



Salina Area Chamber of Commerce  
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## **Kansas Senate Commerce Committee Testimony re: Senate Bill 363**

### **Comments by:**

Dennis W. Lauver

President/CEO

Salina Area Chamber of Commerce

I want to thank Senator Brungardt for introducing Senate Bill 363. Thank you for the chance to speak with you today in support of this proposal.

Senate Bill 363 is a response to an issue that limits the ability of Salina and other Kansas communities to add good paying jobs and private sector capital investment. This limiting issue is the availability of labor. The labor availability issue is complex and there is no single “silver bullet” to resolve this issue.

To make a long story short, we have come to believe that improving the availability and affordability of housing is part of the solution for Salina and Saline County. People must be able to find quality affordable housing as they consider if they want to live and work in Kansas. In the case of Salina, we are moving forward with a unique community-based approach that will develop housing in the medium-priced range that we need to help attract workers for our industrial activity.

We think the path to providing affordable and available housing lies in reducing the “shovel ready” cost of development. We are ready to implement some strategies so that the public and private sector can work together to achieve this objective thus helping .

Attached is a copy of the Kansas Rural Housing Incentive District Act which allows a City (or County in unincorporated areas) to issue bonds, the interest on which will be exempt federal and Kansas income tax by the bond owner, to make new housing a reality in your community. The proceeds from the sale of the bonds may be used (see 12-5249 of the Act) to buy land, prepare the site for construction, pay for roads, sidewalks, street lighting, water and sewer lines, storm water sewers or retention, and so forth to facilitate the creation of a new housing sub-division regardless of size.

The bonds are issued in a sufficient amount to pay all of the land acquisition and infrastructure costs but not the cost of buildings. The land and all of the site improvements are conveyed to the developer at no cost.

The principal and interest of the bonds are paid from the real estate taxes paid by owners of homes and apartment buildings at the project location. The franchise fees

(taxes) paid by residents of the project are also pledged to pay debt service on the bonds. The bonds can only be issued for a term of 15 years.

The developer sells lots to builders and to prospective homeowners with the understanding that a house or apartment will be constructed on the lot within two (2) years. In other words no land speculators.

Only cities of less than 40,000 pop. in a county of not more than 60,000 are eligible to use the law.

**The challenge is to demonstrate to the Kansas Secretary of Commerce that a need exists in your community for X number of new dwelling units. Once the Secretary is satisfied that the need exists his approval for issuance of the bonds is sent to the City. Without his okay for issuance of the bonds the project is at a standstill.**