

Senate Committee on Assessment and Taxation

March 15, 2012

Testimony of Doug Mays
On behalf of
Riley Communities, LLC

House Bill 2769

Most Kansans with even the slightest knowledge of the positive impact that the United States military has in this state, or of their dangerous security missions carried out on national and international fronts, or of the sacrifices made by the families left behind when their loved ones are deployed to faraway lands, would ask why this bill is necessary. The answer lies in the chronology of events leading to up to the present.

- 1995 - Federal Legislation was enacted authorizing the Department of Defense to enter into legal arrangements with private sector partners.
- 2005 - A Kansas Attorney General's opinion was issued on behalf of Fort Leavenworth's privatization partnership affirming the exempt status of post military housing.
- 2005 - Tax comfort letters were issued by Geary and Riley County Attorneys, both citing the recent Attorney General's opinion letter.
- 2006 - The Army's housing at Fort Riley was transferred to Riley Communities, LLC.
- 2006 - Both the lenders and the Army relied in good faith on the tax comfort letters.
- 2009 - A different Attorney General issued a contradictory opinion citing ceding statutes dating back to the 1870's
- 2012 - Geary and Riley County counselors assert a Riley Communities, LLC property tax liability of \$2.23 million for 2011, and \$2.43 million for 2012.

Property taxation of post military housing is unprecedented in the United States. There are no military bases in America that are required to pay such taxes. There are, however, three military bases in other states that have agreed to make payments in lieu of taxes. In those cases the payment is generally low in recognition of the fact that U.S. military bases are self-supporting with minimal or no need for municipal services.

In this era of BRAC commissions and severe military reductions, it would be exceedingly unwise to be the **ONLY** state to impose property taxation on post military housing. The common sense solution is to create a statutory exemption by enacting HB 2769.

The military men, women, and families of Kansas will appreciate your support.

Sn. Assmnt & Tax
3-15-12

Attachment # 2