



Historic Buildings tell the
Kansas Story

The legislature hereby finds that the historical, architectural, archeological and cultural heritage of Kansas is an important asset of the state and that its preservation and maintenance should be among the highest priorities of government. KSA 75-2715 (1977)



Tax Credit Basics

- Enacted by 2001 Kansas Legislature
- Historic Preservation and Economic Development Success
- Spurred Major Investments in Downtowns & Older Neighborhoods



Essential to ...

- Leverage Financing/Gap Financing
- Draw Developers/Investors to Kansas
- Create Jobs
- Improve the Kansas Economy



Numbers

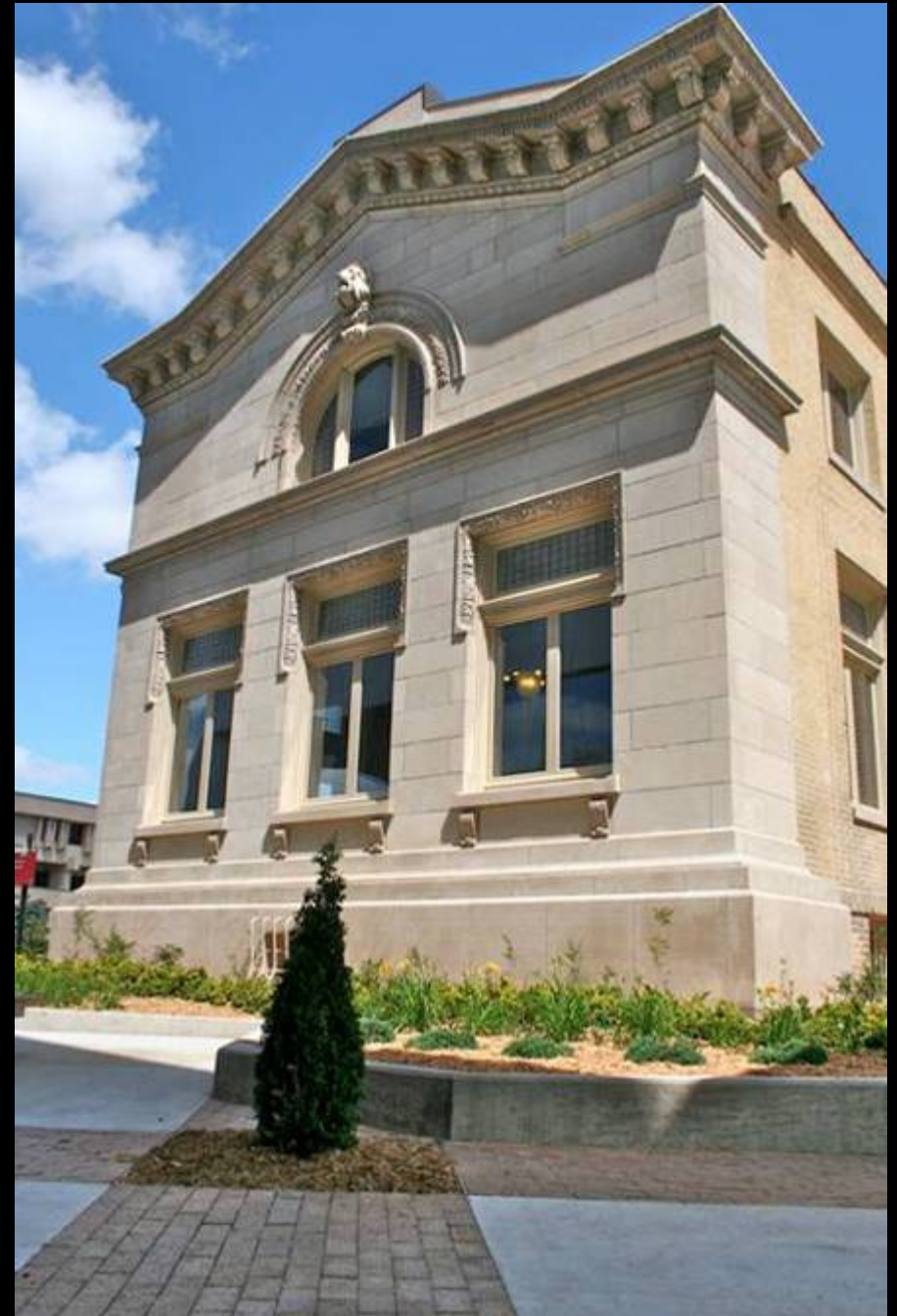
- Every \$1 of tax credits leverages at least an additional \$3 in private investment
- Many times, that \$1 leverages another \$.80 in federal credits
- Rehab creates more jobs than new construction because it is 50% more labor-intensive



Since 2002, the \$66.4 million in state tax credits allocated have...

- Leveraged **\$263.9** million in private investment.
- Created **4327** Kansas jobs
- Created **\$137.9** million in income, **\$178.1** million in gross state product (**\$82.6** million in the construction industry alone)

*The
Program's
Impact on
Wichita*





Case Study:
Wichita High School



Case Study: *Eagles Lodge, Wichita*



“If not for the historic tax credits I would not have renovated the building...It would not have been economically viable to do it.” Jerry White, Property Owner



Eagles Lodge Numbers:

- Tenfold increase in property taxes.
- **\$1.2** million in private Investment.
- **95%+** of rehab costs to local workers.
- **\$230,000+** that would otherwise have been paid in federal taxes stayed in Kansas.



Case Study:
Kelly Mills, Hutchinson





"The reason we worked with downtown development to purchase and restore a building ... was specifically to take advantage of this tax credit program. It's what we were counting on." Gina Nachtigal, Property Owner



What Happened in 2009:

Capped Tax Credit Redemptions at \$3.75 million for 2010 and 2011.

- Method of the cap cut the program by as much as 70%, versus an intended 10% cut.
- The cap affected both future projects and underway projects with a significant amount of risk and investment.



Unintended Consequences

- Halted Dozens of Shovel-ready projects already underway.
- Created Instability in the Market for Future Projects.
- Two key groups:
 - Projects in their formative phase
 - Pipeline projects with skin in the game



Case Study: ***Broadview Hotel, Wichita***



“The economic equation for the Broadview restoration is challenging, and the Kansas Historic Rehabilitation Tax Credits are an essential component ... Frankly, in today’s economic climate, HB 2365 in its current form puts the Broadview restoration in jeopardy.” Robert Drury, Drury Southwest

Solutions?

- Remove the Cap
Committee Bill Being Drafted
- Fulfill original budget cut goal of 10 percent

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