



BUTLER COUNTY
ADMINISTRATION DEPARTMENT

February 14, 2012

Senate Assessment and Taxation Committee
Senator Donovan – Chairperson

Dear Committee Members:

Butler County would like to thank you for this opportunity to testify on behalf of Senate Bill 317, a proposal to change the definition of commercial and industrial machinery and equipment for property tax purposes. Butler County is strongly opposed to this bill as it would create a major tax shift in the assessed valuation base in Butler County. As the bill is proposed Butler County would immediately lose over \$40,000,000 in assessed valuation in our County.

The bill as proposed would essentially make all large industrial properties exempt under the current exemption laws. Currently for example the HollyFrontier refinery located in El Dorado, KS is listed for appraisal purposes as real property. However, if this bill were to be enacted into law the majority of the refinery would then become personal property and therefore exempt under current laws. The refinery property has a taxable value of \$307,343,323. Should this bill pass it is estimated the taxable value would immediately drop to \$175,000,000 and eventually as upgrades were made to the facility, it could potentially drop to less than \$10,000,000.


The impact of the change to this single industry would drop the assessed valuation of the County nearly 7% and shift the property tax burden further onto residential property owners and retail business. Under K.S.A. 79-223, Commercial and industrial machinery and equipment purchased or leased after June 30, 2006 would be exempt. The current exemptions to machinery and equipment coupled with the Legislature's failure to fund the slider payments have placed an even larger burden on the property tax. This bill could potentially reduce assessed valuation in Butler County by as much as 10%, effecting City, School, Community College and Township funding dramatically.

The bill as drafted is unnecessary and crafted to address a perceived problem with a fertilizer plant and refinery valuation in Coffeyville, while profit margins for this industry are at an all time high. The impact of this bill would be felt statewide and is not warranted. The Butler County Commission stands strongly opposed to this bill and requests the Senate Assessment and Taxation Committee to oppose the same.


Sincerely,



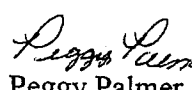
William H. Johnson, County Administrator



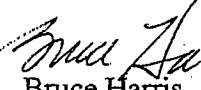
Daniel Woydzak
Chairman



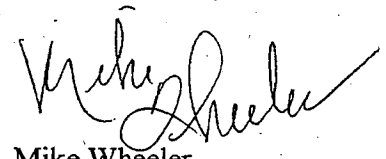
Jeff Masterson
Commissioner



Peggy Palmer
Commissioner



Bruce Harris
Commissioner



Mike Wheeler
Commissioner

William H. Johnson, Jr., County Administrator