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'First step' for Broadview

Senate panel advances historic tax credit plan

BY BILL WILSON
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The Kansas Senate's Assessment and Taxation Committee has advanced a bill that would revive the state's Historic Tax Credit program.

The move is a "good first step," city officials said, toward the renovation of the Broadview Hotel and other historic buildings in Wichita and statewide.

Committee Chairman Les Donovan, R-Wichita, said he's optimistic the bill will pass the Senate and House.

"Most of the folks think the benefits far outweigh the cost to the state and they do," Donovan said. "... The main gist of this whole deal is to put people back to work, get people on these jobs doing projects, paying taxes, feeding families and getting off unemployment."

City officials also hailed the committee vote.

"There's been an encouraging response from legislators ready to acknowledge that the budget decision last year inadvertently caused harm to the program, and to restore it to what it was prior to the decision," said Dale Goter, the city's government affairs director.

Senate Bill 430, a new piece of legislation combining the HTC program with other corrections sought by the Kansas Department of Revenue, is expected to hit the Senate floor next week, Goter said.

If approved, the measure will be routed to the Kansas House of Representatives.

The Senate must act by Feb. 19, Goter said, the date when all legislation must have cleared its original house. Legislation not approved by that date is dead, unless it has special consideration in certain committees.

Late in the 2009 session, lawmakers passed a 10 percent cut to tax-credit programs in the state. Kansas legislators capped the historic tax credits program at \$3.75 million a year for the entire state as they scrambled to balance a state budget riddled by declining revenue.

The new bill eliminates the cap but would reduce the tax credit a project could receive, lowering the amount from 25 percent of the private project's value to 22.5 percent of the value.

Projects developed by nonprofit groups would now be eligible for credits up to 27 percent of the project's value, down from 30 percent.

The cap has halted or delayed restoration projects such as the Broadview, threatening access to needed development funds for key projects in downtowns across the state, said Jeff Fluhr, president of the Wichita Downtown Development Corp.

"Great, great news today, for our downtown and downtowns across the state," Fluhr said. "We have great potential we can unlock, but we've got to have the instruments to do that."

The Broadview is considered a pivotal project in the downtown revitalization plan, Goter said.

"It's a major part of the financial picture downtown, and it's very important to the city to have that take place," Goter said.

On Thursday, a spokesman for the Broadview's owner said the company is ready to start work late this spring if the Legislature removes the cap.

The \$26 million Broadview renovation was scheduled to begin in November before the tax credit cut halted it, Drury officials said. The project will cost up to 40 percent more than a similar-size new hotel.

"We want to build the Broadview, bring it back to where it was when it was a first-class hotel," said Herb Wedemeier, chief counsel for Drury Southwest.

"We understand that these are challenging times for governmental budgets, and we applaud the efforts to fix this."

Fluhr said the tax credit program is an essential part of plans to create and fill more downtown housing.

"As we've heard from Goody Clancy, we have a demand in our downtown for 1,000 residential units in the next five to seven years," Fluhr said.

"The residential component often uses historic buildings, but to get those buildings back into commerce, we need the tax credits to help with the financial gaps these structures often face."

Reach Bill Wilson at 316-268-6290 or bwilson@wichitaeagle.com.

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