

# Governor's Military Council

Senate Standing Committee on Assessment and Taxation  
Testimony on HB 2769

(Property tax exemption for certain housing located on military installations in Kansas)

March 15, 2012

Chairman Donovan and members of the Committee, I'm John Armbrust, Executive Director of the Governor's Military. Thank you for the opportunity to testify on that portion of HB 2769 that addresses privatized housing on military installations.

Secretary of Defense Panetta held a press conference on January 26<sup>th</sup> to discuss \$259B of DoD budget reductions over the next five years. These reductions are the first installment of reductions that will total at least \$487B over a 10 year period. In his press conference he noted that no state will be untouched during this defense downsizing process. Mr. Panetta also announced that the President will be requesting Congress to authorize another round of Base Realignment and Closure (BRAC).

These budget reductions and the possibility of another round of BRAC, when coupled with the fiscal and economic impact of military activity in the state of Kansas, make it clear that Kansas should continue to take all prudent actions possible which show Kansas is a military friendly state. Exempting housing on military bases in Kansas from property taxation sends a strong message that Kansas is indeed military friendly.

The fiscal and economic impact I referenced is based on a study completed by Wichita State University several years ago. This study showed that military activities in Kansas contribute about \$7.5B per year to the state's Gross State Product and employ approximately 169,000 Kansans. These Kansans receive wages totaling over \$5.5B per year. Additionally, over \$395M in property and income taxes are paid to the state as a result of military activities in Kansas.

I understand that exempting from property taxation the privatized housing on military bases in Kansas has an impact on the local counties and communities. While this impact is important, I believe it is imperative we take the actions necessary to protect the billions of dollars at stake in Kansas during the period of defense downsizing and possibly another round of BRAC.

Thank you again for the opportunity to speak to you about HB 2769.

Sn. Assmnt & Tax  
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Attachment # 1