



**Oral Testimony Regarding SB251 -
Opposing the Prohibition on Abatement of Certain Ad Valorem Property Taxes**

To: Senate Select Committee on Education Finance
From: Beth Johnson, Senior Vice President of Economic Development
Overland Park Chamber of Commerce and Economic Development Council
Date: Friday, May 19, 2017

Chairman Denning and Members of the Committee:

My name is Beth Johnson, and I am the Senior Vice President of Economic Development for the Overland Park Chamber of Commerce and Economic Development Council. Thank you for the opportunity to submit testimony on SB251, stating our opposition to the proposed prohibition on abating any portion of the 20 mill statewide property tax levy and the capital outlay levy for economic development incentive program purposes.

Overland Park has enjoyed great economic growth in the past several years. I am fortunate to represent a community that understands and promotes itself as a place for business growth and success. That business success has occurred through the relocation of new companies as well as the expansion of local businesses. Those projects have brought job growth to Overland Park, Johnson County and the State of Kansas. Not only do these businesses pay sales and income taxes, but even more importantly, they create jobs and that means employees who buy homes and also pay income, sales and property taxes.

Real property tax abatements play a key role in the growth and development of the state and local economy. This is a primary tool in the economic development tool box and one that allows us to remain competitive with other markets in our region and across the United States. More than 37 states offer economic development incentives that include property tax abatements; most importantly for our area, Missouri is included in that group, as are the other three states bordering Kansas.

Here are three examples of successful projects that have been approved in Overland Park.

US Bank chose Overland Park for their customer service center in 2010. The company was approved to assume the real property tax abatement that had originally been approved for Capital One Home Loans in 2005. With the original abatement, Capital One constructed a new 220,000 square foot office building that now houses US Bank. When US Bank first made the commitment to Overland Park, they estimated the creation of 1,300 jobs but as of the end of 2016 the company was at 1,400. The building is appraised at \$26,727,000 and pays 100% of their taxes as the 10-year abatement period has ended.

Prior to the abatement and construction of the facility, the ground generated under \$40,000 in property taxes and today, the company pays over \$400,000 per year. That is an increase of 100%

My next example is from one of our Top 5 largest employers – Black & Veatch. Black & Veatch calls Overland Park and the State of Kansas their home for their GLOBAL corporate headquarters. The company employs over 3,000 people on the Kansas-side of the metropolitan area. Without the ability to extend a real property tax abatement to the company, they would not be in Overland Park. The competition to win the global headquarters for an engineering company is fierce and incentives can be the tipping point. Black & Veatch boasts the largest office square footage under one roof for any building in Kansas at 600,000 square feet. Today, that building is appraised at over \$69MM and contributes \$533,961 to the tax base in Kansas. That amount will increase after the 10 year abatement period ends.

Digital Evolution Group (DEG) is a locally grown and owned company that is my final example. Over the past 12 months, the company has been searching for office space as their 155 employs had quickly outgrown their current office space. As they began to search the market, they found options that could accommodate their anticipated growth of another 155 employees on both sides of the State line. Retaining a local company is key to local economic development efforts. The City of Overland Park recognized the growth potential of the company and wanted to assist in the efforts. The City extended a 50% tax abatement for 10 years for the company to move into a renovated building on College Boulevard. The building on College Boulevard, after receiving extensive renovations has already increased in appraised value by over 54%.

We respectfully urge you to consider the importance of economic development tools, not only for Overland Park and Johnson County, but for the entire state of Kansas, and remove the proposed bans on property tax abatements from SB251.