



September 30, 2008

Dear Mayor Funkhouser and Kansas City Council Members:

Subject: No to municipal tax breaks for a federal nuclear weapons production plant!

Hearing case #670-s, ordinance #080913.

Missouri State law created municipal Planned Industrial Expansion Authorities in order to promote public financial instruments such as tax abatements to encourage the remediation of urban or industrial blight and spur economic development. Chapter 100, Section 100.320 of the Missouri Revised Statutes states that municipal governing bodies can act only if a specific area is determined to be blighted or underdeveloped and its development "is necessary in the interest of the public health, safety, morals or welfare of the residents of such city."

The Planned Industrial Expansion Authority (PIEA) for Kansas City recently recommended a reported \$40 million in tax abatements for a new half-billion dollar Kansas City Plant. This Planning and Zoning Subcommittee of the Kansas City Council will either disapprove this recommendation or approve it and pass it on to the full City Council. The existing Plant, operated by the Honeywell Corporation for the Department of Energy's National Nuclear Security Administration (NNSA), produces and/or procures 85% of all components that make up U.S. nuclear weapons. I urge the Subcommittee to disapprove this proposal for the following reasons:

- **The proposed site for the new Plant at Highway 150 and Botts Road is not blighted.** It is currently being used primarily as a soybean field. It may be underdeveloped in relative economic terms, but it is not blighted such that a modest effort could not clean it up. It is a cynical abuse of authority for the PIEA to declare it blighted so that a new, arguably unneeded nuclear weapons production plant can be built at taxpayers' expense. To genuinely enhance the welfare of Kansas City residents the PIEA should concern itself with areas that are truly blighted.
- **Encouraging a new Plant through municipal tax breaks without securing an ironclad commitment from the federal government to comprehensively clean up the existing Plant may be injurious to both long-term public health and the economic potential of Kansas City citizens.** The existing Plant is heavily contaminated with cancer-causing volatile organic compounds (mostly industrial solvents) and PCBs, for which NNSA has formulated no comprehensive cleanup plan. Instead, the agency plans to be fully operating in the new Plant by 2012 and effectively abandon the old Plant. Kansas City is counting on reusing the existing Plant for local economic development, which probably cannot take place without comprehensive cleanup costing more than \$250 million. Proposed Kansas City tax breaks for a new nuclear weapons production plant would reward the federal government while it intentionally ignores its moral responsibility to protect its citizens and their future economic prosperity through full environmental restoration of the old Plant. The federal government should be cleaning up its nuclear weapons complex, not building it up!
- **America needs to re-tool for green jobs, not dead-end nuclear weapons jobs.** It is obvious to me that this country needs energy independence and to fight against global warming. Any tax breaks granted by Kansas City should be geared in those related directions instead of declining nuclear weapons jobs. This country needs to lead by example in global nonproliferation efforts. In contrast, the present Administration has vigorously advocated for industrial-scale production of new nuclear weapons, which the new Plant's workload is largely predicated upon after 2015. However, Congress has rejected these new designs for two consecutive years, and in all likelihood the

number of jobs in nuclear weapons production will inevitably decline. NNSA is already explicitly planning for a 20 to 30% reduction in full-time employees across its nuclear weapons complex over the next decade. It would be better foresight for the Kansas City municipal government to grant tax breaks to growth industries such as alternative energy technologies instead of nuclear weapons production.

- **Ownership by Kansas City municipal government of a federal nuclear weapons production plant directly conflicts with “the interest of the public health, safety, morals or welfare of the residents of such city” that Missouri State law seeks to advance.** The PIEA’s “General Development Plan” for the new Kansas City Plant makes clear that it will hold ownership of the Plant through bonds that will be sold to private investors. The PIEA would then grant private developers picked by NNSA a 20-year purchase-to-lease. In turn the developers will sublease the Plant to the federal General Services Administration, who then in turn subleases it to the NNSA. Lease revenues from NNSA will go to the developer who will make payments to the PIEA in order to retire the bonded debt.

This complicated “alternative financing” scheme avoids traditional congressional scrutiny because construction of the new Plant is entirely omitted from the NNSA’s annual Congressional Budget Request. Yet internal documents show that the government will pay back \$1.2 billion in lease costs for a Plant that is estimated to cost a half-billion dollars to build. I submit this is a cogent example of the lack of fiscal prudence that has led to today’s turbulent economic climate. In conjunction with the lack of projected growth in nuclear weapons production, both argue against the claim that these tax abatements will promote the welfare of Kansas City residents.

Concerning public health and safety, nothing can be more immediately injurious to Kansas City residents than a nuclear weapon, the only weapon of mass destruction that is truly capable of instantaneously destroying whole cities. During the Cold War a balance of terror was held through MAD, or Mutually Assured Destruction. However, the present Administration has declared a policy of pre-emptive war, including nuclear war, when it deems it necessary. This in turn could drive other countries to seek their own nuclear weapons in order to deter the U.S.

Members of the Kansas City Council may well say to themselves that the municipal government has no business weighing in on national nuclear weapons policies. However, the General Development Plan for a new Kansas City Plant aids and abets not only the indefinite preservation of U.S. nuclear weapons but also their continuing advancement. The 1970 NonProliferation Treaty is the global bulwark against nuclear weapons proliferation, and this present proposal for tax breaks for a nuclear weapons production plant conflicts with the Treaty’s mandate to eventually disarm. Rather than abstaining from or maintaining neutrality in a debate over future nuclear weapons policies, a Kansas City municipal government decision to grant tax breaks tangibly affirms present nuclear weapons policies.

I urge this Planning and Zoning Subcommittee to reject this proposal for tax breaks for a nuclear weapons production plant. Thank you for your consideration. I am available to answer any questions at 505.989.7342 or by e-mail at: jay@nukewatch.org

Respectfully,



Jay Coghlan, Executive Director
Nuclear Watch New Mexico