



To: House Taxation Committee
From: Tim Danneberg
Subject: SB 146 Testimony in Opposition
Date: May 10, 2017

Chair Johnson and Honorable Committee Members,

Thank you for the opportunity to appear in opposition to SB 146 on behalf of the City of Olathe. Specifically, our opposition is to the provision in SB 146 which would prohibit any new property tax exemptions to apply to the statewide 20 mill school finance levy.

Like all local governments, Olathe recognizes the cost of providing current services will likely outpace revenue in the future, so the City continues exploring opportunities to maximize partnerships, innovation and focus limited resources on services most wanted by taxpayers. That strategic approach also applies to economic development. The City recognizes that strategically investing now through using incentives will lead to significantly more revenue, economic growth and job creation for our community and Kansas. This has worked. Of the hundreds of examples, two tell the story.

Farmers Insurance currently has about 3,000 employees in Olathe. Incentives have played a critical role in that growth. One Farmers Incentive package led to an IRB in 2006 (10 years) and when completed a 146,000 sq. ft. office facility was built with a \$16.9 million appraised value and 763 new jobs created.

Most recently, an abatement ended for an investment to construct an office building for Farmer's Insurance. The net result has been nearly 800 jobs and a \$16 million facility that is helping fund state and local government and our schools. This investment and these jobs could have landed anywhere, but Farmers chose Kansas.

Prior to the construction of the Farmers Insurance building, the land generated \$16,858 and zero jobs. Today, that building contributes over \$532,790 to Kansas taxing jurisdictions and added over 750 new jobs generating additional Kansas tax revenue.

Garmin International, Olathe's largest employer, has seen tremendous growth. In the next several years, it is estimated that Garmin will have invested millions and will employ over 3,000



individuals in Kansas. Those figures do not account for all the additional investment and job creation from Kansas businesses supporting Garmin.

Prior to the construction of the Garmin Headquarters in 1995, the land generated \$352 and zero jobs. Today, Garmin has made several investments to expand their headquarters with a new expansion recently approved. Upon the conclusion of the existing abatements, it is estimated that Garmin will contribute \$2,925,620 to Kansas taxing jurisdictions and all revenue generated by employee income tax.

These investments are paying off many times over for jobs for the people of Kansas, economic growth and funding for our schools. It makes little sense to step back and lose these tremendous opportunities to other states poised to provide incentives at a much greater level than what is currently offered in Kansas. Already, Missouri offers 25 years of property tax abatements. We must be competitive if we want Kansas job growth and increased state and local revenue.

Incentives we offer pay for themselves many times over, and it would be shortsighted to attempt to capture revenue that may not even exist in the short term and sacrifice the tremendous long-term benefits.

Again, thank you for the opportunity to appear in opposition to SB 146. I would be happy to stand for questions at the appropriate time.