



TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES
TO THE HOUSE TAXATION COMMITTEE
ON HB 2350
FEBRUARY 6, 2012

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to submit written testimony on HB2350. This bill would create a payment in lieu of tax for a pipeline that qualifies for a property tax exemption pursuant to KSA 79-227.

The bill is proposed in response to a property tax exemption granted by the Kansas legislature to Keystone Pipeline back in 2005. The pipeline crosses six Kansas counties, yet none of them receive any property tax from the pipeline because of the 2005 law. The building of the pipeline necessitated the use of heavy equipment on county roads, yet these Kansas counties received no tax revenue to support their roads or county infrastructure. Notably, the other five states that Keystone pipeline passes through do not offer a property tax exemption; only Kansas offers this tax exemption.

In 2009 a Keystone representative told the Kansas Department of Commerce that their project had increased from the original estimate of \$271m to \$740m. This translates as a loss in property taxes to the six affected counties ranging from \$3.1m to \$4.6m annually.

We understand that no one likes to pay property taxes; however it is the primary means by which counties finance their services. Creating a large exemption for a pipeline only shifts the cost of providing county services to the other property owners within the county. HB 2350 would go a long way in balancing the tax burden in these six counties.

We would appreciate your support of HB 2350.

Respectfully submitted,

Melissa A. Wangemann
General Counsel and Director of Legislative Affairs