

## MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 11:05 a.m. on March 27, 2001, in Room 519-S of the Capitol.

All members were present except: Senators Donovan, Goodwin, Haley, Lee, and Pugh – Excused

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Mike Taylor, City of Wichita  
Christy Davis, Kansas State Historical Society  
Trudy Aron, American Institute of Architects  
Rick Kready, Pioneer Group, Inc.

Others attending: See attached list.

**HB 2128–Income taxation; allowing credits for certain historic preservation project expenditures.**

Mike Taylor, representing the City of Wichita, testified in support of **HB 2128**. At the outset, he called attention to written testimony in support of **HB 2128** by Kathy Morgan, City of Wichita Historic Preservation Board, who testified before the House Taxation Committee. (Attachment 1) He went on to say that the City of Wichita is experiencing a lot of new growth and development, but not all of the development is on the fringes of the city. The city is also making a deliberate effort to encourage redevelopment within the inner city, and **HB 2128** would benefit the promotion of inner city revitalization. He emphasized that tax incentives for preservation will attract new private investment to historic areas, enhance property values, generate jobs, and augment revenues for state and local governments. (Attachment 2)

Christy Davis, Cultural Resources Division of the Kansas State Historical Society, testified in support of **HB 2128**. Ms. Davis informed the Committee that she is the coordinator for the federal rehabilitation tax credit program for Kansas, which allows for a 20 percent rehabilitation federal tax credit. She noted that, in addition to the federal tax credit, approximately 17 states have a state rehabilitation tax credit. The state credits in other states include tax credits on historic properties that are used for both income producing purposes and non-income producing purposes. She noted that the majority of rehabilitation projects are undertaken by out-of-state developers, and many of these developers have recently focused their attention in other states, especially in Missouri. In her opinion, a state tax credit in Kansas would encourage rehabilitation projects and would bring more dollars into Kansas. In conclusion, she summarized the testimony in support of the bill given in the House Taxation Committee by persons who discussed benefits the bill would provide for specific rehabilitation projects. (Attachment 3) Ms. Davis also distributed copies of testimony in support of **HB 2128** by Ramon Powers, Executive Director of the Kansas State Historical Society, who was unable to attend the meeting. (Attachment 4)

Trudy Aron, Executive Director of the American Institute of Architects in Kansas testified in support of **HB 2128**. She noted that many cities in Kansas have buildings built in the 1800s and early 1900s which are located in the down town area, and the buildings are often sitting empty, gathering no tax revenues. She pointed out that renovation of these buildings often allows a community to adapt the structure to new uses and encourages others to invest in down town areas and older neighborhoods in the city. She believes that the tax credit which **HB 2128** provides would help make the rehabilitation, renovation, and adaptive reuse of many of these buildings economically possible. She noted that the renovation activities would bring much needed business to down town areas and would promote tourism.

## CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 11:05 a.m. on March 27, 2001, in Room 519-S of the Capitol.

(Attachment 5)

Rick Kready, Pioneer Group, Inc., testified in support of **HB 2128**. (Attachment 6) He explained that he specializes in the rehabilitation of older properties, and he is often contacted about historic schools which have been sitting vacant for a long time. Currently, he is in the process of converting Curtis Junior High in Topeka, which has been sitting vacant since 1976, to seniors housing, and town homes will be built on the area that was used for the baseball diamond. However, recently he has primarily been attracted to rehabilitation projects in Missouri, partially because that state has a 25 percent state rehabilitation tax credit. He noted that the tax credit helps clear hurdles when attempting to make a development financially feasible and attract investors. In his opinion, many historic buildings in Kansas remain as eyesores because developers in Kansas and elsewhere are not attracted to Kansas because it does not offer a tax credit for renovation projects. In conclusion, Mr. Kready called attention to a copy of his letter to Representative Shari Weber in which he discusses the fiscal impact of a historical rehabilitation tax credit. In short, he believes that the true fiscal impact of the bill would be “a wash.”

Chairman Corbin called attention to written testimony in support of **HB 2128** submitted by Whitney Damron, representing the Unified Government of Wyandotte County/Kansas City. (Attachment 7)

There being no others wishing to testify, the hearing on **HB 2128** was closed.

Chairman Corbin opened a discussion regarding possible action on **HB 2268**, concerning electric public utilities, which was discussed at the March 22 meeting. He reminded the Committee that, although testimony was heard, no action was taken because the bill had not yet been reprinted after being amended by the Senate Committee on Utilities and referred to the Assessment and Taxation Committee.

Senator Clark moved to report **HB 2268** favorably for passage, seconded Senator Taddiken. The motion carried.

The minutes of the March 22, 2001, meeting were approved.

Senator Praeger moved to report **HB 2128** favorably for passage, seconded by Senator Jenkins. The motion carried.

Chairman Corbin informed the Committee that it had been his intent to discuss a previously heard bill which was referred to the Committee for further consideration, **HB 2221**, authorizing counties to impose a countywide sales tax for an economic development initiative and for infrastructure purposes. He noted that amendments are necessary with regard to the City of Coffeyville and that the Department of Revenue wants to address the tax uniformity issue. Because the full committee was not present, Chairman Corbin said the bill would be addressed at the next committee meeting to be held on March 28.

The meeting was adjourned at 11:20 a.m.