J. Kent Eckles
Executive Director, Kansas Petroleum Council

800 SW Jackson Street #1005
Topeka, KS 66612-1224

Telephone (785) 234-0589
Cell (913) 284-1407
Email ecklesk@api.org
www.api.org

Senate Assessment & Taxation Committee
Written Testimony in Opposition to SB 48: Regarding Tax Incentives for Qualifying Pipelines
Submitted by J. Kent Eckles
Wednesday, January 28th, 2015

Chairman Donovan & Members of the Committee, thank you for the opportunity to submit testimony in opposition to Senate Bill 48, which would eliminate the property tax abatement incentive for Qualifying Pipeline Property.

The intent of the enacting legislation in 2006 was to encourage investment in Kansas' energy infrastructure, including the construction of qualifying pipeline projects. These tax incentives have been successful in bringing capital investment and jobs to Kansas as well as revenue to state and local governments in the form of property taxes paid upon completion of the abatement period as well as sales and income taxes while the project is being constructed. The property tax revenue generated by these projects will continue for decades and in some cases, will be the largest source of property tax revenue for the counties in which they are located.

Simply put, repealing these tax incentives on a prospective basis sends a negative message to our pipeline operators who may be evaluating possible pipeline routes in the future. In some cases, alternate routes through other states are possible and would certainly be given more consideration should this bill pass.

We urge the committee to not pass favorably Senate Bill 48.