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HOUSE OF
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TESTIMONY BEFORE
HOUSE COMMITTEE ON TAXATION

REGARDING HOUSE BILL 2314

MARCH 6, 2017

TIF (Tax Increment Financing) is a tool in Kansas only available for cities to help fund infrastructure improvements needed to support economic development. This bill, HB2314, extends the use of TIF specifically to the counties of Johnson and Labette, and then only on property where a redevelopment district has been established on a former federal enclave.

Former federal enclaves – in this case, ammunition plants – were specifically located outside of city limits due to the nature of their operations, yet the redevelopment of these sites, which were closed by Congress, requires many of the same tools that municipalities utilize and which have not been necessary for counties.

This bill gives the county commissions of these two counties the ability, at their discretion, to establish TIF and “designate any portion or all of the ad valorem taxes collected with respect to properties located within the redevelopment district for the payment of the cost of developing, improving, managing and marketing properties within the redevelopment district”.

HB2314 also allows county commissions to issue special purpose or general obligation bonds to finance improvements within the redevelopment district and use property taxes collected from properties within the redevelopment district for the repayment of those bonds.

Finally, the bill also provides a basis for other taxing units within the redevelopment district to “opt out,” if such taxing unit determines that diversion of their share of ad valorem taxes within the redevelopment district will have an “adverse effect” on such taxing unit.