

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Barbara P. Allen at 3:30 p.m. on February 20, 1996 in Room 423-S of the Capitol.

All members were present except: Rep. Kirk
Rep. Glasscock
Rep. King

Committee staff present: Lynne Holt, Legislative Research Department
Bob Nugent, Revisor of Statutes
Nancy Kirkwood, Committee Secretary

Conferees appearing before the committee: Representative Shari Weber
Representative John Toplikar
Randy Speaker, Housing Director, KDOCH
Joe Swalwell, Executive Director, Downtown Topeka
Jim Kaup, Lobbyist, City of Topeka
Pat McDonald, Shawnee County Clerk
John Scott, Director of Interfaith Housing Service, Inc.,
Hutchinson
Karen France, Director of Governmental Affairs, Kansas
Association of Realtors

Others attending: See attached list

Chairperson Allen opened the hearing on **HB2878** - tax incentives to improve property. She recognized Rep. Weber, proponent, who informed the committee the impact she felt this bill would have upon the citizens of Kansas. This expansion would allow structures (not in designated revitalization area) to apply for designation according to the criteria set by city or county (Attachment 1).

Rep. Toplikar, recognized by the Chairperson, proponent, addressed two changes in current law. The first amends the neighborhood revitalization act to also include residences or buildings which fall outside a municipality's revitalization "area". This would allow more people to participate and to increase the possibility of the use of the act by municipalities. The second would increase the dollar amount an individual may claim as a tax deduction (Attachment 2).

Chairperson Allen recognized Randy Speaker, proponent. He said given the consolidated plan approach to the funding and policy decisions that KDOCH is undertaking, this would be one tool which could best serve all communities. He had no written testimony. Chairperson Allen made a request to Randy Speaker for written testimony to be presented on Wednesday, February 21.

A proponent, Joe Swalwell, was recognized by Chairperson Allen. He said it seemed to him a municipality might be wiser to create a neighborhood revitalization area that includes the building as well as other structures nearby that need revitalization (Attachment 3).

Jim Kaup, lobbyist and a proponent, said he was before the committee to introduce Pat McDonald, who was proposing an amendment to the Neighborhood Revitalization Act on behalf of Shawnee County (Attachment 4).

Chairperson Allen recognized Pat McDonald, proponent. Pat asked the committee to amend **HB2878** to rebate any incremental increases in ad valorem property tax resulting from improvements. Upon payment of

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S
Statehouse, at 3:30 p.m. on February 20, 1996.

taxes by the taxpayer, the rebate must be made within 30 days after the next distribution date as specified in K.S.A. 12-1678a (Attachment 5).

Chairperson Allen acknowledged receipt of written testimony from Karen France that was made available to the Committee (Attachment 6).

Rep. Weber was recognized by Chairperson Allen and asked to work with KDOCH, Kansas Realtors, and City of Topeka to discuss any amendments to the bill.

Chairperson Allen made announcements to the Committee that they would work the bill Thursday, February 22, and the fiscal notes would be available to all Committee members. The Chairperson also left the hearing on HB2878 open as one more conferee to testify had not arrived.

Chairperson Allen brought the attention of the Committee to HB2883 - concerning the extending of the neighborhood improvement and youth employment act. Lynne Holt updated the committee as to the bill.

Chairperson Allen acknowledged receipt of copies of Statutes #44-1408 and #44-1402 that were handed out to Committee (Attachment 7). Rep. Benlon made a motion to adopt these two amendments, and asked Bob Nugent to clarify that July 1, 1998 was the sunset date with a report due to the 1998 legislature. It was seconded by Rep. Wempe. The motion carried. Rep. Empson made a motion to move the bill as amended out of committee. Rep. Benlon seconded the motion. The motion carried.

Chairperson Allen recognized John Scott, proponent, to testify regarding HB2878. (Attachment 8).

Chairperson Allen brought the Committee's attention the minutes of February 5, 6, 7, 8, and February 12th for approval. Rep. Empson made a motion to approve the minutes. The was seconded by Rep. Toplikar. The motion passed.

Chairperson Allen adjourned the meeting at 4:43 p.m.

The next meeting is scheduled for February 21, 1996.

THE KANSAS HOUSE

REPRESENTATIVE, 68TH DISTRICT
CENTRAL & SE DICKINSON, MORRIS &
NORTHERN LYON COUNTIES

OFFICE: STATE CAPITOL—426-S
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Representative Shari Weber

Testimony for House Economic Development Committee
Re: H.B#2878 Hearing: February 20, 1996

Thank you for the opportunity to appear before the Committee today. I am anxious to share with you information about HB# 2878 and the impact I feel it will have upon the citizens of Kansas.

This bill reflects an expansion of current law enacted in 1994 - The Neighborhood Revitalization Act. Currently this act allows city or county government to designate an area with deteriorating structures for a tax rebate after rehabilitation of the structure. To my knowledge, 3 communities in Kansas have designated revitalization areas. Those entities are Topeka, Atchison and Russell. I have asked a representative from the Housing Division of the Department of Commerce and Housing to share with you some of the details of those cities' experiences.

This expansion would allow structures (not in a designated revitalization area) to apply for designation according to the criteria set by the city or county. Once the structure is rehabilitated and reassessed for ad valorem taxes, the owner would pay the new tax amount and then later be reimbursed the difference between the tax amount before the structure rehabilitation and tax amount after rehabilitation. In other words, the owner would continue to pay ad valorem taxes in the same amount as before the rehabilitation occurred for a period years to be determined by the taxing entity.

Currently, our property tax system tends to penalize those who maintain, upgrade and expand existing structures by elevating property taxes. On the other hand, we reward those who cause deterioration in structures, neglect maintenance and choose not to upgrade, by lowering the assessments and taxes on such property. By allowing a tax rebate on rehabilitated structures for several years, we encourage the rehabilitation of existing structures. This should increase the numbers of affordable housing to our housing stock in Kansas, yet not lose any ad

*Economic Development
February 20, 1996
Attachment 1*

Rep. Shari Weber - Testimony for House Economic Development Committee

valorem tax revenue for local taxing entities. After a period of years, (to be designated by the city or county involved) this concept, if implemented, should add revenue for local taxing entities from elevated assessments.

Another component of this bill is the expansion Section 5 (page 4) to include the taxpayer's principal dwelling or the principal dwelling of a parent or child for a tax credit when making all or any portion of an existing facility accessible to individuals with a disability. This option allows the individual actually paying for the structural change to receive a tax credit. The provision, in concept, should also lessen the financial burden of an accessibility structural change and perhaps free up housing stock that might have been utilized in a different manner without the accessibility change.

As you have heard in testimony during the interim 1995, there appears to be a direct correlation between economic development and housing in our state. For us to keep and attract quality people, quality jobs and industry, we must have adequate and affordable housing. Housing shortages are apparent across the state of Kansas, both in urban and rural areas of our state. The recently conducted 1995 Kansas Housing Blueprint Town Meetings provided a great deal of data reflecting on local, regional, and statewide housing needs. To quote from the Winter 1996 issue of "RoofTops", "although there appears to be some local resources, they do not appear to be sufficient to address the magnitude as well as the diversity of housing shortages that have been identified throughout the state." We have immediate needs in the area of housing. Those needs are currently not being addressed at a speedy rate.

Many of our towns have deteriorating or dilapidated structures which by reason of age, history, architecture or significance should be preserved or restored to productive use, therefore adding to both our housing stock and property tax base. HB# 2878 would help to address some of the immediate need for attention to deteriorating structures, that if rehabilitated, could provide affordable housing.

It is my belief that quality housing is one of several BASIC needs of families. A home is part of the glue that holds our Kansas families together. For that reason I would advocate your consideration of this bill which expands the scope of structural rehabilitation to include more structures, especially deteriorating house structures.

I thank you for your time and am available to answer questions.

STATE OF KANSAS

JOHN M. TOPLIKAR

REPRESENTATIVE, 15TH DISTRICT

507 E. SPRUCE
OLATHE, KS 66061



HOUSE OF REPRESENTATIVES

OFFICE: 155 EAST
TOPEKA, KS 66612
(913) 296-7683

February 20, 1996

TESTIMONY IN SUPPORT OF HB 2878

TO HOUSE ECONOMIC DEVELOPMENT COMMITTEE

This past fall the Joint Committee on Economic Development heard testimony from several conferees which encouraged our state to provide more tax incentives in order to create more housing opportunities in light of decreasing federal housing assistance to states.

HB-2878 addresses two chapters in our current law. The first is found in Sections 1 through 4 of the bill. It amends the Neighborhood Revitalization Act to also include residences or buildings which fall outside a municipality's revitalization "area". The purpose of this change is to allow more people to participate and to increase the possibility of the use of the act by municipalities. I believe it is difficult for a city to draw clear cut lines in determining which houses are to be considered for the rebate, but if we allow the governing body to include property outside of the boundary this incentive may likely be more utilized across the state. I also believe that the greater use of this rebate can potentially open up more housing. For example, some residents may fix up their homes, get a rebate, then later sell their houses and move up to bigger and more expensive homes, while opening up their older homes on the market to first time home buyers.

The second part of the bill increases the dollar amount an individual may claim as an income tax deduction when remodeling a house for the purpose of making it accessible to an individual with a disability.

*Economic Development
February 20, 1996
Attachment 2*

This can be found in Section 5. It also expands the law (line 18 and 19 of P. 4) to allow children of a person with a disability to equip either their own home or their parents' and qualify for the tax credit.

This amendment to the law attempts to address the testimony to the joint committee in regard to housing options for older Kansans. Conferees strongly encouraged us to do whatever we could to let elderly people stay at home where most want to be. We heard testimony that nearly 10% of all nursing home residents have no functional deficiencies and that some counties' population of elderly citizens now make up about one quarter of their total population.

We need to join most states now that we are moving away from institutionalizing our elderly and provide greater incentives for them to stay at home, provide them a better quality of life and make our state a good place for our elderly to grow old.

Please support these changes which will help create more housing opportunities in our state.

Rep. John Toplikar
15th District

and additions to existing buildings or new construction or both is eligible for revitalization;

(7) the criteria to be used by the governing body to determine what property is eligible for revitalization;

(8) the contents of an application for a rebate of property tax increments authorized by K.S.A. 1995 Supp. 12-17,118;

(9) the procedure for submission of an application for a rebate of property tax increments authorized by K.S.A. 1995 Supp. 12-17,118;

(10) the standards or criteria to be used when reviewing and approving applications for a rebate of property tax increments authorized by K.S.A. 1995 Supp. 12-17,118;

(11) a statement specifying the maximum amount and years of eligibility for a rebate of property tax increments authorized by K.S.A. 1995 Supp. 12-17,118; and

(12) any other matter deemed necessary by the governing body.

(b) Prior to adopting a plan pursuant to this section, the governing body shall call and hold a hearing on the proposal. Notice of such hearing shall be published at least once each week for two consecutive weeks in a newspaper of general circulation within the municipality. Following such hearing, or the continuation thereof, the governing body may adopt such plan.

History: L. 1994, ch. 242, § 13; July 1.

12-17,118. Same; neighborhood revitalization fund; application for tax rebates. (a) Following adoption of a plan pursuant to K.S.A. 1995 Supp. 12-17,117, the governing body shall create a neighborhood revitalization fund to finance the redevelopment of designated revitalization areas and to provide rebates authorized by this section. Moneys may be budgeted and transferred to such fund from any source which may be lawfully utilized for such purposes. Any municipality may expend money from the general fund of such municipality to accomplish the purposes of this act.

(b) Moneys credited to such fund from annually budgeted transfers shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of the municipality, the amounts credited to, and the amount on hand in, such neighborhood revitalization fund and the amount expended therefrom shall be shown thereon for the information of taxpayers. Moneys in such fund may be in-

vested in accordance with K.S.A. 10-131, and amendments thereto with the interest credited to the fund.

(c) If the governing body determines that money which has been credited to such fund or any part thereof is not needed for the purposes for which so budgeted or transferred, the governing body may transfer such amount not needed to the fund from which it came and such retransfer and expenditure shall be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto.

(d) Any increment in ad valorem property taxes levied by the municipality resulting from improvements by a taxpayer to property in a neighborhood revitalization area may be credited to the fund for the purpose of returning all or a part of the property increment to the taxpayer in the form of a rebate. Applications for rebates shall be submitted in the manner and subject to the conditions provided by the revitalization plan adopted under K.S.A. 1995 Supp. 12-17,117. Upon approval of an application received hereunder the municipality shall rebate any incremental increases in ad valorem property tax resulting from the improvements within 30 days of payment by the taxpayer.

History: L. 1994, ch. 242, § 14; July 1.

12-17,119. Same; interlocal agreements. Any two or more municipalities may agree pursuant to K.S.A. 12-2901 *et seq.*, and amendments thereto, to exercise the powers and duties authorized by this act.

History: L. 1994, ch. 242, § 15; July 1.

12-17,120. Same; act not exclusive authority for revitalization. This is enabling legislation for the revitalization of neighborhood areas and is not intended to prevent cities and counties from enacting and enforcing additional laws and regulations on the same subject which are not in conflict with the provisions of this act.

History: L. 1994, ch. 242, § 16; July 1.

Article 19.—PUBLIC RECREATION AND PLAYGROUNDS

12-1922.

Research and Practice Aids:

Municipal Corporations ¶ 267.

C.J.S. Municipal Corporations § 1035.

12-17,112.

History: L. 1983, ch. 67, § 4; L. 1986, ch. 79, § 5; Repealed, L. 1992, ch. 202, § 15; July 1.

12-17,113.

History: L. 1989, ch. 297, § 2; Repealed, L. 1992, ch. 202, § 15; July 1.

NEIGHBORHOOD REVITALIZATION

12-17,114. Neighborhood revitalization; title of act. This act shall be known and may be cited as the Kansas neighborhood revitalization act.

History: L. 1994, ch. 242, § 10; July 1.

12-17,115. Same; definitions. As used in this act:

(a) "Municipality" means any municipality as defined by K.S.A. 10-1101, and amendments thereto.

(b) "Neighborhood revitalization area" means:

(1) An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare;

(2) an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use; or

(3) an area in which there is a predominance of buildings or improvements which by reason of

age, history, architecture or significance should be preserved or restored to productive use.

(c) "Governing body" means the governing body of any municipality.

(d) "Increment" means that amount of ad valorem taxes collected from real property located within the neighborhood revitalization area that is in excess of the amount which is produced from such property and attributable to the assessed valuation of such property prior to the date the neighborhood revitalization area was established pursuant to this act.

History: L. 1994, ch. 242, § 11; July 1.

Revisor's Note:

Reference to act should be to 12-17,115 to 12-17,120.

12-17,116. Same; designation of revitalization area; findings. The governing body of any municipality may designate any area within such municipality as a neighborhood revitalization area if the governing body finds that one or more of the conditions as described in subsection (b) of K.S.A. 1995 Supp. 12-17,115 exist and that the rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the municipality.

History: L. 1994, ch. 242, § 12; July 1.

12-17,117. Same; revitalization plan, contents; notice and hearing. (a) Prior to designating an area as a neighborhood revitalization area, the governing body shall adopt a plan for the revitalization of such area. Such plan shall include:

(1) A legal description of the real estate forming the boundaries of the proposed area and a map depicting the existing parcels of real estate;

(2) the existing assessed valuation of the real estate in the proposed area, listing the land and building values separately;

(3) a list of names and addresses of the owners of record of real estate within the area;

(4) the existing zoning classifications and district boundaries and the existing and proposed land uses within the area;

(5) any proposals for improving or expanding municipal services within the area including, but not limited to, transportation facilities, water and sewage systems, refuse collection, road and street maintenance, park and recreation facilities and police and fire protection;

(6) a statement specifying what property is eligible for revitalization and whether rehabilitation

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DOWNTOWN TOPEKA INC.

906 SOUTH KANSAS AVE. • TOPEKA, KANSAS 66612
TEL. (913) 234-9336 • FAX (913) 234-4448

SB 732 PRESENTATION

My name is Joe Swalwell. I live at 5507 W. 15th St. I am Executive Director of Downtown Topeka, Inc.

I was asked to testify before this committee today because of my involvement with SB 732, otherwise known as the Neighborhood Revitalization Act. I was contacted by Representative Weber to answer questions as to the effectiveness so far, of this bill in Topeka, Kansas. I had not read HB 2878 until this morning, February 20, 1996.

As I read the bill, you are essentially amending SB 732 to include "dilapidated structures," to the language which means "... a residence or other building which is in deteriorating condition, and fails to meet minimum building code standards, or a residence or other building which is in deteriorating condition and because of age, architecture, history or significance is worthy of preservation." This language would apply to buildings not located within an established neighborhood revitalization area. It would still require the municipality to complete interlocal agreements with the other taxing entities to accomplish this.

I do not have an objection to this, however, it seems to me that under most circumstances, a municipality might be wiser to create a neighborhood revitalization area that includes the building as well as other structures nearby that need revitalization. My logic is, that if there's one building in this area that needs work, there are probably several others. Also, it would save the municipality the repetitious work of obtaining interlocal agreements each time another building was designated "dilapidated."

Regarding the changes you propose for tax credits to be deducted from the taxpayers' income tax liability for making an existing facility accessible to individuals with a disability, this might serve better as a separate bill.

I have brought with me a copy of our proposal to the City of Topeka for a Neighborhood Revitalization Program. It might provide you some information you could use in the future. The Topeka Neighborhood Revitalization Program is alive and well. I would be happy to answer any questions you may have regarding our experience.

*Economic Development
February 20, 1996
Attachment 3*

RECOMMENDATIONS ON SENATE BILL
TO THE CITY OF TOPEKA

DOWNTOWN TOPEKA INCORPORATED
MAY 16, 1994*

IN ORDER to address the problems of urban decline, security, population loss and decline in development, and to ensure a healthy and vital urban center that strengthens and nourishes the entire city, we must reaffirm the importance of Topeka's Urban Core.

Downtown Topeka and the surrounding central city area encompasses a government and commercial center with a residential base and existing infrastructure that provides an effective framework for revitalization. We must strengthen the linkages between the Core and suburban areas of the city, and pursue development throughout the city, which compliments and strengthens the Core.

We believe that the city government should:

- Strengthen and maximize efficiency in the Urban Core as the geographic and symbolic center of the city.
- Address issues of poverty and physical decline in the Core, prioritize areas for intervention and target incentives in order to assist and support people who live in the Core.
- Implement bold planning initiatives, create a positive business climate, implement creative efforts and target incentives in order to improve the environment for business and development in the Core.
- Improve physical conditions in the Core and upgrade the Core's image in order to increase the number of businesses and residences in the Core.

The City of Topeka now has the opportunity to target special districts within the city for revitalization. Senate Bill 732 enables municipalities to create neighborhood revitalization districts within their boundaries, and it provides rebates to taxpayers in those districts, equal to the amount of the incremental increases in property taxes, resulting from improvements made to the property. This bill is designed to encourage development that otherwise might not occur.

Downtown Topeka, Inc., the Business Improvement District, the Shawnee County Delegation and others, were instrumental in designing and supporting the bill in the State Legislature. Based on the success of a similar bill in Iowa, and with information from other states, we have several recommendations for carrying out the opportunities of this bill.

WE RECOMMEND for residential and commercial/industrial revitalization, the entire District within the boundaries of the Neighborhood Improvement Associations. A map of the area is enclosed. Based on our information, these Associations meet the criteria and intent of the law.

LOGIC: We felt that by staying with already accepted NIA's, we were not creating new boundaries. It had been determined many years ago that these neighborhoods should receive extra funding and the city as a whole had accepted that idea.

R RESIDENTIAL ON

Qualified residentially assessed property owners are eligible to receive rebates of any tax equal to the amount of incremental increases resulting from improvements made to the property.

WE RECOMMEND a five year application* period from the time the law becomes effective.

Rebate period - 10 years

Exemption amount - 100% of the incremental increases added by the improvements

At the end of that period, the program is reviewed for its effectiveness.

LOGIC: We choose a five year application/eligibility period because it does take some time for people to understand the program and plan what they want to do. Some people will wait to see how the program works before they decide to try it.

We feel that by building in a sunset date, it requires a review to see if the plan was successful. The council may, if they determine the program was successful, extend the period of application/eligibility. The sunset clause allows the community to feel confident because if the program is not working, it will not be continued.

FOR COMMERCIAL/INDUSTRIAL ONLY:

Qualified commercially/industrially assessed property owners are eligible to receive rebates of any tax equal to the amount of incremental increases resulting from improvements made to the property.

WE RECOMMEND a five year application* period from the time the law becomes effective.

Rebate period - five years

Exemption amount - 100% of the incremental increases added by the improvements

We recommend that at the end of the five year period, the program is reviewed by the city for its effectiveness.

LOGIC: We recommend the five year application/eligibility period for the same reason we suggested in residential programs.

We want commercial properties included in all the areas because these can be the local businesses that are a part of the neighborhoods now, and this could be incentive to add other necessary services for the neighborhood.

WE FURTHER RECOMMEND a target district for commercial/industrial development be placed within these boundaries. The area we recommend is within the old CCRA boundaries and North Topeka Downtown.

Residential areas within this target district will be consistent with the entire area.

For commercially assessed property within this target commercial/industrial development, qualified property owners are eligible to receive rebates of any tax equal to the amount of incremental increases resulting from improvements made to the property.

WE RECOMMEND a three year application period from the time the law becomes effective.

Rebate period - 12 years

Exemption amount - 100% of the incremental increases added by the improvements

At the end of the three years, we recommend that the target commercial/industrial district revert for the following two years, to a rebate period of five years, at 100% of the incremental increases. At the end of this two year period, the program will be reviewed by the city for its effectiveness.

LOGIC: The primary intent of Senate Bill 732 is to provide communities with a long-term increase and a stabilization in their tax base by encouraging rehabilitation or new construction which might not otherwise occur.

Our recommendations are based on this intent. We have selected areas which in our opinion meet the criteria and the intent of the law. The target commercial/industrial area that we have described requires an accelerated time frame and an increase in tax rebate benefits. The reason for the shortened application period is the acute necessity of getting projects started in this district. And the increase in tax rebate benefits is because the cost of putting together a real estate package in this area is more difficult.

WE FURTHER RECOMMEND:

- * The residential improvements should increase the value of the property at least 5% in order to be eligible, and the commercial improvements should increase the value at least 15% to be eligible.
- * The application can be filed for the rebate program at the same time of filing for a building permit. The approval of the rebate program would be the same date as approval of the building permit.
- * None of the suggested boundaries or districts imply any changes in city zoning for those areas.

The City Council may choose to include other specific recommendations for both neighborhood and target areas. The City Council may also choose what kind of residential and commercial programs are eligible for the Neighborhood Revitalization Act.

- * *We suggest that instead of "application", the term "eligibility" be used henceforth.*

THE NEIGHBORHOOD REVITALIZATION ACT

Senate Bill 732, the Neighborhood Revitalization Act, was signed into law by Governor Joan Finney on April 18, 1994. It became effective July 1, 1994. Any municipality in Kansas may implement this legislation by city ordinance.

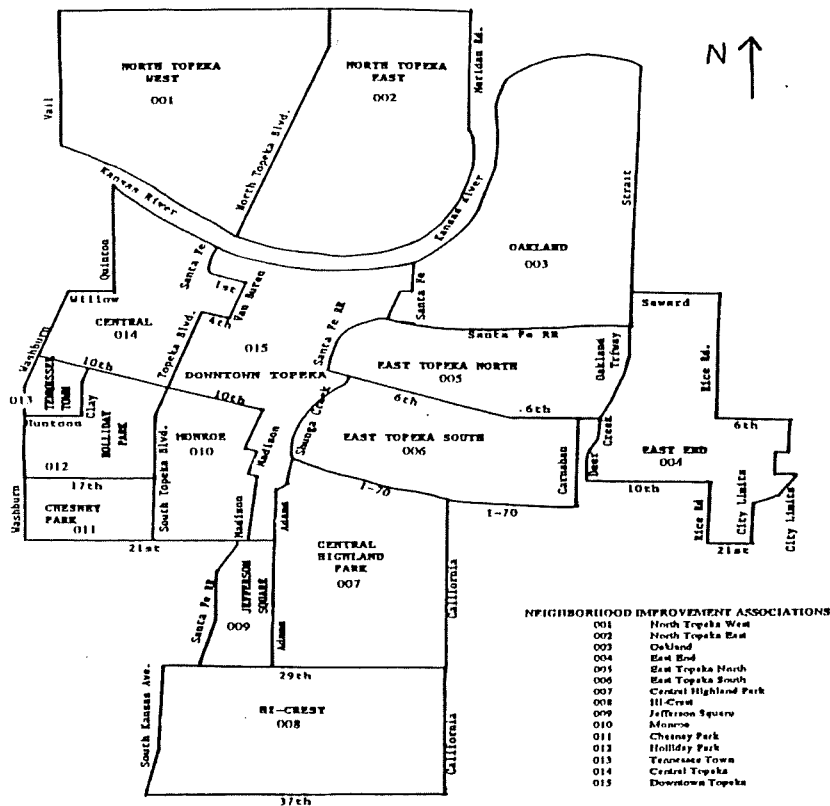
The primary intent of the Neighborhood Revitalization Act is to provide communities with a long-term increase and stabilization in their property tax base by encouraging rehabilitation or new construction which might not otherwise occur.

Some specific benefits within the ordinance are:

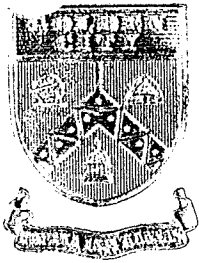
- It will provide incentives for neighborhood housing improvements through property tax refunds
- The benefits of this ordinance will apply to individual homeowners as well as businesses
- It does not interfere with current property tax revenues
- The ordinance will create new long term tax revenue, without creating a fiscal burden for the city
- It will offer incentives for development in specific areas of our communities where development might not otherwise occur
- It will help create jobs because historically jobs follow development
- It will help reverse the outward migration of central city residents, and the resulting deterioration of the neighborhoods
- It will help to stabilize land values
- It will strengthen the fiscal capacity of our city government to grow and serve our community
- It provides a limited window of opportunity for participation, thereby prompting response from the community
- It will encourage commercial and industrial development in specific parts of the city

This ordinance can be the vehicle for dramatic change in the central city of Topeka. For further information, contact Downtown Topeka, Inc. at 234-9336.

* Minor changes made 8/26/94



3-5



CITY OF TOPEKA

Harry "Butch" Felker, Mayor
215 E. 7th Street Room 352
Topeka, Kansas 66603
Phone 913-295-3895
Fax Number 913-295-3850

MEMORANDUM

TO: Chairperson Allen and Members, House Economic Development Committee
FROM: Jim Kaup, City of Topeka
DATE: February 20, 1996
RE: **HB 2878 -- Technical Amendment on Behalf of Shawnee County**

HB 2878 proposes an amendment to the Neighborhood Revitalization Act, a 1994-passed law strongly supported by the City of Topeka. The City has created a neighborhood revitalization area and put the provisions of the NRA into effect. The City has a City Council-adopted "1996 State Legislative Policy Statement" which provides, in part: "The City commends the ... 1994 legislature for its enactment of the Neighborhood Revitalization Act. The City supports such technical amendments as may be necessary to make administration of (... the Act) more practical and effective."

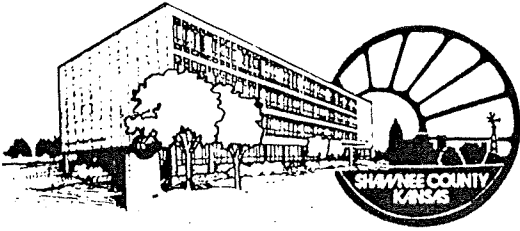
It has been brought to the City's attention by Pat McDonald, Shawnee County Clerk, that there is a problem with the current wording of K.S.A. 1995 Supp. 12-17,118. That statute provides that rebates of property taxes pursuant to the NRA are to be made "upon approval of an application ... within 30 days of payment by the taxpayer." This requirement in the current NRA law simply does not correspond to the realities of property tax collection and distribution by counties. The technical nature of this problem will be well-explained by the Shawnee County Clerk in her testimony before this Committee.

The City of Topeka supports the amendment to HB 2878 as proposed by Shawnee County Clerk Pat McDonald.

JMK:kk

*Economic Development
February 20, 1996
Attachment 4*

Shawnee County
Office of County Clerk
PATSY A. "PAT" McDONALD



233-8200
Ext. 4155 Main
Ext. 4159 Accounting

Courthouse - Room 107
Topeka, Kansas 66603-3963

February 20, 1996

Representative Barbara Allen, Chairperson and
Economic Development Committee Members

RE: House Bill 2878 (Neighborhood Revitalization Act)

This is the first year Shawnee County and other counties will rebate to the taxpayers upon improvements under the "Neighborhood Revitalization Act," which have actually been constructed as of January 1, 1996.

Therefore, the 1996 tax roll this November will reflect a base valuation (not subject to rebate) and an incremental valuation which will be subject to rebate on the property for those taxpayers who have applied and met the NRA criteria.

By State statute, the first distribution for 1996 taxes will be on or before January 20, 1997.

In our county, not all taxing districts chose to participate in the NRA, including the State levy, some drainage districts and a few school districts. This tends to complicate the distribution process, especially in an automated distribution such as the one in Shawnee County.

Counties may give the rebate to the taxing districts to distribute (such as U.S.D.'s and Topeka City), however in Shawnee County we plan to send the rebates to the taxpayers for those taxing districts, as we have the names, addresses and information on our computer.

*Economic Development
February 20, 1996
Attachment 5*

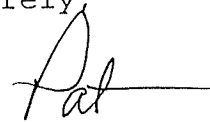
We are requesting you to amend House Bill 2878 to rebate any incremental increases in ad valorem property tax resulting from the improvements. Upon payment of taxes by the taxpayer, the rebate must be made within 30 days after the next distribution date as specified in K.S.A. 12-1678a. (K.S.A. 12-17,118 currently reads "within 30 days after payment by the taxpayer.")

The way the statute currently reads, a person could pay his or her tax November 2 and expect the rebate December 2. At this point there is no distribution computed and there is no statutory distribution for ad valorem tax in December.

No doubt in Shawnee County the rebates will go out shortly after the distribution, but in some counties, not on a main frame computer, it may take a few more days.

Thank you for your consideration of this matter.

Sincerely,



Patsy A. McDonald
Shawnee County Clerk

PAM/clh

1 transfer and expenditure shall be subject to the provisions of K.S.A. 79-
2 2925 through 79-2937, and amendments thereto.

3 (d) Any increment in ad valorem property taxes levied by the munic-
4 ipality resulting from improvements by a taxpayer to property in a neigh-
5 borhood revitalization area or to a dilapidated structure may be credited
6 to the fund for the purpose of returning all or a part of the property
7 increment to the taxpayer in the form of a rebate. Applications for rebates
8 shall be submitted in the manner and subject to the conditions provided
9 by the revitalization plan adopted under K.S.A. 1995 Supp. 12-17,117 and
10 amendments thereto. Upon approval of an application received hereunder
11 the municipality shall rebate any incremental increases in ad valorem
12 property tax resulting from the improvements, within 30 days of payment
13 by the taxpayer:

14 Sec. 5. K.S.A. 1995 Supp. 79-32,176 is hereby amended to read as
15 follows: 79-32,176. (a) Any resident individual taxpayer who makes ex-
16 penditures for the purpose of making all or any portion of an existing
17 facility accessible to individuals with a disability, which facility is used as,
18 or in connection with, such taxpayer's principal dwelling or the principal
19 dwelling of a lineal ascendant or decedent, shall be entitled to claim a tax
20 credit in an amount equal to the applicable percentage of such expendi-
21 tures or ~~\$2,000~~ \$9,000, whichever is less, against the income tax liability
22 imposed against such taxpayer pursuant to article 32 of chapter 79 of the
23 Kansas Statutes Annotated. Nothing in this subsection shall be deemed
24 to prevent any such taxpayer from claiming such credit: (1) For each
25 principal dwelling in which the taxpayer may reside, or facility used in
26 connection therewith; or (2) more than once, but not more often than
27 once every four-year period of time. The applicable percentage of such
28 expenditures eligible for credit shall be as set forth in the following sched-
29 ule:

30	Taxpayers Kansas Adjusted	% of expenditures
31	Gross Income	eligible for credit
32	\$0 to \$25,000	100%
33	Over \$25,000 but not over \$30,000	90%
34	Over \$30,000 but not over \$35,000	80%
35	Over \$35,000 but not over \$40,000	70%
36	Over \$40,000 but not over \$45,000	60%
37	Over \$45,000 but not over \$55,000	50%
38	Over \$55,000	0

39 Such tax credit shall be deducted from the taxpayer's income tax liability
40 for the taxable year in which the expenditures are made by the taxpayer.
41 If the amount of such tax credit exceeds the taxpayer's income tax liability
42 for such taxable year, the amount thereof which exceeds such tax liability
43 may be carried over for deduction from the taxpayer's income tax liability

Upon payment of taxes by the taxpayer, the
rebate must be made within 30 days after the
next distribution date as specified in K.S.A.
12-1678a.



Executive Offices:
3644 S. W. Burlingame Road
Topeka, Kansas 66611-2098
Telephone 913/267-3610
Fax 913/267-1867

TO: THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE
FROM: KAREN FRANCE, DIRECTOR, GOVERNMENTAL AFFAIRS
DATE: FEBRUARY 20, 1996
SUBJECT: HB 2878, NEIGHBORHOOD REVITALIZATION AREAS

I apologize for not presenting this testimony in person, however I had a scheduling conflict which prevents me from being at the hearing. The Kansas Association of REALTORS® supports the concept of giving local units more options for encouraging the development or redevelopment of housing. The expansion of the concepts like the Neighborhood Revitalization program gives more tools to municipalities who are trying to renew their housing stock.

As introduced, this bill could permit cities to target particular structures which need to be brought up to building code standards. We would, however, recommend that the bill needs more specific recommendations on what the criteria and the procedures would be for declaring a structure dilapidated. The cities need to be very clear about the criteria for such a process so that they can ensure even application of the opportunities which become available with that determination. Additionally, like the Neighborhood Revitalization Act, there should be a statement specifying the maximum amount and years of eligibility for a rebate of property tax increments.

With a little more fine tuning, we think the concepts are worth positive consideration by the Legislature. If you need further information on the topic, please feel free to contact me.

*Economic Development
February 20, 1996
Attachment 6*

Statute # 44-1408

Chapter 44.--LABOR AND INDUSTRIES

Article 14.--NEIGHBORHOOD IMPROVEMENT AND YOUTH EMPLOYMENT

Title Expiration of act; report of activities to legislature.

(a) The provisions of this act shall expire
December 31, 1995.

(b) The secretary shall submit a report to
the 1996 session of the house economic
development committee and the senate commerce
committee detailing the manner in which funds
were spent pursuant to this act. Such report
shall include the nature of the work performed by
participating youths, the percentage of funds
expended for administrative expenses, findings on
the educational, criminal and occupational
disposition of participating youths and an
evaluation of the program as a whole including a
recommendation concerning continuation of the
program.

History

History: L. 1994, ch. 264, S. 8; April 28.

*Economic Development
February 20, 1996
Attachment 7*

Statute # 44-1402

Chapter 44.--LABOR AND INDUSTRIES

Article 14.--NEIGHBORHOOD IMPROVEMENT AND YOUTH EMPLOYMENT

Title Grants for employment in repair, maintenance and renovation of community facilities.

In accordance with appropriation acts, the secretary of human resources shall provide grants to eligible administrative entities, as described in K.S.A. 1995 Supp. 44-1403 for the purpose of establishing and carrying out programs that provide employment opportunities during the summer months and after school to individuals through payments for labor and related costs associated with the repair, maintenance and renovation of essential community facilities.

History

History: L. 1994, ch. 264, S. 2; April 28.

The secretary shall ensure that at least one grant recipient is located in each congressional district in the state.

Interfaith Housing Services, Inc.
Summary Programs

I. DESCRIPTION OF AGENCY AND SERVICES

Interfaith Housing Services (IHS) is a private nonprofit organization, operating under Section 501(c)(3) of the Internal Revenue Code. The mission of IHS is to assist the low income population of Reno County with housing needs and to help high school drop outs complete a GED and gain employable skills. In order to fulfill this mission IHS operates the following four programs.

1. HOMEOWNER HOUSING REPAIR AND REHABILITATION SERVICE. Under this program IHS receives locally generated donations to purchase materials. Local volunteers are then supervised by the IHS staff to assist homeowners with needed repairs to keep the house livable, safe and secure. Currently, in a collaborative endeavor with the Reno County Department of Aging, IHS is conducting housing repair for elderly homeowners.

2. FIRST TIME HOMEOWNER HOUSING PROGRAM. This program is developed to assist low income people purchase a home for the first time. IHS works with a consortium of eleven Reno County banks to provide low interest loans, with down payment and closing cost assistance. Under this program IHS acquires property either through HUD or Reno County. The property is then rehabilitated to meet HUD's minimum housing quality standards. Upon completion the house is sold to a qualifying first time homeowner. IHS works closely with the purchaser in areas of financial counseling, housing maintenance and upkeep. IHS remains as a resource to the homeowner for six years following purchase.

3. LOW INCOME RENTAL PROPERTY AND TRANSITIONAL HOUSING. Over the past three years IHS has acquired six rental units that are maintained for special needs, low income population. Some of these units are rented by TECH clients, however, the majority remain at the disposal of New Beginnings Homeless shelter for use in the Transition Housing program. Together with the Hutchinson Housing Authority we have formed a collaborative that is very effective in addressing long term homelessness recovery. In a continuing effort to meet the housing needs of the special needs population, IHS in partnership with the Hutchinson Ministerial Association, is constructing a new, fully handicapped accessible, three bedroom, single family residence. Upon completion the house will be occupied by handicapped individuals and supervised by Hutchinson Heights.

4. RENO COUNTY YOUTHBUILD. Youthbuild is a program for high school dropouts between the ages of 16 to 24. The program runs a full 12 months, with alternating 40 hour weeks of Adult Basic Education and Vocational Training. The curriculum motivates students to complete a GED equivalency, gain important life skills and develop entry level construction skills. Construction skills are developed through rehabilitation of IHS's first time homeowner

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Attachment 8*

properties. Upon graduation students have developed self esteem, leadership skills, responsibility and work ethic. This is the only program of its kind in the State of Kansas and the only Youthbuild program in the U.S. operating in a City of under one million population. Currently there are 8 students in the program and plans are underway to increase this to 12 students by the end of this year with long term goals of up to 36 students.

HOMEOWNER OCCUPIED HOUSING
REPAIR/REHABILITATION

<u>Characteristic</u>	<u>Percentage</u>	<u># of Households</u>
Total applications received		160
Minority households	18.13%	29
Self reported disability	57.50%	92
Elderly (age 65 and over)	38.75%	62
Female heads of household	70.63%	113
Females, single occupancy	45.63%	73
Elderly female heads of household	33.13%	53

61 Average client age

\$6,462.25 Average client total household income

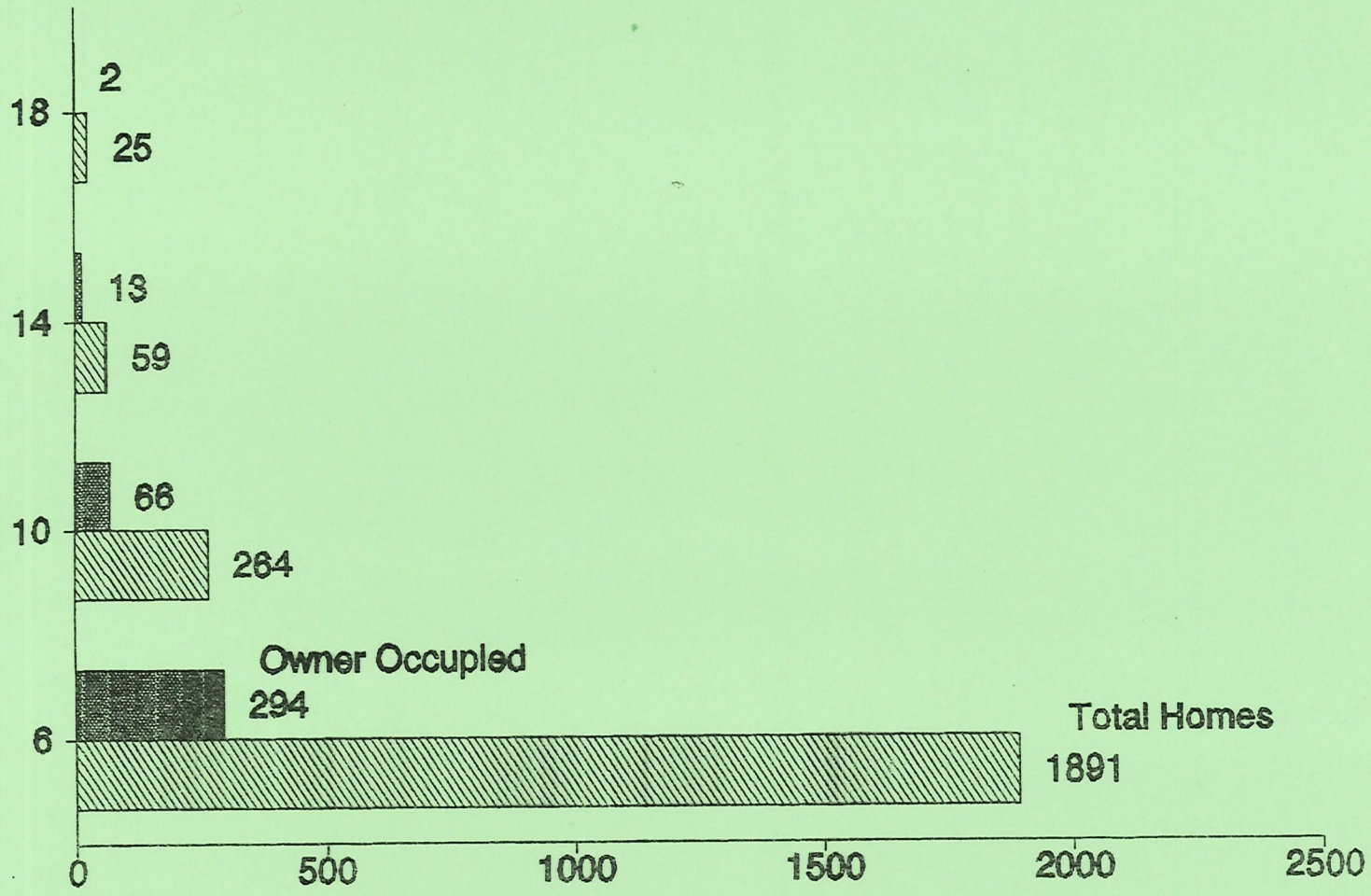
100 Projects completed to date

60 Projects pending funding and volunteers

HOUSING SURVEY

Total No. Homes = 5002

NEED FACTOR



HOMES