



Physical Address: 215 S. Washington, Wellington, Kansas 67152
Mailing Address: P. O. Box 279, Wellington, Kansas 67152
Office Phone Number: (620) 326-8779 Office Fax Number: (620) 326-6544
Email Address: scedc@co.sumner.ks.us
Website: www.gosumner.com

February 11, 2024

Senate Committee on Assessment and Taxation

Hearing held on February 14, 2024, Room: 548-S

Written testimony submitted for Senate Bill 468: Prohibiting cities and counties that grant or approve certain property tax exemptions or tax increment financing from exceeding their revenue neutral rated for property tax purposes.

Opposition Testimony to SB 468 by Stacy L. Davis

Dear Chairwoman Tyson and Senate Committee on Assessment and Taxation:

Thank you for taking the time to read my written testimony. My name is Stacy Davis. I am the Executive Director for Sumner County Economic Development Commission. Sumner County is in south-central Kansas, twenty-three miles south of Wichita and abutting the Oklahoma border. The County encompasses 1,185 square miles and the population in 2020 was 22,382. According to the U.S. Census Bureau website, Sumner County's population has declined by 1,750 from 2010 to 2020, yet employment opportunities have increased with the expansion of GKN and Buffco, and new companies like Pinnacle and Metals USA opening. The business expansions and recruitment of new businesses can be attributed to local incentives related to property tax exemptions.

The Revenue Neutral Rate process was created to provide more transparency and accountability as it relates to the property tax process. While the revenue neutral rate is an important step for municipal budget transparency, it does not take inflation into account. As property values are rising, so are the costs of goods and services. Tying any economic incentive programs usage to the Revenue Neutral Process undermines its purpose and is a bad precedent.

Economic development is a very competitive process, with the competition getting more intense. Kansas has many positive qualities going for it, such as good transportation systems, a strong work ethic, a right-to-work state, being centrally located, and top-notch educational systems, but our neighboring states can make similar claims. We compete most directly with neighboring states in our region, and since COVID this competition has become even more aggressive as companies look to relocate to the Midwest. There is no doubt that property tax exemptions and tax increment financing have a positive effect on job creation in Kansas, especially rural Kansas. Attracting new business to the state and most importantly, the expansion of Kansas businesses, is greatly influenced by these incentives.

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This bill harms cities, businesses, and citizens. These economic tools are used by cities to create needed economic development, by businesses to reduce costs of projects, and help citizens by bolstering job opportunities and clearing blighted areas. Rural economic developer's toolboxes are very limited with incentive tools. Property tax exemptions and tax increment financing are used as a tool to encourage the investment of capital and the creation of jobs in the State, especially in rural areas (counties). These incentives level the playing field with other states. To take this tool away would make Kansas less competitive and cost the State through the loss of business in the future.

As a rural economic developer opposed to SB 468, I am asking the committee to deny this bill from passage. Thank you for your time and consideration.

Stacy L. Davis

Stacy L. Davis
Executive Director
Sumner County Economic Development Commission
215 S. Washington
PO Box 279
Wellington, KS 67152
Email: sdavis@co.sumner.ks.us
620-326-8779