

SB 90 Opponent Testimony
Senate Committee on Commerce
Amending the KS Rural Housing Incentive District
Michael Austin – Director, Center for Entrepreneurial Government
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Chairman Olson and Members of the Committee,

On behalf of the Kansas Policy Institute, we appreciate this opportunity to submit testimony in opposition to SB 90 as it allows bond funding to renovate buildings or other structures for residential use. We hold the following positions on SB 90.

1. SB 90 encourages more subsidized housing which is unsustainable and extremely difficult for Government to maintain.
2. SB 90 could lead to property tax hikes under current local government fiscal mindsets.

Unlike the private market where profit motive provides incentive to maintain projects, there's no such motive when it comes to public sector initiatives. There's little motive to increase funding, or raise tenant prices to keep up with maintenance cost for housing units. As a result, SB 90 will encourage more housing projects starts but will leave more projects poorly maintained.¹² Wasting taxpayer money on projects that will suffer from inadequate maintenance harms Kansans.

According to the Kansas Association of Counties (KAC), enactment of the bill could result in an increase in valuation. While that by itself is not a bad thing, the KAC thinks this will raise property taxes. That is only possible if the KAC believes county leaders will not lower mill rates to keep property taxes level for Kansans. Not lowering mill rates when property valuations rise is a stealth tax increase, and will further undermine the success of public housing developments.

For these reasons, we urge the committee to pass SB 90 in its current form.

¹ Susan J. Popkin, Victoria E. Gwiasda, Lynn M. Olson, *The Hidden War: Crime and the Tragedy of Public Housing in Chicago*, 2000,
<https://books.google.com/books?id=2JGsyfcsRxYC&pg=PA11&lpg=PA11&dq=%22The+buildings+in+its+enormous+family+developments+are+literally+crumbling%22&source=bl&ots=Np7qoti7Sk&sig=ACfU3U1cj-9KLNxxWIEK9hVB4c05-TL8sA&hl=en&sa=X&ved=2ahUKEwi2h-o8truAhUIHM0KHf2nAkYQ6AEwAnoECAsQAg#v=onepage&q=%22The%20buildings%20in%20its%20enormous%20family%20developments%20are%20literally%20crumbling%22&f=false>

² Alexander von Hoffman, Joint Center for Housing Studies at Harvard University