

HCS HB 1836 -- PROPERTY TAX ASSESSMENT AND TAX CREDIT

SPONSOR: Richard (Flook)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Job Creation and Economic Development by a vote of 11 to 0.

This substitute specifies that the true value in money for assessment purposes of any possessor interest in real property on or adjacent to a certain commercial airport and owned by a political subdivision will be the true value in money of the possessor interest in the real property less the total costs paid toward any new construction or improvements on the property if included in the possessor interest, unless paid by the political subdivision, regardless of the year the costs were incurred.

Beginning January 1, 2009, a property tax credit is authorized for expenses incurred to manufacture, maintain, or improve a freight line company's qualified rolling stock up to the amount of its tax liability. The state will annually reimburse a political subdivision for any loss in revenue.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2009, \$0 in FY 2010, and \$4,000,000 in FY 2011. Estimated Cost on Other State Funds of \$0 in FY 2009, Unknown in FY 2010, and Unknown in FY 2011.

PROPOSERS: Supporters say that the bill will correct a property tax policy that is fundamentally unfair. There are approximately 11,000 acres of undeveloped land near the Kansas City International (KCI) Airport, and it will remain undeveloped unless this legislation is enacted. Currently, when a company leases city-owned property near the airport, it is forced to pay property taxes based on the bonus value of the rent. Kansas City is at a disadvantage when compared to other competing airports because those airports have abated the taxes associated with the bonus value. KCI Airport has been there for 35 years and only 27 of the 11,000 acres have been developed since 1987. Businesses choose to locate their distribution centers near airports in other cities simply because it's more expensive to do business at KCI because of this tax policy.

Testifying for the bill were Representative Flook; City of Kansas City; Mark Vanloh, Kansas City Aviation Department; Economic Development Corporation of Kansas City, Missouri; and Lambert-St. Louis Airport Authority.

OPPOSERS: Those who oppose the bill say that the legislation will adversely affect the school districts near the airport because they rely on the property taxes paid by businesses in

that area. Reducing the tax rate for these businesses will result in less revenue for the schools, which they will not be able to recoup through residential property taxes even if more people move into the area as a result of new jobs. Land near the airport is already an enterprise zone, so businesses there currently receive a tax abatement of 50%. Increasing the property tax abatement for businesses will only hurt the schools.

Testifying against the bill were Dennis Fischer, Park Hill School District; Cooperating School Districts of Greater Kansas City; Mark Harpst, School Administrators Coalition; Missouri National Education Association; and Missouri School Boards Association.