

The Wallace County Commissioners would like to present testimony on behalf of House Bill 2406, the property tax exemption for utility transportation lines that run at least 190 miles through the state of Kansas. You may or may not know this, but Wallace County has been hit harder than any county in the state by the White Cliffs exemption. In 2016, White Cliffs paid \$1,550,197.21 of property tax (See Attachment #1) in Wallace County, which is 21 % of our total taxes levied. This total is vital to our operations of Wallace County, as well as other entities such as Wallace County School USD 241, our fire districts, our EMS Services, etc.

There is a financial stress put on county infrastructure when a company constructs a pipeline such as White Cliffs built through Wallace County. Steve Pilger, Wallace County Road Supervisor, said that while no major roads were tore up substantially during the construction, there was a lot of heavy equipment going down our roads, which decreases their lifespan. Also, when conditions are unfavorable due to weather, the pipeline companies are the first ones on the road, and the pipeline roads require more maintenance after storms than the normal road.

Another perspective to consider is the burden placed on Emergency Preparedness. Paulette Unruh, Wallace County EMS Director, has received training on dealing with a pipeline crisis, and the cost to the county would be extensive should a disaster ever occur. The Pipeline's usage of EMS and Fire departments could be very high, and those costs would be a severe strain on our EMS budget. Jay Sharp, Wallace County Fire Chief, has been to several pipeline trainings, and echoed Paulette's comments. He said Wallace County does not have the capability or manpower to deal with a huge pipeline disaster, and that resources brought in from other counties would have to be compensated.

Sheriff Larry Townsend also experienced an increased workload in his department. During the construction, a theft occurred, and an unsuccessful investigation was launched. After that, the department added extra patrols at night to the construction site. Extra night patrols are still sent to the pump station to this day, and will probably continue as long as White Cliffs operates this pump station. A spill also occurred, during which time Sheriff Townsend worked with the State in his role as Emergency Preparedness Director.

We will probably hear about the impact of the pipeline construction to our local economy, through the purchase of food, motel, fuel, etc. In Wallace County, Christine Welsh, manager of Oak Tree Inn and Penny's Diner, said that it is her estimate that 20-25% of those expenditures were spent in Wallace County. Most of the time, they stayed in Goodland, and spent those dollars there. Christine actually recruited them and went out of her way to make them a deal, and then was able to convince parts of the crew to stay in Wallace County. Without her efforts, probably less than 5% of those total dollars would have been added to our local economy!

This exemption is also going to be costly to the state of Kansas. There is \$214,357.80 that goes into the general fund of USD 241 that is paid on a per-pupil basis. Those funds will now be paid by the State of Kansas, putting yet more strain on our state's already burdened funding of schools. That represents the impact that just the Wallace County taxes will have on the state. The White Cliffs pipeline runs through 18 other counties, and the School General Fund taxes for each school affected will need to be replaced in all of those counties. There are also several other pipeline's in the state receiving this exemption as well.

As county commissioners, the current task that we are dealt with is overwhelming, trying to maintain all the services vital to Wallace County, while dealing with a 21% reduction in taxes paid to our county. We realize tax incentives for growing business can be a good investment. But we find it ironic that the state legislature has voted to give the counties tax base away, while maintaining White Cliff's payment of Sales and Income tax. Perhaps an incentive in which pipeline companies were given a partial exemption of sales, income, and property tax is the best way for all entities to share in the development of a stronger economy.

Currently, the amount of Property tax paid by our residents is among the highest in the state, per capita. Our residents are willing to pay their share, because they enjoy living in Wallace County, and want to maintain good services when they need them. However, they don't want those services compromised by companies who contribute very little to our county, yet will have huge expectations if they have a time of need

Bruce Bolen, Bruce Buck, Val Reiss;

Wallace County Commissioners

Attachment 1

2016 White Cliff Pipeline Taxes paid in Wallace County

USD 241 General Fund	\$	214,357.80
USD 241 Other Funds	\$	192,782.68
State of Kansas	\$	16,076.83
Wallace County	\$	1,046,419.79
Sharon Springs Township	\$	7,858.59
Wallace Township	\$	874.11
Weskan Township	\$	377.64
Fire District #1	\$	3,730.30
Fire District #2	\$	29,450.02
Fire District #3	\$	4,250.86
NW Kansas Library System	\$	13,558.13
Sunflower Extension District	\$	20,460.46
		<hr/>
TOTAL	\$	1,550,197.21