

To: House Financial Institutions and Rural Development Committee

From: Wendi Stark, Research Associate

Date: February 14, 2022

RE: Proponent Testimony to HB 2569

Thank you to Chairman Kelly and Committee members for allowing the League of Kansas Municipalities the opportunity to provide testimony in support of HB 2569.

The League is supportive of expanding historic preservation opportunities which are an important economic development tool that can be used by Kansas municipalities. Small and large cities in Kansas are facing a crisis when it comes to housing. At the same time, Kansas has a high number of existing structures that could be restored and preserved.

The cost of new housing construction is often one of the largest barriers to any project getting off the ground. The preservation and restoration of existing structures allows for a project to be constructed at a lower cost since the structure of the building already exists.

In addition, we support expanding the exemption allowances for smaller communities and believe this strategy is a good incentive.

Section 3(a)(2) would allow for 30% exemption of the privilege tax for qualified expenditures in cities with a population between 9,500 and 50,000. As a result, 28 cities, ranging from Parsons with a population of 9,600 to Salina with a population of 46,889, would be eligible to participate in the Kansas Historic Act to restore and preserve historic structures in their cities and receive up to a 30% exemption.

Section 3(a)(3) would allow for 40% exemption of the privilege tax for qualified expenditures in cities with a population under 9,500. As a result, 588 cities, ranging from Frederick with a population of 8 to Augusta with a population of 9,256, would be eligible to participate in the Kansas Historic Act to restore and preserve historic structures in their cities and receive up to a 40% exemption.

We are supportive of economic development tools which enhance our Kansas municipalities and would urge the committee to pass HB 2579 out favorably for passage.