

Approved: March 16, 1998
date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on March 13, 1998 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Barone, Brownlee, Donovan, Feleciano, Gooch, Jordan, Ranson, Steffes, Steineger and Umbarger.

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

Conferees appearing before the committee:

Chris McKenzie, Executive Director, League of Kansas Municipalities
Art Brown, Mid-America Lumbermens Association
Karen France, Director Governmental Affairs, Kansas Association of Realtors
Randy Speaker, Director, Division of Housing

Others attending: See attached list

HB 2590 - Rural housing incentive act

Chris McKenzie, Executive Director, League of Kansas Municipalities, testified in support of **HB 2590** stating the League drafted much of this legislation at the request of the Joint Committee on Economic Development which was investigating ways in which local units in rural areas could provide financial incentives for new housing. **HB 2590** allows eligible cities and counties to use Tax Increment Financing (TIF) powers to finance housing developments including the purchase of land and the installation of infrastructure improvements on land through the issuance of special obligation bonds repayable from property tax increments received off of the improved property and other revenues provided for in New Sec. 8, Page 5. (Attachment 1)

Mr. McKenzie testified the differences between the TIF Act and **HB 2590** are: 1) a simpler process for creating a rural housing incentive district; 2) certification by the Secretary of the Department of Commerce and Housing; 3) provides that only rural cities and counties are eligible, defined as cities with a population of less than 40,000 in a county with a population of less than 60,000, and counties with a population of less than 25,000; 4) Planning Commission is not required; 5) acquisition of property is done voluntarily and not by eminent domain; 6) financed only with special obligation bonds; 7) public improvements limited only for residential subdivisions such as streets, sidewalks, water mains, sewers, etc.; 8) bond term limited to 15 years.

Mr. McKenzie stated **HB 2590** is a valuable tool to address a critical need in the "rural" areas of the state. TIF is used to spur redevelopment in blighted areas, conservation areas and enterprise zones; in cities but TIF is not authorized for county use. In most cities residential development is happening without a property tax incentive; the League, therefore, urges the Committee to exercise caution in increasing the population thresholds. The League would agree to raising the county threshold to 40,000, which is the recommendation of the Joint Committee on Economic Development. The recommended thresholds would exclude the counties of Johnson, Sedgwick, Reno, Leavenworth, Riley, Douglas, Wyandotte, and Shawnee.

Randy Speaker, Director, Division of Housing, stated there is a shortage of housing in rural areas which impacts economic development. A number of communities are unable to provide affordable housing without a financing tool such as contained in **HB 2590**. The Department of Commerce and Housing are capable of the certification required in **HB 2590**.

Art Brown, Mid-America Lumbermens Association (MALA), testified in support of **HB 2590** stating the legislation is needed to provide the housing necessary for all the state. Mr. Brown stated the population thresholds in **HB 2590** are appropriate and MALA endorses raising the threshold to 40,000 for counties. The requirement that the board of education, the governing body of any city located within three miles of the

proposed district and the board of county commissioners must each determine that the proposed district will not have an adverse effect on its body allays the concern relating to all parties participating in the decision making process. The passage of **HB 2590** is an excellent tool for many communities to address housing needs. (Attachment 2)

Karen France, Director, Governmental Affairs, Kansas Association of Realtors, distributed a statement from James L. (Butch) Hardman, Jr., Hardman Real Estate, Inc., Parsons, Kansas, who was a driving force in bringing this legislation and proponents of the bill together. (Attachment 3)

Ms. France stated the Kansas Association of Realtors supports the extension of TIF to the development and renovation of housing in rural areas of Kansas. The mechanism established in this legislation encourages rural cities and counties to become active partners in developing housing at all levels. This method for financing infrastructure is attractive to spur housing development in rural areas. **HB 2590** is a workable compromise which answers many of the concerns raised in previous legislative sessions. Ms. France stated over 200 persons from the public and private sector attended a Housing Development Symposium in Hutchinson in 1996 endorsed the concept of TIF overwhelmingly. (Attachment 4)

Senator Barone moved, seconded by Senator Feleciano, that **HB 2590** be amended on Page 1, line 26 by striking 25,000 and inserting in lieu thereof 40,000. The motion was unanimously approved on a voice vote.

Senator Brownlee moved, seconded by Senator Feleciano that **HB 2590** be amended on Page 1, line 20 by striking the "of" appearing before the word "population" and inserting in lieu thereof the word "a". The motion was unanimously approved on a voice vote.

Senator Feleciano moved, seconded by Senator Brownlee that **HB 2590** be further amended on Page 6, line 34 following the word "city" by inserting "or county"; and on Page 9, line 36 by striking "11" and inserting in lieu thereof "12". The motion was unanimously approved on a voice vote.

Senator Umbarger moved, seconded by Senator Donovan, that **HB 2590** be recommended favorable for passage as amended. The recorded vote was Yes - 10; No - 1.

Upon motion by Senator Steffes, seconded by Senator Steineger, the Minutes of the March 12, 1998 Meeting were unanimously approved.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for March 16, 1998.



**League
of Kansas
Municipalities**

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL 300 S.W. 8TH TOPEKA, KS 66603-3896 (785) 354-9565 FAX (785) 354-4186

TO: Senate Commerce Committee
FROM: *cm* Chris McKenzie, Executive Director
DATE: March 13, 1998
SUBJECT: HB 2590--Authorizing Rural Housing Incentive Districts

Thank you for the opportunity to appear before you today to explain the origins and contents of HB 2590 and to offer the League's endorsement of this legislation. The League drafted much of this legislation last interim at the request of the Joint Committee on Economic Development which was investigating ways in which local units in rural areas of our state could provide financial incentives for new housing. The legislation has received the endorsement of the League's Finance and Taxation Committee based on the population thresholds in the current bill.

HB 2560 contains provisions that are similar in part to those found in K.S.A. 12-1770 *et seq.*, the Tax Increment Financing (TIF) Act. This important tool was designed originally to create financial incentives for the redevelopment of blighted areas of central business districts, and it has been used successfully for this purpose for a number of years (e.g., "Old Town" in downtown Wichita, Town Center Mall in downtown Manhattan, etc.).

In the 1990s legislation was enacted allowing cities to use TIF powers in areas that were designated as enterprise zones prior to July 1, 1992, areas designated as "environmental contamination areas," and most recently, areas designated as "conservation" areas. While the authority of cities to use TIF financing was undoubtedly expanded in the 1990s, there also can be no question that it is extremely difficult to use TIF financing to finance public improvements and land acquisition for a new residential subdivision unless the area was part of an enterprise zone before July 1, 1992.

Moreover, with few exceptions (mainly in Kansas City, KS in largely blighted areas), there has been extremely limited use of TIF to finance housing projects (7 of the 32 TIF projects since 1976), and cities have been reluctant to use their TIF powers even in parts of the city included in an enterprise zone. The fact of the matter is that with few exceptions our state and local policy has been not to provide property tax incentives for the construction of new residential units based on the assumption that the private market will fill this need and the taxes are affordable. In fact, new units are not only assessed at 11.5% of their market value, but special assessments are typically required to finance infrastructure improvements. In many rural areas of our state this combination of factors has made the use of TIF financing for new housing unavailable and infeasible. As you know, it is the construction of new housing units in a community that can provide opportunities for other residents to move into other housing stock.

HB 2590 is one response to this situation. It allows eligible cities and counties to use TIF-type powers to finance the purchase of land and the installation of infrastructure improvements on such

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 Senate Commerce Committee

land through the issuance of special obligation bonds which are repayable from property tax increments received off of the improved property and other revenues provided for in New Sec. 8 (p. 5). While there are many similarities between the TIF Act and HB 2590, there are a number of differences as well, including:

- ▶ **Simpler Process.** The bill streamlines the process for creating a rural housing incentive district in comparison to the traditional TIF process.
- ▶ **KDOCH Certification.** The bill provides for approval of the creation of districts by the Secretary of KDOCH to assure there is a viable local housing need (See New Secs. 3 & 4). [No state approval is necessary with general TIF].
- ▶ **Only “Rural” Cities and Counties Eligible.** As written, **83** out of 105 counties (containing 25% of the total population of the state) and 553 out of 627 cities (containing 37% of the urban population of the state) are eligible to use this authority, with the certification of KDOCH, in order to focus on “rural” housing needs. [All cities & no counties may use TIF.]
- ▶ **Planning Commission Approval Not Required.** Under current TIF law, the planning commission must certify the TIF plan is compatible with the city comprehensive plan. This is not required, but the Planning Commission is required to be notified.
- ▶ **Eminent Domain.** A city or county must acquire the property for such projects voluntarily and not by eminent domain. [Cities may use eminent domain for TIF projects].
- ▶ **No General Obligation Bonds.** Only special obligation bonds, repayable from the dedicated sources of revenue outlined in new Section 8, may be used. Unlike TIF, no general obligation bonds, constituting a general debt of the city, may be used.
- ▶ **Public Improvements More Limited.** Unlike TIF, this act may not be used to construct (a) plazas and arcades, (b) parking facilities; (c) drives and driveway approaches; and (d) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations, and similar amenities. Only basic public improvements for residential subdivisions may be financed such as streets, sidewalks, water mains, sewers, etc.
- ▶ **Term of Bonds and Project.** Unlike the TIF law, this draft provides that the term of the bonds and the project shall be 15 years (rather than 20). This is a judgment call, but it is my recommendation to keep the term for housing projects shorter than for commercially related TIF projects in order to avoid overextending a city’s credit.

In addition to the above differences, there are portions of the bill that increase the level of attention on the identity and types of assurances provided to the city or county by contract to secure the repayment of any bonds or other expenses [see New Sec. 5(a)(5) and (6)]. In my judgment, this is one thing that is missing from the current TIF statute.

The policy question raised by HB 2590 is whether local units in “rural” areas of the state should be authorized to use a tax increment financing type of tool to stimulate new housing development and substantial renovation projects. In many ways this is the same “but for” question local governing bodies and state officials must ask themselves whenever there is a request for a tax abatement from a business. In other words, would the development happen without the incentive?

I think it is important to emphasize that if this legislation is enacted it provides a valuable new tool to address a critical need in the “rural” areas of our state. How one defines “rural,” however, is open to debate. I can say with a high degree of confidence that the city officials on the League’s Finance and Tax Committee from cities that are not defined as “rural” under this bill at present do not desire to have this authority. The reality is that they can already use TIF to spur redevelopment in blighted areas, conservation areas, and enterprise zones today. In most of these cities residential development is happening without a property tax incentive. In other words, we strongly urge you to exercise caution if you raise the population thresholds in the bill. If they are changed substantially, I anticipate the League will no longer support the bill.

Having said this, I have to point out a possible inconsistency between the population thresholds in this bill and the bill recommended by the Joint Committee on Economic Development. On page 2-18 of the reports of 1997 Joint Committees (attached), it is reported that the Committee decided to increase the population limits in my original proposal from 15,000 to 40,000 for cities to participate and from 25,000 to 60,000 for counties to participate. As you can see in New Sec. 2 of the bill, the definitions of “county” does not reflect this change. One way of addressing this is to raise the population in the definition to a higher figure. Given the reservations of the League’s policy makers about any change, I would request that the Committee not raise it to more than 40,000, if any change is made at all.

If the Chairman and Committee desire, I would be happy to walk you through the bill and discuss each of its sections. At this stage, we do have the following amendments to suggest:

- New Sec. 9 (page 6). In line 34, it should read “Any city or county...”

RECOMMENDATION: With this amendment, the League recommends the Committee support enactment of HB 2590. Please let me know if you have any questions.

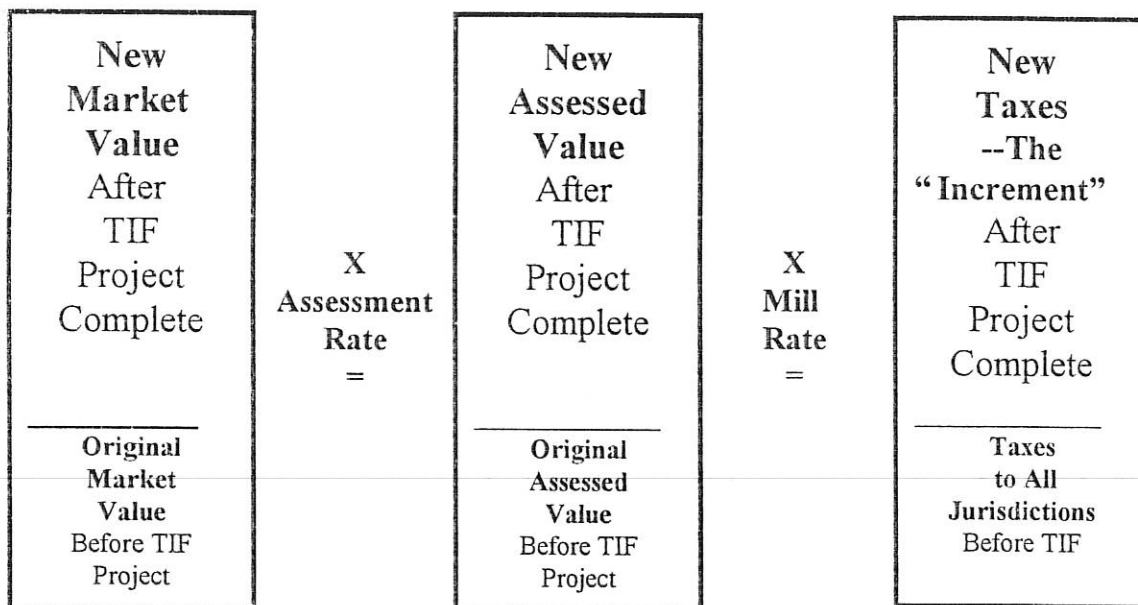
- ENCL.
- (1) Explanation and graphic representation of how tax increment financing works.
 - (2) Inventory by Legislative Post Audit of Tax Increment Financing Projects in Kansas as of 9/16/97.
 - (3) Listing of cities and counties eligible under HB 2590.
 - (4) Report on Tax Increment Financing of Joint Committee on Economic Development
 - (5) Listing of populations of Kansas counties.

“Tax Increment” Pays for Public Improvements (K.S.A. 12-1771)

Tax increment financing works because it allows part or all of the future growth in property tax revenue (i.e., the “tax increment”) resulting from a redevelopment district to be dedicated to paying the cost of a redevelopment project. K.S.A. 12-1771(h) provides for the collection and segregation of tax increment revenues in “...a special fund for the payment of the cost of the redevelopment project, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued to finance such project pursuant to this act and may be pledged to the payment of principal and interest on such bonds.”

For the purposes of the TIF Act, the term “increment” means that amount of ad valorem taxes collected from real property located within the redevelopment district 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 redevelopment district was established, as determined under the provisions of K.S.A. 12-1775. The “tax increment” includes the incremental increase in property tax revenues from the county, city, unified school district (except for the uniform state mill levy for schools in redevelopment districts established after July 1, 1997) and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created redevelopment district.

The following demonstrates how the increment is generated:



Source: *Economic Development Tools for Kansas Municipalities*, September, 1997, League of Kansas Municipalities.

Legislative Division of Post Audit

Performance Audit Report # 97-48.2

Tax Increment Financing in Kansas, Part II: Reviewing a Sample of Districts

APPENDIX A (Updated 9/16/97)

This appendix includes updated information provided by city officials for the majority of the 32 redevelopment districts in Kansas.

Information about the Redevelopment District			Information About the Projects				Information About the City-Provided Financing			Information About Property Value & Taxes Collected Through 8/97			
City	Date the redevelopment district was established	City officials said the land within the district had been designated as a/an:	Project name	Project description	Approximate size of development area	Current owner of property	Estimated total project cost	City officials plan to do the following work on this project:	City officials incurred the following debt to fund this work (through bond sale or other financing arrangement)	City officials said they decided to use tax increment financing for the project because:	The "frozen" base assessed value of the redevelopment district	The reported increase in property value (as of 1996)	Reported amount of additional taxes (increments) collected since district was created to pay off city debt for the project.
BROWN COUNTY Hiawatha			Nachtigal	Housing Development	2.8 acres	Dave Nachtigal	\$785,000	Build streets and install utilities	No bonds issued yet.	Hiawatha is a small rural community that needs housing and tax increment financing made it possible to fund required public improvements	\$4,025	No increase in property value yet	None generated yet
JOHNSON COUNTY Lenexa			Thompson Farm Preservation Project	Renovation of a historic home. A private developer has planned to build a commercial business adjacent to the historic farm property, but that development isn't included as part of the city's renovation of the farm.	2.3 acres for historic farmhouse and barn 83.5 acres for district	Lenexa	\$1,600,000	Renovate farm house, pay for architectural and engineering fees, surveying, and administrative, capitalized interest and legal costs for bonds	\$605,000	Because of the high cost of renovation, the private sector was not willing to invest in the project. Without renovation, development in the surrounding area might have been deterred.	\$3,178,017	No increase in property value yet	None collected yet
Moriam			Homestead Village	Construction of an extended-stay hotel	5.2 acres	Securities Capital Group	\$4,250,000	Grade the project site, construct a retaining wall, and install storm sewers.	\$546,000 (The City will not issue a bond for this amount, but will repay the developer for site related project costs.)	The site had been vacant for a number of years and was considered prohibitively expensive to develop. Developer asked for city's help in making site suitable for construction.	\$8,157,367	\$54,627	\$10,305
Moriam			Miriam Town Center	Construction of a retail shopping center.	65 acres	Diversified Developers Incorporated	\$50,000,000	Acquire property for site, provide relocation assistance, and pay site development costs.	\$9,600,000	The developer was willing to assume risk if the increment was not adequate for bond repayment. The developer purchased the bonds when they were issued.	\$957,241	\$11,450	\$1,080

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Information About the City	Information About the Redevelopment District			Information About the Project				Information About the City-Provided Financing			Information About Property Value Collected Through Bonds		
	Date the redevelopment district was established	City officials said the land within the district had been designated as an:	Project name	Project description	Approximate size of development area	Current owner of property	Estimated total project cost	City officials plan to do the following work on this project:	City officials incurred the following debt to fund this work (through bond sale or other financing arrangement)	City officials said they decided to use tax increment financing for the project because:	The "frozen" base assessed value of the redevelopment district	The reported increase in property value (as of 1996)	Reported amount of additional taxes (increments) collected since district was created to pay off city debt for the project.
Olatha	3/7/95	Enterprise Zone	Strang Line Project/119th and I-35	Construction of retail shopping center.	44 acres	Strang Line Development and Home Depot	\$4,057,200 (includes City portion and some developer financing)	Planned Usos: Acquire commercial buildings, relocate owners and tenants, demolish existing structures, grade project site, construct road, and pay for environmental and legal studies.	No bonds issued yet; however, City plans to issue about \$3,600,000 in bonds.	The area had fractured ownership, environmental contamination, problematic zoning, and limited access, which made development very expensive for a private developer.	\$835,663	\$85,000	\$12,446
Prairie Village	2/3/97	Conservation Area	Brighton Gardens	Construction of an assisted-living facility.	6 acres	Marrill Corp.	\$10,500,000	Assist developer in paying for property acquisition.	No bonds issued; City's share of project costs unknown.	The developer had lots of things to pay for and needed assistance from the City. Some of the developer's costs were for relocation allowance, environmental tests, demolition of 15 structures, and legal and environmental consultants.	County doesn't have this information available yet.	Not available	Not available
Roeland Park	5/11/91	Enterprise Zone	Project Area I - Old Downtown	Renovation of retail shopping area and construction of large retail store	10 acres	Developer was Roeland Park Investment Group. Property is owned by Executive Hills Corp.	Not Available	Relocate water mains, sewer and utility lines, pay right-of-way costs, and acquire land.	\$500,000	The developer asked for the City's assistance, and other City funds weren't readily available.	\$583,952	\$1,316,718(a)	\$498,205
Roeland Park	1/29/92	Blighted Area	Project Area II - Park land	Construction of small city park adjacent to a McDonald's restaurant	1/2 acre	City owns land. It and was bought from Gouliab Trust which owns land in the remaining portion of the redevelopment district	Not Available	Acquire property for project site, pay for site improvements (sprinkler system and benches) and possibly provide park equipment, if it is not donated	\$200,000	City officials decided tax increment financing was best means of financing small project.	\$14,929	\$183,692(a)(b)	\$32,090

(a) Full year values are from 1995

(b) City will use property tax increment from McDonald's to pay off bonds.

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Information about the Redevelopment District			Information About the Project				Information About the City-Provided Financing			Information About Property Value & Taxes Collected Through 8/97			
City	Date the redevelopment district was established	City officials said the land within the district had been designated as a/an:	Project name	Project description	Approximate size of development area	Current owner of property	Estimated total project cost	City officials plan to do the following work on this project:	City officials incurred the following debt to fund this work (through bond sale or other financing arrangement)	City officials said they decided to use tax increment financing for the project because:	The "frozen" base assessed value of the redevelopment district	The reported increase in property value (as of 1996)	Reported amount of additional taxes (increments) collected since district was created to pay off city debt for the project.
LEAVENWORTH COUNTY													
Leavenworth	1/8/91	Enterprise Zone	Wal Mart	Construction of new Wal Mart store	13 - 15 acres	Wal Mart	\$5,200,000	Grade the project site so construction could occur.	\$1,205,000	The project site needed more grading, more than Wal Mart was willing to finance. Wal-mart said it would move to Lansing if this site couldn't be made ready for a new store.	No base value because property was tax exempt before development.	\$1,556,248	\$710,033
Leavenworth	5/21/96	Enterprise Zone	Downtown Redevelopment	Construction of new car dealership	2.5 acres	Henry Martons	\$1,170,000	The city used its power of eminent domain to condemn property which was traded to a developer for a similar-sized tract of land.	The City spent nearly \$120,000 to acquire property through condemnation. It then traded that property for a nearby property owned by this project's developer. The City will then use the property for another economic development project.	The city used the power of eminent domain allowed by the tax increment law to condemn property, which was traded to the developer of the car dealership.	Not applicable	Not applicable	Not applicable
RENO COUNTY													
Hutchinson	10/20/94	An environmental contaminated area	4th and Carey Remedial Investigation/ Feasibility Study	Feasibility study to determine property owners' level of responsibility for district's groundwater contamination	1,300 acres	Numerous	Not determined	Planned Uses for Phase II: Pay for remediation and containment clean up costs	The City will incur no cost for the feasibility study phase of the project because potentially responsible parties have agreed to contribute up to \$2 million to complete this phase	The city needed to clean up a large area of contamination	\$9,143,635	There is no increase in value (a)	\$377,444

(a) An environmental tax increment district is created to enable a city to clean up an environmental problem and keep property values from dropping drastically. The amount of taxes captured as the environmental increment is determined each year through a city's budget process; however, the amount cannot exceed 20% of the tax revenues collected from the district in the base year (the year the district is established). This increment is deducted from the moneys generally available to the city, county, and school district(s).

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Information City	Information About the Redevelopment District		Information About the Projects				Information About the City Provided Financing			Information About Property V Collected Through &			
	Date the redevelopment district was established	City officials said the land within the district had been designated as a/an:	Project name	Project description	Approximate size of development area	Current owner of property	Estimated total project cost	City officials plan to do the following work on this project:	City officials incurred the following debt to fund this work (through bond sale or other financing arrangement)	City officials said they decided to use tax increment financing for the project because:	The "frozen" base assessed value of the redevelopment district	The reported increase in property value (as of 1996)	Reported amount of additional taxes (increments) collected since district was created to pay off city debt for the project.
RILEY COUNTY													
Manhattan	1993	Blighted Area	Downtown Redevelopment/Town Center Mall and Colony Square Office Complex	Construction of Colony Square Office Project, construction of downtown mall, and streetscape improvements.	15 square block area	Many owners	\$56,000,000	Acquire land for the Colony Square Office Park project, relocate private businesses, pay for streetscape improvements, and construct a public plaza and acquire property and relocate occupants of the Town Center Mall site.	\$9,270,000	The city needed to leverage federal Urban Development Action Grant funds.	\$2,688,848	\$8,644,541	\$7,073,000
SEDGWICK COUNTY													
Wichita	1993	Blighted area	Old Town Redevelopment Project	Downtown shopping and restaurant area with farm and art market	8 square block area	Several owners	\$11,000,000	Build streets, parking facility, boardwalks, and install street lights.	\$1,000,000 (This is an estimate. The City hasn't sold bonds yet)	The city needed to raise funds for public/private economic development package	\$1,061,871	Because the City hasn't finalized the project plan, the increased assessed value hasn't been calculated yet. Once the plan is finalized and bonds sold, the tax increment will begin to be collected.	\$80,816 (est. for 1997)
Wichita	1995	Blighted area	East Bank	Hotel complex	less than one square mile	Hyatt Regency hotel	\$30,000,000	Construct a 500-car parking garage, a public park, and make street improvements.	About \$6,000,000	The city needed to collect funds for public/private economic development package	Unknown	Because the City hasn't finalized the project plan, the increased assessed value hasn't been calculated yet. Once the plan is finalized and bonds sold, the tax increment will begin to be collected.	None

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Information about the Redevelopment District			Information About the Projects					Information About the City-Provided Financing			Information About Property Value & Taxes Collected Through 6/37		
City	Date the redevelopment district was established	City officials said the land within the district had been designated as a/an:	Project name	Project Description	Approximate size of development area	Current owner of property	Estimated total project cost	City officials plan to do the following work on this project:	City officials incurred the following debt to fund this work (through bond sale or other financing arrangement)	City officials said they decided to use tax increment financing for the project because:	The "frozen" base assessed value of the redevelopment district	The reported increase in property value (as of 1996)	Reported amount of additional taxes (increments) collected since district was created to pay off city debt for the project
Wichita	1995	Blighted area	21st & Grove	Strip mall, branch bank, Cussna training facility	less than one square mile	Several owners	\$17,000,000	Acquire and prepare project site for Cussna training facility.	\$700,000	The city needed to raise city funds for public/private economic development in an area of the City with a long history of blight	Unknown	Because the City hasn't finalized the project plan, the increased assessed value hasn't been calculated yet. Once the plan is finalized and bonds sold, the tax increment will begin to be collected.	None
Wichita	1996	Environmentally contaminated area	North Industrial Corridor	Clean up groundwater contamination	More than six square miles	Several owners	Not to exceed \$22,140,738	Study the costs of groundwater contamination clean-up and provide remediation.	Unknown at this time	The city needed to clean up a large area of contamination	Unknown	There is no increase in value (a)	\$440,000 collected so far to be used for environmental contamination study and remediation
Wichita	1996	Blighted area	West Bank	Development of land adjacent to City Ice rink	10 acres	None yet	\$17,000,000	Pay for site preparation and development costs.	\$600,000	The city needed to raise City funds for public/private economic development.	Unknown	Because the City hasn't finalized the project plan, the increased assessed value hasn't been calculated yet. Once the plan is finalized and bonds sold, the tax increment will begin to be collected	
Wichita	1991	Environmentally Contaminated Area	Gilbert/Musley	Clean up groundwater contamination	More than four square miles	Several owners	Not to exceed \$22,575,000	Study the costs of groundwater contamination clean-up and provide remediation.	Unknown at this time	The city needed to clean up a large area of contamination	Unknown	There is no increase in value (a)	\$1,458,384 collected so far to be used for study and environmental remediation

(a) An environmental tax increment district is created to enable a city to clean up an environmental problem and keep property values from dropping drastically. The amount of taxes captured as the environmental increment is determined each year through a city's budget process; however, the amount cannot exceed 20% of the tax revenues collected from the district in the base year (the year the district is established). This increment is deducted from the monies generally available to the city, county, and school district(s).

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Informing City	Information About the Redevelopment District			Information About the Projects				Information About the City-Provided Financing			Information About Property Taxes Collected Through the Project		
	Date the redevelopment district was established	City officials said the land within the district had been designated as a/an:	Project name	Project description	Approximate size of development area	Current owner of property	Estimated total project cost	City officials plan to do the following work on this project:	City officials incurred the following debt to fund this work (through bond sale or other financing arrangement)	City officials said they decided to use tax increment financing for the project because:	The "frozen" base assessed value of the redevelopment district	The reported increase in property value (as of 1996)	Reported amount of additional taxes (increments) collected since district was created to pay off city debt for the project.
SHAWNEE COUNTY													
	1990	This district doesn't have a project, so no increment is being collected.	Water Tower Place										
Topoka Topoka	3/1/83	Enterprise Zone	Central Business District Gateway (Santa Fe Building Site)	Construction of new office building	3.315 acres	Santa Fe Railroad	\$5,086,464	Acquire properties, relocate occupants, demolish existing structures, prepare project site, reconstruct streets and provide utilities and drainage easements	n/a	Because tax increment financing was convenient and in the public interest.	Unknown	Unknown	Short term bonds were paid off in 1989 by Santa Fe
WYANDOTTE COUNTY													
Kansas City	10/15/91	Blighted Area	Pala Vista	Construction of residential housing.	5.8 acres	Bud Townsend and Frank Rueter, Construction Management Company, Inc.	\$2,250,000	Acquire project site, demolish existing structures, install utilities, grade and prepare project site, and construct streets.	\$335,000 of self financing by City	The developer wouldn't have done the project without tax increment financing.	\$37,821	\$223,738	\$106,247
Kansas City	8/12/92	Enterprise Zone	I-635 Industrial Park	Development of industrial park.	38.6 acres	D.L. Sandifer, Sandifer Leasing, Inc.	\$1,819,274	Install sewers and water main and construct streets.	\$529,274	The developer wouldn't have done the project without tax increment financing.	\$77,076	\$271,933	\$81,392
Kansas City	11/9/94	Blighted Area	Mt Zion	Renovation of Existing Apartments and Residential Subdivision	37.9 acres	Mt. Zion Economic Development Foundation and Gateway Housing L.P.	\$9,050,000	Planned Uses: Acquire project site, demolish existing structures, prepare project site, and make public infrastructure improvements	Not Issued Yet	The developer wouldn't have done the project without tax increment financing.	\$216,959	No known increase yet	First increment will be collected in 1997
Kansas City	11/9/94	Enterprise Zone	Gateway Gardens	Office Building leased to Environmental Protection Agency and provide residential housing	4.2 acres	Koll Realty	\$31,000,000	Planned Uses: Demolish existing structures and make proposed public improvements.	Not Issued Yet	The developer wouldn't have done the project without tax increment financing.	\$36,583	No known increase yet	First increment will be collected in 1997.

11-1

12-11

Information about the Redevelopment District			Information About the Projects					Information About the City-Provided Financing			Information About Property Value & Taxes Collected Through 8/97		
City	Date the redevelopment district was established	City officials said the land within the district had been designated as a/an:	Project name	Project Description	Approximate size of development area	Current owner of property	Estimated total project cost	City officials plan to do the following work on this project:	City officials incurred the following debt to fund this work (through bond sale or other financing arrangement)	City officials said they decided to use tax increment financing for the project because:	The "frozen" base assessed value of the redevelopment district	The reported increase in property value (as of 1996)	Reported amount of additional taxes (increments) collected since district was created to pay off city debt for the project.
Kansas City	12/7/95	Enterprise Zone	East Armourdale	Warehouse Facility	10 acres	Bill Wilhite: Prime Investment Company	\$2,500,000	Planned Uses: Acquire project site, demolish existing structures, and clear and prepare project site.	Not Issued Yet	The developer wouldn't have done the project without tax increment financing.	No assessed value.	No known increase yet	First increment will be collected in 1997.
Kansas City	1/10/96	Enterprise Zone	East Kansas Avenue/ Armourdale	Industrial Park	2 acres	Jim Thompson: Thompson Put Pasta	\$825,000	Acquire project site and demolish existing structures.	Not Issued Yet	The developer wouldn't have done the project without tax increment financing.	\$22,480	No known increase yet	First increment will be collected in 1997.
Kansas City	6/26/98	Enterprise Zone	Freeway Corporate Center	Office and Industrial Park	31.67 acres	D.L. Sandifer: Sandifer Leasing, Inc.	\$23,280,000	Planned Uses: Make public infrastructure improvements and prepare project site.	Not Issued Yet	The developer wouldn't have done the project without tax increment financing.	\$690,725	No known increase yet	First increment will be collected in 1997.
Kansas City	2/21/98	Enterprise Zone	Meadowbrook	Apartments, Office, and Warehouse	55.8 acres	Walsh Companies	\$29,050,000	Planned Uses: Acquire project site and grade and prepare site	Not Issued Yet	The developer wouldn't have done the project without tax increment financing.	\$17,347	No known increase yet	First increment will be collected in 1997.
Kansas City	12/7/95	Blighted Area	MI Carmel	New Housing Development	40 acres	Mt. Carmel Redevelopment Corporation	Private construction costs = \$3,584,000 Public costs = To be determined	Planned Use: Make public infrastructure improvements.	Temporary Notes = \$250,000	The project area didn't lend itself to successful marketing of infill housing.	\$81,094	No known increase yet	None
Kansas City	10/5/95	Blighted Area	Turtle Hill	Combination of rehabilitation of existing homes and new infill housing	79 acres	City Vision in conjunction with Turtle Hill	Private construction costs = \$5,813,000 Public costs = To be determined	Planned Use: Make public infrastructure improvements.	None at this time	The developer wouldn't have done the project without tax increment financing.	\$572,579	No known increase yet	None
Kansas City	2/12/97	Enterprise Zone	Woodend	Industrial Development	19.1 Acres	K.C. Peterbilt	\$2,500,000	Acquisition and site preparation	Not Issued Yet	The developer wouldn't have done the project without tax increment financing.	\$10,188	No known increase yet	None
Kansas City	District in place, but City didn't have exact data at time of this report.	Blighted Area	All America City Infill Redevelopment District	New Housing Subdivision	50.5 acres	Kansas City and Community Builder of Kansas City, Missouri.	\$8,500,000	Planned Uses: Acquire project site, relocate owners and residents, demolish existing structures and make public infrastructure improvements.	None at this time	The developer wouldn't have done the project without tax increment financing.	Unknown	No known increase yet	None

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1-12

The following tables list Counties and Cities
QUALIFYING UNDER
HB 2590

Total Qualifying Counties:	83
Total Qualifying Cities:	553

Below are Counties qualifying under HB 2590
because their population is less than 25,000

County:	Population:
ALLEN COUNTY	14794
ANDERSON COUNTY	7905
ATCHISON COUNTY	16755
BARBER COUNTY	5609
BOURBON COUNTY	14863
BROWN COUNTY	11031
CHASE COUNTY	2917
CHAUTAUQUA COUNTY	4372
CHEROKEE COUNTY	22054
CHEYENNE COUNTY	3266
CLARK COUNTY	2409
CLAY COUNTY	9266
CLOUD COUNTY	10516
COFFEY COUNTY	8651
COMANCHE COUNTY	2151
DECATUR COUNTY	3586
DICKINSON COUNTY	19726
DONIPHAN COUNTY	7625
EDWARDS COUNTY	3557
ELK COUNTY	3332
ELLSWORTH COUNTY	6459
FRANKLIN COUNTY	23208
GOVE COUNTY	3162
GRAHAM COUNTY	3390
GRANT COUNTY	7676
GRAY COUNTY	5380
GREELEY COUNTY	1803
GREENWOOD COUNTY	7995
HAMILTON COUNTY	2311
HARPER COUNTY	6694
HASKELL COUNTY	3994
HODGEMAN	2242
JACKSON COUNTY	11634
JEFFERSON COUNTY	16822
JEWELL COUNTY	3943
KEARNY COUNTY	4139
KINGMAN COUNTY	8469
KIOWA COUNTY	3605

LABETTE COUNTY	23149
LANE COUNTY	2322
LINCOLN COUNTY	3454
LINN COUNTY	8571
LOGAN COUNTY	3145
MARION COUNTY	13077
MARSHALL COUNTY	11271
MEADE COUNTY	4289
MIAMI COUNTY	24722
MITCHELL COUNTY	7080
MORRIS COUNTY	6321
MORTON COUNTY	3399
NEMAHA COUNTY	10443
NEOSHO COUNTY	16967
NESS COUNTY	3840
NORTON COUNTY	5744
OSAGE COUNTY	16325
OSBORNE COUNTY	4695
OTTAWA COUNTY	5635
PAWNEE COUNTY	7721
PHILLIPS COUNTY	6362
POTTAWATOMIE COUNTY	17407
PRATT COUNTY	9605
RAWLINS COUNTY	3299
REPUBLIC COUNTY	6240
RICE COUNTY	10321
ROOKS COUNTY	5936
RUSH COUNTY	3566
RUSSELL COUNTY	7668
SCOTT COUNTY	5157
SEWARD COUNTY	19123
SHERIDAN COUNTY	2826
SHERMAN COUNTY	6886
SMITH COUNTY	4806
STAFFORD COUNTY	5232
STANTON COUNTY	2299
STEVENS COUNTY	5177
THOMAS COUNTY	8341
TREGO COUNTY	3470
WABAUNSEE COUNTY	6638
WALLACE COUNTY	1816
WASHINGTON COUNTY	6810
WICHITA COUNTY	2886
WILSON COUNTY	10314
WOODSON COUNTY	4020

Below are Cities
qualifying under HB
2590 because their
population is less
than 40,000 and are
in Counties of less
than 60,000

City:	Popul ation:
ABILENE	6727
ADMIRE	193
AGENDA	76
AGRA	366
ALBERT	222
ALDEN	176
ALEXANDER	67
ALLEN	225
ALMA	872
ALMENA	384
ALTA VISTA	464
ALTAMONT	1032
ALTON	118
ALTOONA	457
AMERICUS	936
ANDOVER	4991
ANTHONY	2376
ARCADIA	313
ARGONIA	591
ARKANSAS CITY	12480
ARMA	1545
ASHLAND	984
ASSARIA	402
ATCHISON	10638
ATHOL	67
ATLANTA	246
ATTICA	630
ATWOOD	1342
AUGUSTA	8439
AURORA	93
AXTELL	379
BARNARD	146
BARNES	167
BARTLETT	97
BASSETT	21
BAXTER SPRINGS	4365
BAZINE	373
BEATTIE	222

BELLE PLAINE	1730
BELLEVILLE	2361
BELOIT	4052
BELPRE	123
BELVUE	228
BENEDICT	101
BENNINGTON	590
BENTON	724
BERN	192
BEVERLY	122
BIRD CITY	529
BISON	239
BLUE MOUND	225
BLUE RAPIDS	1135
BLUFF CITY	50
BOGUE	142
BREWSTER	288
BRONSON	313
BROOKVILLE	229
BROWNELL	39
BUCKLIN	734
BUFFALO	319
BUNKER HILL	120
BURDEN	574
BURDETT	227
BURLINGAME	1115
BURLINGTON	2903
BURNS	289
BURR OAK	270
BURRTON	974
BUSHONG	56
BUSHTON	325
BYERS	47
CALDWELL	1350
CAMBRIDGE	57
CANEY	2084
CANTON	862
CARBONDALE	1667
CARLTON	39
CASSODAY	120
CAWKER CITY	576
CEDAR	22
CEDAR POINT	36
CEDAR VALE	704
CENTRALIA	420
CHANUTE	9498
CHAPMAN	1290

CHASE	520
CHAUTAUQUA	129
CHEROKEE	713
CHERRYVALE	2471
CHETOPA	1243
CIMARRON	1715
CIRCLEVILLE	146
CLAFLIN	675
CLAY CENTER	4786
CLAYTON	88
CLIFTON	556
CLIMAX	65
CLYDE	731
COATS	123
COFFEYVILLE	12191
COLBY	5625
COLDWATER	852
COLLYER	118
COLONY	387
COLUMBUS	3367
CONCORDIA	5897
CONWAY	1408
SPRINGS COOLIDGE	88
COPELAND	276
CORNING	140
COTTONWOOD FALLS	798
COUNCIL GROVE	2278
COURTLAND	327
COYVILLE	75
CUBA	228
CULLISON	119
CULVER	169
CUNNINGHAM	534
DAMAR	103
DANVILLE	54
DEARING	407
DEERFIELD	710
DELIA	135
DELPHOS	488
DENISON	246
DENTON	149
DEXTER	366
DIGHTON	1342
DODGE CITY	22033
DORRANCE	202
DOUGLASS	1839

DOWNS	1043
DRESDEN	59
DUNLAP	67
DURHAM	109
DWIGHT	383
EARLTON	68
EDMOND	34
EDNA	436
EFFINGHAM	571
EL DORADO	12032
ELBING	171
ELGIN	102
ELK CITY	335
ELK FALLS	124
ELKHART	2265
ELLINWOOD	2226
ELLIS	1828
ELLSWORTH	2827
ELMDALE	91
ELSMORE	86
ELWOOD	810
EMMETT	187
EMPORIA	25522
ENGLEWOOD	94
ENSIGN	202
ENTERPRISE	961
ERIE	1278
ESBON	152
ESKRIDGE	530
EUREKA	2884
EVEREST	268
FAIRVIEW	269
FALL RIVER	137
FLORENCE	626
FONTANA	136
FORD	257
FORMOSO	95
FORT SCOTT	8086
FOWLER	548
FRANKFORT	916
FREDERICK	17
FREDONIA	2583
FREEPORT	10
FRONTENAC	2793
FULTON	189
GALATIA	45
GALENA	3376

GALESBURG	170
GALVA	677
GARDEN CITY	24902
GARFIELD	245
GARNETT	3252
GAS CITY	589
GAYLORD	147
GEM	106
GENESEO	386
GEUDA SPRINGS	205
GIRARD	2756
GLADE	72
GLASCO	545
GLEN ELDER	444
GOESSEL	541
GOFF	157
GOODLAND	5034
GORHAM	285
GOVE CITY	99
GRAINFIELD	334
GRANDVIEW	1372
GREAT BEND	15144
GREELEY	393
GREEN	154
GREENLEAF	330
GREENSBURG	1747
GRENOLA	244
GRIDLEY	337
GRINNELL	343
GYPSUM	367
HADDAM	179
HALSTEAD	2159
HAMILTON	355
HAMLIN	44
HANOVER	654
HANSTON	318
HARDTNER	195
HARPER	1627
HARRIS	38
HARTFORD	504
HARVEYVILLE	259
HAVANA	86
HAVENSVILLE	142
HAVILAND	625
HAYS	18632
HAZELTON	85
HEPLER	117

HERINGTON	2643
HERNDON	160
HESSTON	3078
HIAWATHA	3550
HIGHLAND	951
HILL CITY	1768
HILLSBORO	2680
HOISINGTON	3246
HOLCOMB	1823
HOLLENBERG	26
HOLTON	3253
HOLYROOD	472
HOPE	420
HORACE	173
HORTON	1847
HOWARD	852
HOXIE	1279
HOYT	517
HUDSON	152
HUGOTON	3240
HUMBOLDT	2211
HUNNEWELL	90
HUNTER	99
HURON	73
INDEPENDENC	9909
INGALLS	306
INMAN	1072
IOLA	6336
ISABEL	99
IUKA	169
JAMESTOWN	328
JENNINGS	167
JETMORE	892
JEWELL	488
JOHNSON CITY	1326
JUNCTION CITY	20380
KANOPOLIS	614
KANORADO	281
KENSINGTON	468
KINCAID	193
KINGMAN	3302
KINSLEY	1785
KIOWA	1129
KIRWIN	250
KISMET	410
LABETTE	75
LACROSSE	1384

LACYGNE	1219
LAHARPE	718
LAKIN	2156
LANCASTER	314
LANE	304
LARNED	4474
LATHAM	203
LATIMER	19
LEBANON	369
LEBO	908
LEHIGH	203
LENORA	335
LEON	738
LEONA	35
LEOTI	1802
LEROY	545
LEWIS	376
LIBERAL	16949
LIBERTY	133
LIEBENTHAL	112
LINCOLN	1274
LINCOLNVILLE	192
LINDSBORG	3272
LINN	396
LITTLE RIVER	536
LOGAN	578
LONE ELM	32
LONG ISLAND	164
LONGFORD	68
LONGTON	380
LORRAINE	138
LOST SPRINGS	80
LOUISBURG	2499
LOUISVILLE	244
LUCAS	444
LURAY	233
LYNDON	1065
LYONS	3494
MACKSVILLE	516
MADISON	876
MAHASKA	130
MANCHESTER	84
MANKATO	977
MANTER	181
MAPLE HILL	400
MAPLETON	100
MARION	1977

MARQUETTE	550
MARYSVILLE	3275
MATFIELD	30
MAYETTA	271
MAYFIELD	118
McCRACKEN	207
McCUNE	425
McDONALD	178
McFARLAND	265
McLOUTH	883
McPHERSON	12937
MEADE	1545
MEDICINE	2305
MELVERN	438
MENLO	51
MERIDEN	719
MILAN	110
MILDRED	45
MILFORD	672
MILTONVALE	470
WEST MINERAL	240
MINNEAPOLIS	1940
MINNEOLA	750
MOLINE	478
MONTEZUMA	745
MORAN	511
MORGANVILLE	185
MORLAND	248
MORRILL	292
MORROWVILLE	161
MOSCOW	262
MOUND CITY	806
MOUND VALLEY	404
MOUNDRIDGE	1568
MULBERRY	530
MULLINVILLE	283
MULVANE	5101
MUNDEN	137
MUSCOTAH	161
NARKA	107
NASHVILLE	120
NATOMA	356
NEODESHA	2817
NEOSHO	147
NEOSHO	235
NESS CITY	1638
NETAWAKA	156

NEW ALBANY	60
NEW CAMBRIA	163
NEW STRAWN	476
NEWTON	17011
NIOTAZE	99
NORCATUR	161
NORTH	1284
NORTON	2906
NORTONVILLE	670
NORWICH	489
OAK HILL	12
OAKLEY	2106
OBERLIN	1977
OFFERLE	198
OKETO	115
OLIVET	70
OLMITZ	141
OLPE	482
OLSBURG	207
ONAGA	861
ONEIDA	85
OSAGE CITY	2720
OSAWATOMIE	4758
OSBORNE	1744
OSKALOOSA	1122
OSWEGO	1927
OTIS	339
OTTAWA	11419
OVERBROOK	948
OXFORD	1194
OZAWKIE	478
PALCO	268
PALMER	123
PAOLA	5527
PARADISE	49
PARK	144
PARKER	275
PARKERVILLE	27
PARSONS	11473
PAWNEE ROCK	352
PAXICO	177
PEABODY	1371
PENALOSA	19
PERRY	882
PERU	227
PHILLIPSBURG	2711
PITTSBURG	18483

PLAINS	955
PLAINVILLE	2192
PLEASANTON	1298
POMONA	1107
PORTIS	126
POTWIN	481
POWHATTAN	103
PRAIRIE VIEW	101
PRATT	6701
PRESCOTT	284
PRESTON	173
PRINCETON	425
PROTECTION	579
QUENEMO	429
QUINTER	935
RADIUM	45
RAMONA	110
RANDALL	83
RANSOM	381
RANTOUL	262
RAYMOND	117
READING	309
REDFIELD	132
REPUBLIC	170
RESERVE	90
REXFORD	183
RICHFIELD	47
RICHMOND	573
ROBINSON	285
ROLLA	379
ROSE HILL	2986
ROSELAND	88
ROZEL	191
RUSH CENTER	148
RUSSELL	4760
RUSSELL	28
SABETHA	2354
ST FRANCIS	1442
ST GEORGE	465
ST JOHN	1335
ST MARYS	1884
ST PAUL	679
SATANTA	1196
SAVONBURG	108
SAWYER	142
SCAMMON	467
SCANDIA	405

SCHOENCHEN	161
SCOTT CITY	3731
SCOTTSVILLE	26
SCRANTON	722
SEDAN	1286
SEDGWICK	1624
SELDEN	218
SENECA	1991
SEVERANCE	91
SEVERY	354
SEWARD	59
SHARON	229
SHARON	871
SIMPSON	104
SMITH CENTER	1956
SMOLAN	214
SOLDIER	120
SOLOMON	1035
SOUTH HAVEN	394
SPEARVILLE	754
SPEED	65
SPIVEY	89
SPRING HILL	2487
STAFFORD	1326
STARK	85
STERLING	2248
STOCKTON	1503
STRONG CITY	633
SUBLETTE	1423
SUMMERFIELD	160
SUN CITY	99
SUSANK	60
SYLVAN	274
SYRACUSE	1541
TAMPA	95
TESCOTT	343
THAYER	455
TIMKEN	72
TIPTON	251
TORONTO	321
TOWANDA	1431
TREECE	180
TRIBUNE	917
TROY	1049
TYRO	232
UDALL	820
ULYSSES	5859

UNICNTOWN	301
UTICA	195
VALLEY FALLS	1285
VERMILLION	106
VICTORIA	1211
VINING	56
VIRGIL	86
WAKEENEY	2016
WAKEFIELD	1040
WALDO	48
WALDRON	17
WALLACE	74
WALNUT	188
WALTON	284
WAMEGO	4435
WASHINGTON	1277
WATERVILLE	561
WATHENA	1130
WAVERLY	710
WEBBER	39
WEIR	776
WELLINGTON	8575
WELLSVILLE	1838
WESTMORELA	639
WESTPHALIA	149
WETMORE	306
WHEATON	111
WHITE CITY	529
WHITE CLOUD	253
WHITEWATER	701
WHITING	189
WILLARD	106
WILLIAMSBUR	305
WILLIS	85
WILMORE	74
WILSEY	149
WILSON	816
WINCHESTER	609
WINDOM	115
WINFIELD	12090
WINONA	193
WOODBINE	191
WOODSTON	117
YATES	1737
CENTER	
ZENDA	95
ZURICH	150

The following tables list Counties and Cities NOT QUALIFYING under HB 2590

Total Non-qualifying Counties:	22
Total Non-qualifying Cities:	74

Below are Counties not qualifying under HB 2590 because their population exceeds 25,000

County:	Population:
BARTON COUNTY	28897
BUTLER COUNTY	55736
COWLEY COUNTY	37240
CRAWFORD COUNTY	36333
DOUGLAS COUNTY	88032
ELLIS COUNTY	26651
FINNEY COUNTY	34726
FORD COUNTY	28477
GEARY COUNTY	31099
HARVEY COUNTY	31727
JOHNSON COUNTY	392272
LEAVENWORTH COUNTY	68853
LYON COUNTY	34704
MCPHERSON COUNTY	28101
MONTGOMERY COUNTY	37706
RENO COUNTY	62551
RILEY COUNTY	73119
SALINE COUNTY	51434
SEDGWICK COUNTY	420037
SHAWNEE COUNTY	165122
SUMNER COUNTY	26436
WYANDOTTE COUNTY	155072

Below are Cities not qualifying under HB 2590 because their population exceeds 40,000, or because they are in Counties with populations greater than 60,000

City:	Populati	County Location:
ABBYVILLE	170	Reno
ANDALE	638	Sedgwick
ARLINGTON	486	Reno
AUBURN	953	Shawnee
BALDWIN CITY	3654	Douglas
BASEHOR	1766	Leavenworth
BEL AIRE	4602	Sedgwick
BENTLEY	411	Sedgwick
BONNER SPRINGS	7118	Johnson & Wyandotte

BUHLER	1381	Reno
CHENEY	2033	Sedgwick
CLEARWATER	2165	Sedgwick
COLWICH	1134	Sedgwick
COUNTRYSIDE	342	Johnson
DERBY	16588	Sedgwick
DESOTO	2475	Johnson
EASTBOROUGH	885	Sedgwick
EASTON	448	Leavenworth
EDGERTON	1383	Johnson
EDWARDSVILLE	3554	Wyandotte
EUDORA	3818	Douglas
FAIRWAY	4124	Johnson
GARDEN PLAIN	916	Sedgwick
GARDNER	4277	Johnson
GODDARD	1864	Sedgwick
HAVEN	1252	Reno
HAYSVILLE	8561	Sedgwick
HUTCHINSON	39770	Reno
KANSAS CITY	144266	Wyandotte
KECHI	827	Sedgwick
LAKE QUIVIRA	1049	Johnson &
LANGDON	66	Reno
LANSING	7967	Leavenworth
LAWRENCE	71721	Douglas
LEAVENWORTH	42250	Leavenworth
LEAWOOD	24852	Johnson
LECOMPTON	832	Douglas
LENEXA	36990	Johnson
LEONARDVILLE	401	Riley
LINWOOD	470	Leavenworth
MANHATTAN	43836	Pottawatomie & Riley
MAIZE	1666	Sedgwick
MERRIAM	13095	Johnson
MISSION	9145	Johnson
MISSION HILLS	3633	Johnson
MISSION WOODS	158	Johnson
MOUNT HOPE	1092	Sedgwick
NICKERSON	1164	Reno
OGDEN	1299	Riley
OLATHE	72455	Johnson
OVERLAND PARK	125225	Johnson
PARK CITY	5375	Sedgwick
PARTRIDGE	240	Reno
PLEVNA	124	Reno
PRAIRIE VILLAGE	23056	Johnson
PRETTY PRAIRIE	658	Reno

RANDOLPH	146	Riley
RILEY	871	Riley
ROELAND PARK	7530	Johnson
ROSSVILLE	1032	Shawnee
SALINA	44167	Saline
SHAWNEE	40471	Johnson
SILVER LAKE	1456	Shawnee
SOUTH HUTCHINSON	2355	Reno
SYLVIA	317	Reno
TONGANOXIE	3100	Leavenworth
TOPEKA	120645	Shawnee
TURON	480	Reno
VALLEY CENTER	3942	Sedgwick
VIOLA	192	Sedgwick
WESTWOOD	1793	Johnson
WESTWOOD HILLS	424	Johnson
WICHITA	310238	Sedgwick
WILLOWBROOK	93	Reno

Tax Increment Financing*

SUMMARY: The Joint Committee on Economic Development recommends the introduction of legislation to apply tax increment financing to the development and renovation of housing in rural areas of Kansas experiencing housing shortages. Specifically, the proceeds of special obligation bonds could be used to finance certain public improvements in support of housing projects. The bonded indebtedness would be repaid from tax increments and other specified sources.

BACKGROUND

Statutory History. Tax increment financing (TIF) was initially enacted by the 1976 Legislature to aid in the redevelopment of blighted commercial areas of central cities. The law was subsequently amended to extend that application to: central business districts (1979); certain enterprise zones (1982); redevelopment districts (1989); environmental contamination areas (1991); conservation areas (1996); and major tourism areas (1993 for the Oz Theme Park and 1997 for other areas).

Definition and Purpose. TIF is a statutory procedure available to cities in Kansas to encourage the redevelopment of areas that are blighted, at risk of becoming blighted, or environmentally contaminated. Redevelopment is encouraged through cities sharing with developers some of the financial responsibility associated with the redevelopment project. Cities may coordinate with non-governmental developers to undertake redevelopment projects in central business districts and other areas that meet statutory criteria. Such projects may include acquisition of a site or sites and existing structures thereon, razing such structures, undertaking infrastructure improvements adjacent thereto, and related public parking areas.

Bonds. Financing is available from the proceeds of bonds issued by the city. Such bonds are primarily secured by the incremental increase in property valuation and increased county franchise fees and sales taxes within the redevelopment district (described below) as a result of the rehabilitation. However, these bonds, under certain circumstances, may be

general obligations of the city. The city may sell or lease property acquired for redevelopment purposes to developers, but may not (with limited statutory exceptions) finance with bonds the construction of or improvements to buildings or structures to be owned by developers.

Tax Increment/Method of Repayment. The primary source of repayment of the bonded indebtedness is the tax increment generated from the redevelopment project. The assessed valuation of all property in the redevelopment district is frozen for tax purposes for up to 20 years. Throughout the construction process and after the project is completed, the developer is required to pay property taxes based on the full value of the property and not just on the value that is frozen at the time the redevelopment district is established. The difference between the two—the improved property and the property prior to improvement—is known as the tax "increment." Tax increments are placed in a special fund until the project has been completed and the bonds have been repaid.

Redevelopment districts may capture tax revenues from cities, counties, and school districts. However, redevelopment districts established on or after July 1, 1997 may not capture any of the statewide school finance formula levy. A 1996 amendment to the TIF statutes allows cities to negotiate a pledge of only a portion of a tax increment to a redevelopment project and to dedicate other revenues, such as sales and franchise tax, to finance TIF projects.

Redevelopment Districts. A city is statutorily authorized to create a redevelopment district in accordance with certain statutorily prescribed procedures (outlined below). A redevelopment district must be located in:

1. an enterprise zone established prior to July 1, 1992, including areas added in the enterprise zone that are of statewide importance (tourism areas);
2. a blighted area that substantially impairs or arrests the sound development and growth of the municipality, or is a menace to the public health, safety, morals, or welfare in its present condition and use because of a majority of factors set forth in statute;
3. a conservation area that is an area in which 50 percent or more of the structures has an age of 35 years or more; this area is not yet

* H.B. 2590 accompanies this report.

blighted but may become blighted due to a number of factors set forth in statute;

- 4. an environmentally contaminated area within and outside of a city; or
- 5. a major tourism area.

Procedure for Project Implementation.

Prior to undertaking a redevelopment project, the city should do the following:

- adopt a resolution stating it is considering creation of a redevelopment district;
- give notice that a redevelopment district will be established;
- hold hearings on the establishment of the proposed redevelopment district (the redevelopment effort may be impeded if a county or school district adopts a resolution within 30 days following the conclusion of the public hearing determining that the proposed district will have an adverse effect on the county or school district);
- pass a resolution making appropriate findings and pass an ordinance establishing the redevelopment district;
- develop a redevelopment plan for the redevelopment project area, including certain prescribed items;
- have the planning commission find that the redevelopment plan is consistent with the comprehensive general plan for development of the city;
- adopt a resolution and give notice that a redevelopment plan will be adopted;
- hold a hearing on the adoption of the redevelopment plan, to be passed by not less than a two-thirds vote of the governing body; and
- issue full faith and credit bonds or special obligation bonds to finance the redevelopment project. Full faith and credit bonds may not be used for projects of statewide importance (e.g., Oz Theme Park).

A city may proceed to acquire property within the redevelopment district by purchase or eminent domain (except for a district in a conservation area) and implement the redevelopment plan. (The background information in this section was extracted from *Overview of Tax Increment Financing in Kansas*, Memorandum to Joint Committee on Economic Development,

Joe Norton and Gary A. Anderson, September 16, 1997; *Economic Development Tools for Kansas Municipalities*, League of Kansas Municipalities, 1997; and *Reviewing Tax Increment Financing in Kansas, Part I: An Inventory*, Legislative Division of Post Audit, February 1997.)

COMMITTEE ACTIVITIES

Concerns with TIF. The Committee devoted a portion of its meeting in September to hearing several presentations on the statutory provisions for and implementation of TIF in Kansas and other states. Conferees included: Joe Norton and Gary Anderson, Gilmore and Bell; Sharon Patnode, Legislative Division of Post Audit; Butch Hardman, Hardman Real Estate (Parsons); Chris McKenzie, League of Kansas Municipalities; Art Brown, Mid-America Lumbermen's Association; Gary Carlson, Leavenworth Area Development Corporation; and Ernie Mosher, a lobbyist for the City of Topeka. The Committee also reviewed at a meeting in October legislation drafted by Mr. McKenzie at the request of several Committee members.

Concerns expressed by conferees include the following:

- There is presently no financing mechanism that can be used to encourage development of single-family middle and upper-middle priced housing in smaller communities in Kansas; TIF can only be used for specific regions of a city.
- The procedure for implementing TIF in Kansas is complex and consequently discourages use.
- TIF districts may no longer receive any of the additional incremental growth from the mandatory school levy; therefore, less revenue is available for future TIF projects than would have been the case prior to July 1, 1997.
- The veto afforded counties and school districts with respect to establishing redevelopment districts has the effect of discouraging use of TIF.
- Counties and school districts are not afforded the opportunity to veto individual TIF projects following establishment of the redevelopment district.

Proposals for Expanded Application of TIF.

In his presentation to the Committee, Mr. Hardman proposed the expansion of the TIF statutes to allow housing projects to be financed that:

- are presently on agricultural land, adjacent to the city, and not served by sewers;
- have limited water supply; and
- agree to be annexed to the city prior to any TIF funded infrastructure construction.

Mr. Mosher explained that TIF was not originally conceived as an economic development tool but rather as a means of revitalizing poor and deteriorated areas. He suggested that the Committee consider new legislation and not amend existing statutes if the intent is to encourage residential development in undeveloped areas outside cities.

Mr. McKenzie's proposed draft legislation had the intent of accommodating both Mr. Hardman's objective and Mr. Mosher's concern, as expressed in their presentations to the Committee in September. That legislation, known as the Kansas Rural Housing Incentive District Act, would apply TIF to the development and renovation of housing in areas of rural Kansas cities and counties experiencing housing shortages. Specifically, bond proceeds could be used to finance certain public improvements in support of housing projects.

An eligible city must have a population of less than 15,000 in a county with a population of less than 25,000. Cities or counties may designate rural housing incentive districts. The process used to establish such districts would be streamlined from the TIF process outlined above. The Secretary of Commerce and Housing would have to agree with the city or county that there is a shortage of quality housing warranting such financing. The city or county establishing the district would be authorized to issue special obligation bonds but not general obligation bonds, as authorized by existing TIF law. Moreover, the maximum maturity of the bonds would be 15 years, and not 20 years as

authorized by existing TIF law. The bond proceeds proposed in the draft legislation may be used for many of the same projects as bond proceeds for TIF projects; however, differences exist to reflect the specific infrastructure needs of housing projects. In contrast to existing TIF law, the draft legislation contains no provision for governing bodies to exercise eminent domain to implement a project. Property may only be purchased or otherwise acquired for that purpose.

CONCLUSIONS AND RECOMMENDATIONS

The Joint Committee on Economic Development recommended the introduction of legislation adopting, with several modifications, Mr. McKenzie's proposal for Kansas rural housing incentive districts, summarized above. The Committee notes that the recommended legislation should not amend existing TIF statutes because of the different objectives espoused by TIF (urban revitalization) and the proposed Kansas Rural Housing Incentive District Act (residential development in rural areas).

The Committee's modifications to Mr. McKenzie's proposal include increasing from 15,000 to 40,000 the population ceiling for a city to participate in the program, and from 25,000 to 60,000 the population ceiling for a county to participate in the program. This population ceiling would have the effect of excluding from financing eligibility the following counties: Johnson, Sedgwick, Reno, Leavenworth, Riley, Douglas, Wyandotte, and Shawnee.

In addition, the Committee recommends the bill require each city or county seeking designation of a rural housing incentive district to submit a housing needs assessment with other specified documentation to the Secretary of Commerce and Housing. Consistent with TIF law, the Committee's recommended bill would preclude school mill levy proceeds from repaying bonds issued to fund projects in rural housing incentive districts.

1997 County Population:

Descending Order

Sedgwick County	420037	Jackson County	11634	Smith County	4806
Johnson County	392272	Marshall County	11271	Osborne County	4695
Shawnee County	165122	Brown County	11031	Chautauqua County	4372
Wyandotte County	155072	Cloud County	10516	Meade County	4289
Douglas County	88032	Nemaha County	10443	Kearny County	4139
Riley County	73119	Rice County	10321	Woodson County	4020
Leavenworth County	68853	Wilson County	10314	Haskell County	3994
Reno County	62551	Pratt County	9605	Jewell County	3943
Butler County	55736	Clay County	9266	Ness County	3840
Saline County	51434	Coffey County	8651	Kiowa County	3605
Montgomery County	37706	Linn County	8571	Decatur County	3586
Cowley County	37240	Kingman County	8469	Rush County	3566
Crawford County	36333	Thomas County	8341	Edwards County	3557
Finney County	34726	Greenwood County	7995	Trego County	3470
Lyon County	34704	Anderson County	7905	Lincoln County	3454
Harvey County	31727	Pawnee County	7721	Morton County	3399
Geary County	31099	Grant County	7676	Graham County	3390
Barton County	28897	Russell County	7668	Elk County	3332
Ford County	28477	Doniphan County	7625	Rawlins County	3299
Mcperson County	28101	Mitchell County	7080	Cheyenne County	3266
Ellis County	26651	Sherman County	6886	Gove County	3162
Sumner County	26436	Washington County	6810	Logan County	3145
Miami County	24722	Harper County	6694	Chase County	2917
Franklin County	23208	Wabaunsee County	6638	Wichita County	2886
Labette County	23149	Ellsworth County	6459	Sheridan County	2826
Cherokee County	22054	Phillips County	6362	Clark County	2409
Dickinson County	19726	Morris County	6321	Lane County	2322
Seward County	19123	Republic County	6240	Hamilton County	2311
Pottawatomie County	17407	Rooks County	5936	Stanton County	2299
Neosho County	16967	Norton County	5744	Hodgeman	2242
Jefferson County	16822	Ottawa County	5635	Comanche County	2151
Atchison County	16755	Barber County	5609	Wallace County	1816
Osage County	16325	Gray County	5380	Greeley County	1803
Bourbon County	14863	Stafford County	5232		
Allen County	14794	Stevens County	5177		
Marion County	13077	Scott County	5157		
				TOTAL	2560011



MID-AMERICA LUMBERMENS ASSOCIATION

TESTIMONY FOR THE SENATE COMMERCE COMMITTEE

H. B. 2590: CREATION OF THE RURAL HOUSING INCENTIVE DISTRICT ACT

March 13, 1998

Room 123-S

Madame Chair, members of the committee, my name is Art Brown. I stand before you today representing the retail lumber and building material dealers through the Mid-America Lumbermens Association as a supporter for the implementation of HB 2590, the Rural Housing Incentive District Act.

To our rural members, this is agenda item number one for the 1998 Legislative session. I am glad to see this committee finally get a chance to listen to this issue. For the last two years, the House of Representatives defeated this measure, once in committee, and once on the House floor. Possibly Madame Chair, as the old saying goes, the third time may be the charm. Let's hope this third attempt succeeds and provides the mechanism necessary to address the concerns of our rural communities as it relates to their housing needs.

I travel the State of Kansas when the Legislature is not in session. For years, our smaller communities have stressed the need for more housing in their communities. This bill will not be a cure all to develop this needed housing, but it certainly can be a useful tool to assist these areas in addressing this concern.

I would like to point out some features of the bill that we feel improved prior attempts to pass this legislation so that this year, the House passed this bill favorably on a 116 to 6 vote.

Senate Commerce Committee

Date *3-13-98*

First, we would support the numbers for the population requirements for both the City and the County. Because of these population limits, only the States true rural areas receive the benefits of this bill. This is one of the improvements over the prior years legislation. You now have a definite target (60,000 in counties, 40,000 in cities) established for this type of assistance.

I call the Committee's attention to lines 35-43 of page 4 and line 1 of page 5 of the bill. The oversight of those three entities, the board of education, the governing body of any city located within three miles of the proposed district and the board of county commissioners should ease concerns that nervous Legislators have about granting this authority to their local units. Be very honest with yourselves. If you can get these three entities alone to sign off on this matter, how could anyone not connected with that particular municipality argue with the wisdom of that decision? Unlike last years "TIF" bill, property is acquired in a voluntary manner, (K.S.A. 12-1777 attached to testimony) not by eminent domain. Again, an improvement over prior legislation that was implemented to address those who had serious concerns about the way land is acquired. Note that there is a 15 year life on Special Obligation Bonds that is another improvement from prior proposals which called for the issuance of 20 year General Obligation Bonds. This was another concern that was addressed in this bill.

The approval of the housing analysis as stated in New Section 4 of the bill starting on page 2 line 8 by the Secretary of KDOC&H is also required along with public hearings. This approval from the Secretary is a new provision that was not part of prior legislative efforts. We feel this to be another excellent safeguard as it

lends additional legitimacy to the needs for housing in the impacted area(s). Every attempt is being made in this bill to communicate to the citizens in communities that are studying the financing aspect of this proposal, what the impact to them will be, and that they will have a chance to express their views at a public hearing. This sounds like Democracy in action to us. We hope you feel the same way.

I would close with some thoughts for you to consider. This is not A BUSINESS ISSUE, RATHER IT IS A COMMUNITY ISSUE! I am not going through the alphabet soup of communities in Kansas that have built new retail building material facilities, or improved the ones that they had. You know who these people are if you live in such a community, and you have an idea of the size of investment they have made to their business.

I can assure you, they had no intention of making this investment with the idea the people in their communities would run to Lowe's, Sutherlands, Builders Square and the like. Their investment is in their community, with the dollars being spent with them staying in that same community. In almost all cases, these folks are good corporate citizens, and they have made these improvements to their physical plants, or built new ones with one thought in mind-- they want to see their community grow. No matter which side of the aisle you sit on the floor of the Senate, you want to see your community grow if you are impacted by this bill. To us, it is safe to say that this is an idea whose time has come. For three years we have listened to the concerns of those who have been opposed to this concept, or who wanted to see a better way to implement this policy. We also wanted to

answer critics who felt there was no need for such a tool to create housing in these areas. The product you see before you is a culmination of such an effort. For our Associations behalf, we cannot express enough appreciation to Chris McKenzie, who is the architect of this bill. He may not have been on our dance card when the music started, but his efforts to craft this piece of legislation you see before you is a demonstration that the League of Kansas Municipalities is in concert with us and certainly the efforts of the Kansas Association of Realtors in addressing this most important issue to our members. I would be remiss if I did not also mention Butch Hardman, Hardman Real Estate, Parsons, whose presentation to our State Committee two years ago along with his energy and dedication over the past few years has been a driving force in bringing this legislation, and the proponents of this bill together. We are here before you today because of his efforts.

We hope as a Committee you can see the need for passage of this bill. Again, it will not be a "cure all" for all the housing needs in our rural communities. It will however, provide an excellent tool for many communities to move in that direction. We ask, Madame Chair, that you and the Senate Commerce committee pass HB 2590 favorably and start this bill towards a rewarding ending with passage from the full Senate.

I thank you for your time in presenting our memberships viewpoint on this issue, and would stand for your questions or comments.

12-1777. Relocation assistance plan. Before any redevelopment project shall be initiated under this act a relocation assistance plan shall be approved by the governing body proposing to undertake the project. Such relocation assistance plan shall:

(a) Provide for relocation payments to be made to persons, families and businesses who move from real property or who move personal property from real property as a result of the acquisition of the real property by the city in carrying out the provisions of this act;

(b) provide that no persons or families residing in the redevelopment district shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents within their ability to pay. Such housing units shall be suitable to the needs of such displaced persons or families and must be a decent, safe, sanitary and otherwise standard dwelling; and

(c) provide for the payment of any damages sustained by a retailer, as defined by K.S.A. § 3702, and amendments thereto, by reason of the liquidation of inventories necessitated by relocation.

History: L. 1976, ch. 69, § 8; L. 1988, ch. 23, § 8; Jan. 1, 1989.



3106 MAIN
PARSONS, KANSAS 67357
PHONE (316) 421-9220
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March 13, 1998

Senate Commerce Committee

RE: Rural Housing Incentive Districts

Dear

I apologize for being unable to present my testimony in person. I have commitments I am unable to change, however, I still feel strongly about the need for the Rural Housing Incentive Districts as presented in HB 2590 and I hope my absence is not interpreted to indicate any waning enthusiasm for this proposal which I have worked so hard on for so many years. I commend you and your committee's endurance as we fine tune this proposal into something that is acceptable to the entire legislature.

I believe the Rural Housing Incentive District legislation before you, if enacted, will help to spur housing construction throughout Kansas. We are facing in Parsons, not unlike many, many communities across Kansas a shortage of family housing for sale to those seeking middle to upper middle priced houses.

The single family mortgage revenue bond programs serve their very specific purpose to persuade people who have not owned a residence in the prior three years to buy a house. Such restrictions, including household income and house price limits are not helping communities fill the housing needs of those who cannot meet the requirements of the SFMRB financing.

In looking at the Kansas tax increment finance (TIF) law as a way to "make something happen" it has become very apparent the current law limits the use of such a tool to blighted areas and pre-July 1992 designated enterprise zones. TIF does not currently allow such financing to be used to develop re-develop areas which are unable to meet the blight test set forth in the law.

RESIDENTIAL • FARMS • COMMERCIAL • NEW CONSTRUCTION

Senate Commerce Committee

Date 3-13-98

Attachment # 3-1 thru 3-3

It is my belief and that of others who are now joining me in this effort that home building can be measurably boosted across Kansas if the community can use the incentive provided by TIF to finance such public infrastructure as sewer, water lines, roads, street lighting, traffic signals, etc.

The bill before you provides sufficient "safety valves" to prevent abuse:

1. The Secretary of Commerce and Housing would have to agree there is a shortage of quality housing warranting such financing.
2. The city or county would be authorized to issue special obligation bonds, not general obligation bonds as is allowed under a regular TIF.
3. The longest maturity of the bonds would be 15 years, rather than 20 years as under regular TIFs.
4. Contrasted to the regular TIF law, this bill does not give eminent domain authority, the property can only be purchased or otherwise acquired for the purpose.
5. The city, county and school district each have veto authority over a proposed project.
6. School mill levy proceeds are precluded from being used to repay bonds issued for these improvement districts.

Briefly, this is the way TIF works: in the area to be developed, money for streets and other infrastructure needs is raised with special obligation bond.

I ask you and your colleagues to once again, join me in supporting this legislation. The State of Kansas is not negatively impacted by the amendment and all of the controls remain with the community's units of government. It is strongly believed that the availability of single family housing, regardless of price, remains the principal obstacle for cities to overcome if they are to be successful in creating and attracting employment. This bill will give communities an even change of winning the battle for jobs and tax base that are our life blood.

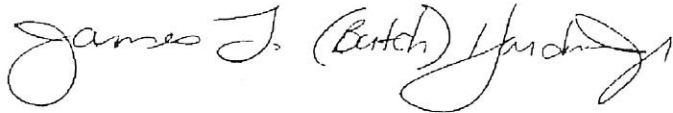
Suitable sites for single family housing are invariably not found in the developed areas of a community but more often on the outskirts. This amendment will allow a community to "partner" in a way, with builders in an effort to reduce, to a small extent, the cost of stretching water and sewer lines and building roads.

Our region must appropriately address housing issues if we are to continue the successful economic rebirth we have experienced over the past few years. Housing issues continue to rank as one of the biggest reasons we, at times, are not able to lure new, or grow existing businesses and opportunities these businesses create for the citizenry of our area. The proposed bill will create a better opportunity to solve the housing issue. I feel that your support is critical for the long term well-being of our area.

Your support would be very much appreciated by myself and others concerned about our ability to successfully continue the advancement and in the quality of life in our region over the past several years.

Thank you!

Sincerely,

A handwritten signature in cursive script that reads "James L. (Butch) Hardman, Jr." The signature is written in dark ink and is positioned above the typed name.

James L. (Butch) Hardman, Jr.
CRS, GRI



Kansas Association of REALTORS®
The Voice for Real Estate™ in Kansas

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TO: SENATE COMMERCE COMMITTEE
FROM: KAREN FRANCE, DIRECTOR, GOVERNMENTAL AFFAIRS
RE: KANSAS RURAL HOUSING INCENTIVE DISTRICT ACT, HB 2590
DATE: MARCH 13, 1998

Thank you for the opportunity to testify today. On behalf of the Kansas Association of REALTORS®, I come today to ask for your support of extending tax increment financing to the development and renovation of housing in rural areas of Kansas experiencing housing shortages. We believe the legislation presented in HB 2590 is a workable compromise which answers many of the questions raised when this issue has been discussed in previous sessions.

Our membership of over 6,500 members represents a major segment of our state's economy. Studies performed by the NATIONAL ASSOCIATION OF REALTORS® show that home ownership contributes to community responsibility, civic stability and family well being. It is still the American Dream to own a home.

Oftentimes, the legislature considers proposals which are geared towards providing "affordable" housing. We ask you to keep in mind that affordable housing means different things to different people--clean apartments, first homes, move up homes.

One key component of affordable housing is availability. We believe the ability for rural communities to utilize TIF financing for building the infrastructure for new residential construction could be one of the "missing links" for spurring the development of new homes in communities where development is not occurring. If you create mechanisms for building at all levels of the housing spectrum, you leave room for people to move up within that spectrum. Individuals who are in their first home move up to their next home, presumably a larger one which costs more. They leave behind their first home for someone else to have a first home, instead of renting a house or apartment. The family who moves into their first home opens up the rental apartment or home for another family to move into. This is how the housing market flows.

A key example of how government can help facilitate this market flow is this Rural Housing Incentive District proposal before you. By fine tuning the TIF statutes, you can set up an excellent mechanism for encouraging rural cities and counties to become active partners in developing housing at all levels. It can be done by creating new property tax dollars over time and without using additional state or local tax dollars to do so. In the communities which are struggling to spur housing development this method for financing infrastructure is very attractive to all parties involved.

You have heard several times on this topic from one of our members, Butch Hardman, from Parsons. Mr. Hardman is in court today and he is regrettably unable to be here and I have his written testimony for you. The Mayors of Liberal and Hillsboro have testified in favor of these proposals in the past, because they believe they could be used in their communities. They were both very torn that they would be unable to be here.

Over 200 persons from the public and private sector attended our Housing Development Symposium in Hutchinson in June of 1996. That program was a joint project of the League of Kansas Municipalities, the Kansas Association of REALTORS® and the Kansas Department of Commerce and Housing. The overwhelming response to the concept of having this legislative change was positive. It may not be used by every community, but for many communities it is that missing link in the chain of homeownership. We ask for your support of that opportunity.

Thank you again for the opportunity to testify. We commend you for your study of housing issues and stand ready to assist you in any way you might need us.

Senate Commerce Committee

Date 3-13-98

Attachment # 4