINCENT K. SNOWBARGER

REPRESENTATIVE, 26TH DISTRICT  
JOHNSON COUNTY  
1451 ORLEANS DRIVE  
OLATHE, KANSAS 66062  
(913) 764-0457

ROOM 302-S, CAPITOL BLDG.  
TOPEKA, KANSAS 66612  
(913) 296-7695



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
VICE CHAIRMAN: RULES AND JOURNAL  
RANKING REPUBLICAN MEMBER:  
LEGISLATIVE, JUDICIAL AND  
CONGRESSIONAL APPORTIONMENT  
MEMBER: JUDICIARY  
TAXATION

M E M O R A N D U M

TO : All members Tax and Economic Development Committees  
FROM: Vince Snowbarger  
SUBJ: Tax Abatement  
DATE: March 25, 1992

Attached are two examples of tax abatement offers made in Olathe. I believe both were in conjunction with IRB's, but the tax abatement policy is the same.

In the top example, Plastic Enterprise, Inc., the offer was rejected as too little. Note there was no increase in assessed value and no increase in taxes.

In the bottom example the Olathe School District increased assessed value by 24 times. They increased school taxes 12.5 times once the abatement is applied.

Tax abatements increase wealth and taxes. They do not necessarily decrease them!

*Eco-Devo  
Attach 10  
03-25-92*



## A TALE OF TWO PROJECTS

### Plastics Enterprises, Inc.

Proposed relocation from Independence, Missouri to Olathe

Project Scope: 100,000 sq. ft. manufacturing facility  
\$4,000,000 investment  
130 projected employees

Incentives Requested: Tax exempt industrial revenue bonds  
50%, 10 year property tax abatement

Incentives Granted: Industrial revenue bond resolution of  
intent  
50%, 3 year property tax abatement

Decision: Company ultimately decided to relocate to Lee's  
Summit, Missouri. New assessed valuation of  
approximately \$1,010,000 **did not happen in Olathe.**

### Cintas Corporation

Proposed consolidation of Kansas operations in new Olathe  
facility

Project Scope: 40,000 sq. ft. uniform rental and laundry  
facility  
\$3,050,000 investment  
75 initial employees, projected growth to  
200

Incentives Requested: Taxable industrial revenue bonds  
50%, 10 year property tax abatement

Incentives Granted: Industrial revenue bond resolution  
of intent  
50%, 10 year property tax abatement  
tied to a performance agreement

Decision: Company announced selection of Olathe for project  
on February 4, 1992. Site plans approved by  
Planning Commission on March 23, 1992. New  
assessed valuation of approximately \$720,000 **will  
occur in Olathe.**

3/24/92

10-2

COMMUNITY "BALANCE SHEET"

AFTER PROJECT DECISION

BEFORE	AFTER	INCREMENT
<u>Assessed Valuation</u>		
Plastics - \$60,000 (land)	\$ 60,000 (land)	0
Cintas - \$30,000 (land)	\$750,000 (land, bldg., equip.)	\$720,000

Property Taxes for Local School District

(110 mills)

Plastics - \$ 6,600	\$ 6,600	0
Cintas - \$ 3,300	\$ 41,250*	\$ 37,950

\*With 50% abatement; will pay full taxes after 10 years

Summary: Even with a tax incentive, the community has created \$720,000 in new assessed valuation and \$37,950 in new revenue to the local school district. The community gains nothing from vacant land if the project doesn't happen.