

Testimony: Senate Bill 240

To: Senate Taxation Committee

Good Morning Mr. Chairman and Committee members.

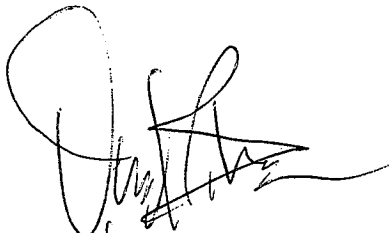
I am David Burk, a developer, and I am here to speak against Section (d) on page 13 of SB 240.

My firm, Marketplace Properties has been involved in the renovation/restoration of over 50 historic buildings that make up most of the Old Town area in Wichita, Kansas. Most of the time giving new uses to older buildings cost more than building new. Without the historic tax credits, these projects would not have been economically feasible. Many times there were a large number of credits that my investors and I would be unable to use. Therefore, many of the historic credits were sold to corporations as equity into the project. The current bill SB 240 as written, says that starting in 2014 selling the Kansas Historic Tax Credits to corporations would be eliminated because the corporations could not use them.

In its current form, this bill would have a devastating economic effect on downtown development in Wichita and other cities across our state. I would like to give you an example of one of the latest projects in downtown that I was involved in that without historic tax credits the block would have remain mostly vacant. Block 1 started when I purchased the Union National Bank Building, a 14 story, 130,000 square foot building on the NW corner of Broadway and Douglas. The building had been vacant for over 10 years. My group turned the building into a 117-room full-service boutique hotel. The total cost was over \$22,000,000 or over \$188,000 per room. We received about \$3,800,000 in National Historic Tax Credits and around \$4,000,000 in State Historic Tax Credits, which took our cost per key down to \$153,000 where we could be competitive with the higher end of the local market. Both the national and the state credits were sold to corporations. Without selling the credits, additional cash would have been required with no return on the investment. This project increases the government's sales and property taxes and puts additional people to work. Because of the hotel, the rest of Block 1 is either completed or is under construction and includes a parking garage, urban park, Kansas Leadership building and the existing Kansas Health Foundation, in excess of \$40,000,000 in one block.

Setting corporate tax structures for the state is your job, but please do not eliminate the states corporation's ability to use the Kansas Historic Tax Credits.

I would like to thank-you for allowing me this time to express my and many of colleagues feelings.



4.3.13

SN Assmnt & Tax

4/3/13

Attachm't # 5