

Approved: 2/12/93
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Keith Roe at 9:00 a.m. on February 9, 1993 in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Tom Severn, Legislative Research Department
Chris Courtwright, Legislative Research Department
Don Hayward, Revisor of Statutes
Bill Edds, Revisor of Statutes

Conferees appearing before the committee:

Arthur H. Griggs, Department of Administration
Representative Tom Bishop
Paul Fleenor, Kansas Farm Bureau
Karen France, Kansas Association of Realtors
Karl Peterjohn, Kansas Taxpayers Network
Cedric Moege, Kansans for Equal Property Taxation
Butch Felker, Mayor of Topeka and Member, League of Kansas Municipalities
Murray Nolte, President, Kansas Association of Counties and Johnson County Commissioner
Paul Klotz, Association of Community Mental Health Centers of Kansas, Inc.
Yo Bestgen, Kansas Association of Rehabilitation Facilities
Gary Cook, Occupational Center of Central Kansas, Inc.
Mark Elmore, Johnson County Mental Retardation Center
David Monical, Washburn University
Ray Vaughan, Sedgwick County Advisory Council on Aging
Curt Wood, City Commission of Manhattan
Marjory Scheufler, Edwards County Commissioner
Becky Allen-Bouska, Sedgwick County Manager's Office
Brian McNichols, Council President, City of Lenexa

Others attending: See attached list

A motion was made by Representative Glasscock, seconded by Representative Empson, to introduce a bill that in the Regents counties as defined in HB 2185, they would not be required to pay out-district tuition for community colleges. The motion carried.

Chairperson Roe opened the hearing on HB 2210.

HB 2210 Tax Lid for Local Governments.

Arthur Griggs, Department of Administration, testified in support of HB 2210. He said that the impetus for a new tax lid measure stems from a desire to not lose the significant property tax relief that resulted from last year's school finance measure. Mr. Griggs also said that because the current tax lid expires this June 30th, action by this legislative session is needed to protect the gains made in providing property tax relief (Attachment 1).

Representative Tom Bishop testified in support of HB 2210 and recommended that an exemption be added to not only restore the mental health provisions that are presently in effect but also include mill levies for aging services and the mental health centers as well.

Paul Fleenor, Kansas Farm Bureau, testified in support of HB 2210, stating that it is better to have an aggregate dollar limit on levies than to have the countless individual fund levy limits which have grown up in our statute books (Attachment 2).

Karen France, Kansas Association of Realtors, testified in support of HB 2210, stating that tax lids are part of the checks and balances which are necessary in government; overly "loose" tax lids do not serve the taxpayers of the state (Attachment 3).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on February 9, 1993.

Karl Peterjohn, Kansas Taxpayers Network, testified in support of HB 2210, stating that extending the statutory property tax lid is not an ideal solution, but it is superior to just allowing the existing lid to disappear. (Attachment 4).

Cedric Moege, Kansans for Equal Property Taxation, testified that he reluctantly supports HB 2210 but wishes the Committee would support a cap to limit total property taxes to an amount equal to 1 percent of the value of residential property and to 1.5 percent of the value of commercial and industrial property.

Butch Felker, Mayor of Topeka, testified in opposition to HB 2210, stating that tax lids ignore the harsh reality of mandates and uncontrollable expenses (Attachment 5).

Murray Nolte, President, Kansas Association of Counties and a Johnson County Commissioner, testified in opposition to HB 2201, stating that the groups he represents feel that tax lids ignore the limited revenue options available to cities and counties. Mr. Nolte also said that the state has strictly limited local revenue options while continuing to add mandates (Attachment 5).

Paul Klotz, Association of Community Mental Health Centers, testified in opposition to HB 2210. He stated that a loss of any county mental health revenues will result in a greater share being paid by the state or services being dramatically cut or even lost (Attachment 6).

Yo Bestgen, Kansas Association of Rehabilitation Facilities, testified in opposition to HB 2210. She said that when the State is guided by the policy of community based services and then creates a barrier to that policy, there lacks a consistency of sound policy management (Attachment 7).

Gary Cook, Occupational Center of Central Kansas, Inc., testified in opposition to HB 2210. He said that the threat imposed by this bill comes at a time when the legislature and the Department of Social and Rehabilitation Services have asked for greater local participation in the funding base for the services provided by community mental retardation centers (Attachment 8).

Mark Elmore, Johnson County Mental Health Center, testified in opposition to HB 2210 and stated that the encouragement of the state for local participation in the funding of community mental retardation services had been in place since the early 70s (Attachment 9).

David Monical, Washburn University, testified in opposition to HB 2210, stating that the provisions of this bill are unnecessary for Washburn and could cause the University significant problems in enacted into law (Attachment 10).

Ray Vaughan, Sedgwick County Advisory Council on Aging, testified in opposition to HB 2210 and said that the Aging Mill Levy is one of the few taxes that the taxpayers voted to levy upon themselves (Attachment 11).

Curt Wood, City Commission of Manhattan, testified in opposition to HB 2210. He stated that it is unconscionable for the State of Kansas to raise taxes and expand programs while at the same time limiting the abilities of local governments to respond to the needs of the citizens of Kansas (Attachment 12).

Marjory Scheufler, Edwards County Commissioner, testified in opposition to HB 2210, stating that the continued growth of state and federal mandates makes tax lids irrational (Attachment 13).

Becky Allen-Bouska, Sedgwick County Manager's Office, testified in opposition to HB 2210 and said that local governments and the State of Kansas are faced with mandates outside of their control, such as the new American's with Disabilities Act (Attachment 14).

Brian McNichols, Council President, City of Lenexa, testified in opposition to HB 2210. He stated that cities cannot continue to fund services while being faced with unfunded mandates from the federal and state governments and at the same time having their hands tied with respect to proposed tax lids and restricted revenue options (Attachment 15).

Written testimony in opposition to HB 2210 was submitted by:

Gerry Ray, Johnson County Commissioners (Attachment 16)

Terry Larson, Kansas Alliance for the Mentally Ill and Kansas Mental Health Coalition (Attachment 17)

Nancy Zielke, City of Kansas City, Kansas (Attachment 18)

Bobby Heitschmidt, Ellsworth County Commissioner (Attachment 19)

Gerry Ray, City of Overland Park (Attachment 20)

Mary Bolton, Rice County Commission (Attachment 21)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on February 9, 1993.

Lila Paslay, Topeka Association for Retarded Citizens (Attachment 22)
Cathy Holdeman, City of Wichita (Attachment 23)

The Chair closed the hearing on HB 2210 and the meeting adjourned at 10:30 a.m.

The next meeting is scheduled for February 10, 1993.

H.B. 2210

Date: 2/9/93

GUEST REGISTER

HOUSE COMMITTEE ON
ASSESSMENT AND TAXATION

NAME	ORGANIZATION	ADDRESS	PHONE
BRIAN McNICHOLS	CITY OF LENEXA, KS	12350 W. 87 TH ST.	492-8800
Art Davis	City of Lenexa	Lenexa	492-8800
Tim Louderback	BARBEE + ASSOC.	Topeka	—
MURRAY L. NOLTE	KANSAS ASSN. of COUNTIES	TOPEKA	
JOHN TORBERT	" "	TOPEKA	
Cathy Holdeman	City of Wichita	Wichita	
Dennis Taylor	Shawnee County	Topeka	
GERRY RAY	JOHNSON COUNTY & CITY OF OVERLAND PK	OVERLAND PARK	
Maya Schuch	Edwards Co. Comm.	Bellevue, KS	
Bobby Chittenden	Ellsworth Co. Comm.	Holyrood, KS	
Craig Grant	FNBA	Topeka	
Lee Lauenburg	KNEA	Overland Park	
Jim Sullinger	KC STAR	Olathe	
John J. Scordoff	City of Hutchinson	Hutchinson	694-7612
George Winger	Gov. Office		
Wesley Osborn	State Library	Topeka	
Wayne Landolt	Marshall County Clerk	Marionville	
Paul E. Fleener	Kansas Farm Bureau	Manhattan	587-6000
Chris McKenzie	League of Ks. Municipalities	Topeka	357-9565
Joan Franke	Ks Gov. Consulting	"	
John Dean	City of Oberlin	1071 W. Commercial Oberlin KS	(913) 471-2217
Willie Martin	Sedgwick County		

Date: 2/9/93

GUEST REGISTER

HOUSE COMMITTEE ON
ASSESSMENT AND TAXATION

NAME

ORGANIZATION

ADDRESS

PHONE

Peddy Allen-Bowdke	Sedgwick County	525 N. Main ^{Wichita} 67203	316 383-7575
Terry Larson	Ks Alliance For the M.E.	Topeka	233-0755
Edward E. Schenckler	Lawrence-Ramher	Belpue Ks.	316 995-3973
Lavel Heitschmidt	Chenoweth Co.	Hollywood, Ks 67450	913 252-3417
J.D. Harper	Ks Co. Comm. Assoc.	Cherryvale Ks	316-336-2838
Nancy Zickler	City of Kansas City Ks	One W. Dineen Plaza KCC 66107	913 573-5270
Dee L. L. L.	KLA	Topeka	273-5115
John T. Hanett	CPAK	Topeka	272-0486
Ross Vander Hamm	City of St. Marys	St. Marys	437-2311
Mark Tallman	KASB	Topeka	273-3600
Chuck Tilman	KNEA	Topeka	232-8241
Roy Vaughan	Sedgwick County Council on Aging	1033 Eastern Wichita Ks 67207	688-1823
Leanne Duggan	Ks Dept on Aging	Topeka	276-4886
Robert L. Clark	CLASS LTD	Columbus	(316) 429-1212
Bruce Goeden	KANSAS NEA	TOPEKA	232-8271
Karl Peterson	Kansas Taxpayers Network	Wichita	316 684-0082
Carol Flanish	Ottawa Co Clerk	Minneapolis	913 392-2279
Bruce Means	City of Halton	Halton	364-8421
Don Seifert	City of Olathe	Olathe	782-2600

House Assessment and Taxation Committee
Arthur H. Griggs, Department of Administration
Presentation House Bill 2210
February 9, 1993

The impetus for a new tax lid measure stems from a desire to not lose the significant property tax relief that resulted from last year's school finance measure. Governor Finney, as well as a bipartisan mix of legislators and citizens, share this concern regarding property taxes.

Because the current tax lid expires this June 30th, action by this legislative session is needed to protect the gains made in providing property tax relief. HB 2210 follows the current tax lid law on many of its features. The following is a quick recap of areas where HB 2210 deviates from the current lid:

1. New base year will be 1992.
2. Change exemptions so that all are included in sections 8 and 12 of the bill.
3. The following existing tax lid exemptions are left intact:
 - principal and interest on loans, bonds, notes, and no-fund warrants
 - judgments, settlements, and tort liability expenses
 - levies for financing of budgets for subdivisions that lack taxing powers such as public libraries and recreation commissions
4. The following existing tax lid categories of expenditures would remain exempt from the new tax lid, but only for increases in expenditures over the 1993 budgeted expenditures:
 - district court and expenses for juvenile detention
 - out-district tuition to community colleges and municipal universities
 - county hospital expenses
 - employee benefits
5. The existing employee benefit exemption would be narrowed to exclude health insurance and employee benefit plans, but continue to exempt the following:
 - FICA
 - workers compensation
 - retirement
6. The following exemptions in the current tax lid would be eliminated in HB 2210:
 - mental health centers and community facilities for mentally retarded
 - counties contracting with community mental health centers
 - establishment of mental health clinics and joint boards of mental health
 - homes for the aged expenses
7. The exemption for motor vehicle tax decreases will be continued, but the 1993 budget allocation is the new base.
8. All use of home rule would be eliminated. Any exclusion from the tax lid would require an election effective for a maximum of three years.
9. Move tax lid to a new section of statutes so that the current home rule exemptions are void.

Attached is a section by section comparison of the current tax lid and HB 2210. It is hoped that committee members will feel free to raise questions as I review the comparison. I will also stand for questions following the review.

2/9/93

House Taxation Cmte

Attachment 1

TAX LID LAW COMPARISON: Current Law and 1993 House Bill 2210

<u>Subject</u>	<u>K.S.A.</u>	<u>Current Law</u>	<u>1993 H.B. 2210</u>
			[SECTION 1]
Definitions	79-5021(a)	Taxing subdivision (TS) defined	No change
			[SECTION 2]
	79-5021(b)	Base year defined as 1988 or 1989	Base year defined as 1992
	79-5021(c)	"assessed valuation amount for 1989" is as shown on the 11-1-89 abstract transmitted to the PVD per 79-1806	Deleted
Entities covered by Tax Lid (TL)	79-5022(a)	Suspends all existing levy rates and aggregate limits	Suspends all existing levy rates
Fund levy limits	79-5022(b)	The fund levy limits use 1988 as base year	The fund levy limits use 1992 as base year
Factor for increase to fund levy limit	79-5022(c)	Tax increase allowed for valuation increase over 1989 valuation	Tax increase allowed for valuation increase over 1992 valuation
			[SECTION 3]
Certification of levies	79-5023	If illegal levies are certified, county clerk must adjust	No change
			[SECTION 4]
Allowable increases of taxing power for TSs covered by TL	79-5024(a) 79-5024(b)	Increased taxing power allowed for new improvements and increased personal property	No change
			[SECTION 5]
Added territory adjustment	79-5025	Cities and counties adjust for annexed territory	No change

TAX LID LAW COMPARISON: Current Law and 1993 House Bill 2210

<u>Subject</u>	<u>K.S.A.</u>	<u>Current Law</u>	<u>1993 H.B. 2210</u>
			[SECTION 6]
Excluded territory adjustment	79-5026	Cities and counties adjust for territory lost	No change
			[SECTION 7]
Transfer of function adjustment	79-5027	Tax levy authority for functions transferred in or out	No change
			[SECTION 8]
			All exemptions shown in this section
Levies exempted from TL	79-5028(a)	Principal and interest on loans, bonds, notes, and no-fund warrants	(1) No change
Levies exempted from TL	79-5028(b)	Judgments, settlements, and tort liability expenses	(2) No change
Levies exempted from TL	79-5028(c)	Employer contributions for employee benefits, including FICA, <u>health insurance</u> , workers compensation, retirement, and <u>employee benefit plans</u>	(3A) Increased taxing power allowed for increases in expenditures over the 1993 budgeted expenditures for FICA, workers comp, and retirement
Levies exempted from TL	79-5028(d)	District court and expenses for juvenile detention	(3B) Increased taxing power allowed for increases in expenditures over the 1993 budgeted expenditures
Levies exempted from TL	79-5028(e)	Out-district tuition to community colleges and municipal universities	(3C) Increased taxing power allowed for increases in expenditures over the 1993 budgeted expenditures

TAX LID LAW COMPARISON: Current Law and 1993 House Bill 2210

<u>Subject</u>	<u>K.S.A.</u>	<u>Current Law</u>	<u>1993 H.B. 2210</u>
Levies exempted from TL	79-5028(f)	Mental health centers and community facilities for mentally retarded	Deleted
Levies exempted from TL	79-5028(f)	Counties contracting with community mental health centers	Deleted
Levies exempted from TL	79-5028(f)	Establishment of mental health clinics and joint boards of mental health	Deleted
Levies exempted from TL	79-5028(f)	Levies to make up for decreasing motor vehicle tax revenue	Same adjustment using 1993 budget allocation as the base
Levies exempted from TL	19-4606	Existing exemption shown in K.S.A. 19-4606 for county hospital expenses	3(D) Increased taxing power allowed for increases in expenditures over the 1993 budgeted expenditures
Levies exempted from TL	79-1947b	Home for Aged in K.S.A. 79-1947b	Deleted
TL & fund levy limits suspension via election	79-5029	TL limit may be suspended via April, June, November, or any primary election for 1 year or any number of years	[SECTION 9] TL limit may be suspended (at any special, primary, general, or mail ballot election) for up to 3 years
			[SECTIONS 10 AND 11]
TL exemption via Board of Tax Appeals (BOTA)	79-5030 and 79-5031	Application to BOTA required. Finding "extreme emergency need," BOTA may grant additional taxing authority or no-fund warrants	No change

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TAX LID LAW COMPARISON: Current Law and 1993 House Bill 2210

<u>Subject</u>	<u>K.S.A.</u>	<u>Current Law</u>	<u>1993 H.B. 2210</u>
Levies passed on to other entities (e.g., city levies for a library)	79-5032	Such levies not in TS's TL limit but other entities are under K.S.A. 79-5022 limit	[SECTION 12] No change
Taxpayer complaint procedure	79-5033	Taxpayer can file complaint with BOTB within 30 days of budget hearing	[SECTION 13] No change
TL exemption via election procedure	79-5034	Procedure to follow K.S.A. 10-120	[SECTION 14] No change
USD general fund excluded	79-5035	Repealed	[SECTION 15] Restored repealed language
TL exemption via Home Rule (HR)	79-5036	HR powers extended to all TSs for exempting from TL and fund levy limits	Deleted

1981-1992 COMPARISON OF TAX INCREASES
STATEWIDE AD VALOREM TAXES BY TYPE OF TAXING DISTRICT
(Amounts are presented in thousands)

Year	State	County	City	Township	School	Other	Total	CPI
'81 Tax	15,938	212,683	168,093	15,535	559,055	34,194	1,005,498	
'82 Tax	16,972	224,449	172,059	17,104	582,641	36,641	1,049,866	
% of Inc	6.49%	5.53%	2.36%	10.10%	4.22%	7.16%	4.41%	6.1
'83 Tax	16,541	237,804	177,436	18,058	621,232	42,874	1,113,945	
% of Inc	-2.54%	5.95%	3.13%	5.58%	6.62%	17.01%	6.10%	3.2
'84 Tax	16,811	249,937	185,791	18,630	654,165	44,743	1,170,077	
% of Inc	1.63%	5.10%	4.71%	3.17%	5.30%	4.36%	5.04%	4.3
'85 Tax	17,158	273,600	184,315	18,994	710,035	46,478	1,250,580	
% of Inc	2.06%	9.47%	-0.79%	1.95%	8.54%	3.88%	6.88%	3.6
'86 Tax	16,803	283,262	199,279	19,114	727,385	45,550	1,291,393	
% of Inc	-2.07%	3.53%	8.12%	0.63%	2.44%	-2.00%	3.26%	1.9
'87 Tax	16,893	306,788	211,242	20,054	789,249	48,142	1,392,368	
% of Inc	0.54%	8.31%	6.00%	4.92%	8.50%	5.69%	7.82%	3.6
'88 Tax	17,029	332,584	227,754	22,958	825,601	54,333	1,480,259	
% of Inc	0.81%	8.41%	7.82%	14.48%	4.61%	12.86%	6.31%	4.2
'89 Tax	21,157	365,658	241,631	21,934	864,371	55,859	1,570,610	
% of Inc	24.24%	9.94%	6.09%	-4.46%	4.70%	2.81%	6.10%	4.8
'90 Tax	21,381	372,746	248,369	22,984	929,269	59,933	1,654,682	
% of Inc	1.06%	1.94%	2.79%	4.79%	7.51%	7.29%	5.35%	5.4
'91 Tax	21,946	392,833	260,611	23,441	1,070,215	63,614	1,832,660	
% of Inc	2.64%	5.39%	4.93%	1.99%	15.17%	6.14%	10.76%	4.2
'92 Tax	21,901	413,545	271,420	24,053	811,209	65,600	1,607,728	
% of Inc	-0.21%	5.27%	4.15%	2.61%	-24.20%	3.12%	-12.27%	3.0
1981-1991 Increase	37.70%	84.70%	55.04%	50.89%	91.43%	86.04%	82.26%	49.8
1982-1992 Increase	29.04%	84.25%	57.75%	40.63%	39.23%	79.03%	53.14%	45.6

Municipal Accounting Section
February 9, 1993

1-6



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON TAXATION

RE: H.B. 2210
Prescribing limitations on the levy of property taxes.

February 9, 1993
Topeka, Kansas

Presented by:
Paul E. Fleener, Director
Public Affairs Division
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to make some comments on H.B. 2210. Our observations on this legislation are generally favorable and supportive.

For the record ... my name is Paul E. Fleener. I am the Director of Public Affairs for Kansas Farm Bureau. We represent farmers and ranchers in each of the 105 counties in Kansas. Their views are expressed through voting delegates who are farmers and ranchers, and who come to the annual meeting of Kansas Farm Bureau to bring the message of concern on public policy issues from their fellow farmers and ranchers.

Our most recent annual meeting was held in Wichita on November 19-21, 1992. At that time our delegates from the 105 counties discussed, debated, and finally adopted policy positions on a wide range of issues. In the matter of property taxation, we have policy positions on classification and reappraisal. We have a position on the sales assessment ratio. Farm Bureau policy includes the following statement concerning budgeting and spending by units of government:

House Taxation Cmte

*2/9/93
Attachment 2*

Kansas should have a basic tax policy of taxing people for services to people, and taxing property for services to property. We strongly support reducing the reliance on the property tax. We likewise support increasing reliance on sales and income taxes for the support of state and local governmental units.

Expenditures by the State of Kansas and by local units of government in Kansas in any fiscal year should never exceed projected revenue receipts for that fiscal year.

Zero-based budgeting is essential to fiscal planning and should be required for all state agencies as well as all local units of government.

The State General Fund should have adequate balances or reserves.

We also have policy positions which we will be bringing before this committee on other tax related matters. It would be important for us to point out to you at this time another brief statement which appears in our school finance policy position. It applies to a broad range of topics, however. The statement is this:

Federally and state-mandated programs should be fully funded by the federal or state government, whichever mandates a given program.

Chairman Roe, and members of the committee ... we have been supportive over the years of a number of legislative proposals which seek to limit the use of the property tax. Our farmers and ranchers have a long history of interest in property taxation. We have that interest because farmers in this state represent less than 6 percent of the population, receive less than 3 percent of the income and pay in excess of 14 percent of all property taxes.

The bill before you at this time would reimpose an aggregate dollar limit on levies for several local units of government. That is laudatory. First it's better to have an aggregate limit than to have

the countless individual fund levy limits which have grown up in our statute book. And it is good and laudatory that the legislature would reimpose a limit on the levy of property taxes. You have a good mechanism to do that in H.B. 2210. It may not be perfect. You may exclude or exempt some things that should not be. The bill deserves your careful consideration, though, and we believe deserves your support to reimpose the aggregate limits on the levy of property taxes.

The legislature is beginning to look more seriously at proposals for **PRIVATIZATION**. Our farmers and ranchers are also beginning to take a look at the economy and efficiency of service delivery by units of government. They have primarily arrived at the opinion that several things now done by government for the citizens of a county or community, could more efficiently, more effectively, more appropriately be done by private enterprise and done at a dollar savings. But that is a topic for another hearing. We mention it now simply to say that the recognition of the need for limiting the use of the property tax come from the citizen understanding of the need to limit government itself. We ask for your favorable consideration of these views as you continue to work H.B. 2210.



Executive Offices:
3644 S. W. Burlingame Road
Topeka, Kansas 66611
Telephone 913/267-3610

TO: THE HOUSE TAXATION COMMITTEE

FROM: KAREN FRANCE, DIRECTOR, GOVERNMENTAL AFFAIRS

DATE: February 9, 1993

SUBJECT: HB 2210, LOCAL GOVERNMENT TAX LIDS

Thank you for the opportunity to testify. On behalf of the Kansas Association of REALTORS, I appear today to support HB 2210.

We believe tax lids are needed for three reasons.

First, we believe that tax lids are part of the checks and balances which are necessary in government. Tax lids provide the budgetary parameters in which local governments can operate from year to year. Overly "loose" tax lids, or so-called tax "sieves" do not serve the taxpayers of the state.

Some people may tell you today that tax lids are an unnecessary interference in the local government process. These advocates will tell you that the local constituents can better control the budget process, without the interference of state officials. The theory which has been presented is that if the local electorate does not like the budgetary habits of their local government, they can vote the elected officials responsible for the budgets out of office at the next election.

However, such a statement infers that citizens are always given qualified candidates to vote into office, while voting an incumbent out of office. In a perfect representative democracy, that would be the case. In reality, this is not always true. Citizens are not always presented with viable "choices" at the ballot box. Thus, a tax lid which draws the parameters around the basic budgetary requirements of the local governments, but gives them the leeway to put any "emergencies" to a vote of the people is a reasonable way to help provide checks and balances on local government.

Second, tax lids work. Referring to Exhibit E of the Municipal Accounting handout

House Taxation Cmte

2/9/93

presented by Barbara Butts, the annual increases for local government have been reduced since the tax lid went into effect in 1990. Such reductions in increases indicate that, if it is the intent of this legislature to keep property increases to a minimum, tax lids seem to have that effect.

Third, a tax lid is needed to keep the property tax relief given in the 1992 School Finance Formula in place. Now that the state is in the business of levying property tax dollars for school finance, it has a vested interest in making sure that property tax increases for all taxing subdivisions are kept in tact. Without a watchful eye, the reductions of 1992 disappear at the hands of other taxing units.

The tax lid proposed in HB 2210 is a reasonable tax lid which will accomplish all of the goals described above. One of the more expensive "loopholes" which has been removed is the one which exempted employee health care costs. Unlike workmen's compensation and unemployment compensation, health insurance is not on the list of "state mandated" employee costs.

Private sector health insurance costs have been increasing just as much as the costs for city and county employees. In the private sector, companies are forced to evaluate their health insurance costs every year and make adjustments for rising costs, either by increasing deductibles, reducing coverage, switching companies, etc.. They also may be forced to tell employees that they have a choice of continued health insurance coverage paid by the employer or a raise--there is not enough room for both. By having this exemption in the lid law, cities and counties did not have to make these adjustments to keep their costs down. It is actually a way of giving salary "raises" indirectly. Direct salary raises are not exempt from the lid. Therefore, the local units can do indirectly, what you have not permitted them to do directly. We think it is appropriate that this exemption be removed as is proposed by this bill.

We also support the requirement that the taxing subdivisions must have any increases above the lid approved by a vote of the people, as opposed to only being subject to protest petition under their ability to "charter out". As stated earlier, taxpayers need the ability to vote on specific budget increases, rather than being forced to wait until another council or commission race or being forced to go to the petition process. We believe that if the city and county officials are doing a good job of running their respective governments, the taxpayers will support the budget requests. If the taxpayers are not happy with the expenditure patterns of their officials, they will not support such measures at the ballot.

In summary, we believe a strong tax lid is needed. We think that the lid proposed here is a reasonable, workable one and we urge you to pass HB 2210 favorably.

Thank you again for the opportunity to testify. I will be happy to answer any questions you might have.

1981-1992 COMPARISON OF TAX INCREASES
STATEWIDE AD VALOREM TAXES BY TYPE OF TAXING DISTRICT
 (Amounts are presented in thousands)

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'82 Tax	16,972	224,449	172,059	17,104	582,641	36,641	1,049,866
% of Inc	6.49%	5.53%	2.36%	10.10%	4.22%	7.16%	4.41%
'83 Tax	16,541	237,804	177,436	18,058	621,232	42,874	1,113,945
% of Inc	-2.54%	5.95%	3.13%	5.58%	6.62%	17.01%	6.10%
'84 Tax	16,811	249,937	185,791	18,630	654,165	44,743	1,170,077
% of Inc	1.63%	5.10%	4.71%	3.17%	5.30%	4.36%	5.04%
'85 Tax	17,158	273,600	184,315	18,994	710,035	46,478	1,250,580
% of Inc	2.06%	9.47%	-0.79%	1.95%	8.54%	3.88%	6.88%
'86 Tax	16,803	283,262	199,279	19,114	727,385	45,550	1,291,393
% of Inc	-2.07%	3.53%	8.12%	0.63%	2.44%	-2.00%	3.26%
'87 Tax	16,893	306,788	211,242	20,054	789,249	48,142	1,392,368
% of Inc	0.54%	8.31%	6.00%	4.92%	8.50%	5.69%	7.82%
'88 Tax	17,029	332,584	227,754	22,958	825,601	54,333	1,480,259
% of Inc	0.81%	8.41%	7.82%	14.48%	4.61%	12.86%	6.31%
'89 Tax	21,157	365,658	241,631	21,934	864,371	55,859	1,570,610
% of Inc	24.24%	9.94%	6.09%	-4.46%	4.70%	2.81%	6.10%
'90 Tax	21,381	372,746	248,369	22,984	929,269	59,933	1,654,682
% of Inc	1.06%	1.94%	2.79%	4.79%	7.51%	7.29%	5.35%
'91 Tax	21,946	392,833	260,611	23,441	1,070,215	63,614	1,832,660
% of Inc	2.64%	5.39%	4.93%	1.99%	15.17%	6.14%	10.76%
'92 Tax	21,901	413,545	271,420	24,053	811,209	65,600	1,607,728
% of Inc	-0.21%	5.27%	4.15%	2.61%	-24.20%	3.12%	-12.27%
1981-1991							
Increase	37.70%	84.70%	55.04%	50.89%	91.43%	86.04%	82.26%
1982-1992							
Increase	29.04%	84.25%	57.75%	40.63%	39.23%	79.03%	53.14%

KANSAS TAXPAYERS NETWORK
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1081 S. Glendale
Wichita, KS 67208

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MISSION STATEMENT

The Kansas Taxpayers Network is dedicated to providing Kansas taxpayers with a strong voice addressing state and local government. Kansas Taxpayers Network is a non partisan citizens organization advocating limited taxes and empowering voters. We also advocate eliminating unnecessary government spending, ending burdensome bureaucratic regulations, and support privatization.

As a state Kansas government can not tax ourselves rich, or spend ourselves wealthy. A free market environment must be created to provide prosperity in Kansas.

Statement to House Taxation Committee
9 February 1993

My name is Karl Peterjohn. I am the Executive Director of Kansas Taxpayers Network and am here to testify in support HB 2210.

Extending the statutory property tax lid is not an ideal solution, but it is superior to just allowing the existing lid to disappear. If the legislature does not enact some sort of lid you will be removing the last piece of veneer used to demonstrate that Kansas has some controls in place over property taxes.

Look at the evidence:

1) The per capita property tax chart from page 43 of Kansas Inc.'s "Costs and Taxes in Selected Kansas Industries 1992 update." Kansas per capita property taxes are not only well over the national average, but far exceed the regional average.

2) Money Magazine's January, 1993 issue listed Wichita as 44th among 100 cities around the country for property taxes. This was measured using the same sized house in comparable neighborhoods. Unfortunately, cities in states surrounding Kansas came in at lower levels in all but one case.

This data was collected from page 99 and 101 from this issue of Money Magazine. The source is the Institute for Taxation and Economic Policy and Citizens for Tax Justice.

2/9/93

House Taxation Cmte

Attachment 4

Metro area	Prop Tax	Tax % of Value	Money #
Oklahoma City	\$1,335	.98	4
Little Rock	\$1,697	1.11	14
Tulsa	\$1,874	1.36	18
Kansas City, MO	\$2,236	1.38	29
Denver	\$2,283	1.39	31
St. Louis	\$2,663	1.35	40
Wichita	\$2,935	1.91	44
Omaha	\$4,328	2.27	70

3) The data provided immediately above focuses solely upon home owners. Since business property is assessed at a rate well above the 11.5% assessment for homes, the business situation is much worse.

II. Strengthening the property tax lid.

Look at Kansas' neighbors. I have attached copies of Missouri's and Colorado's constitutional provisions limiting property taxes. These are much stronger than HB 2210. If you were looking to relocate your business which state provides a better tax climate? Kansas loses this question.

Also attached is a proposed lid the Iowa legislature is considering. This measure passed one house of their legislature last year, and has that state's governors support.

HB 2210 should be strengthened. Here are some suggestions:

- 1) Consider Ohio's law. Their Assembly Bill 920 requires an equal percentage millage decrease to offset the assessed valuation growth percentage. AB 920 empowers taxpayers since local government must then go to the voters to try and raise taxes.
- 2) Subtract tax abated assessed valuation out of the property tax lid formula for future years. This will limit increases due to local abatement policies.
- 3) Delete exceptions for building commissions. These entities should be under the property tax lid, and I'd cite Donald Axelrod's book "Shadow Government" as a source for the risks of providing this exemption.
- 4) The exemption for employee expenses should not be included. This provision does not exist in Missouri or Colorado. It places an additional unfair burden on taxpayers.

Local government's should not be able to pass on higher costs automatically.

5) HB 2210's provisions for voter empowerment are flawed. This bill will make it harder for citizens to protest tax hikes. It makes it easier for voters to place a measure on the ballot to raise taxes. This is discriminatory and treats taxpayers as second class citizens.

Voters should be empowered to approve all local tax hikes. Comparable provisions surround Kansas. In Missouri and Colorado these cover both state and local spending. In Oklahoma it covers state spending.

6) The exclusion for community college tuition should be eliminated. This does not exist in Colorado or Missouri. Community College funding should be handled under a review of all post secondary education funding issues.

7) Regent's schools like Wichita State University which levy a local property tax should have this revenue source fall under the lid.

8) Kansas taxpayers will have to pay a 3 percent hike in their state education property tax this year and a 6 percent hike next year. The state's property tax should fall under these same property tax lid provisions.

HB 2210 is not perfect, but it can and should be strengthened by the legislature. Kansas Taxpayers Network strongly supports Tax/Expenditure Lid's in Kansas and supports this measure as a small, but necessary step in the right direction.

PROPERTY TAX

Both state and local governments levy property taxes on the value of land, buildings, and equipment owned by firms and households. Property taxes are particularly important for local governments; indeed, they provide the single largest source of local revenue in all states in the study area. Within the region, property tax shares range from 58 percent of local tax revenues in Missouri, to 96 percent in Iowa. Kansas local governments raise over 83 percent of their revenues from this source.

On a per capita basis, Kansas property taxes have risen at a fairly steady annual rate of about 5 percent throughout the 1980s. As shown in Figure 10, per capita property taxes have remained above the regional and U.S. averages. Kansas figures for 1990 estimate per capita taxation at \$645. Recent changes in the Kansas tax structure shift revenue sources towards income and sales taxes, and away from the property tax. This should lead to lower Kansas property taxes for 1992 and later years.

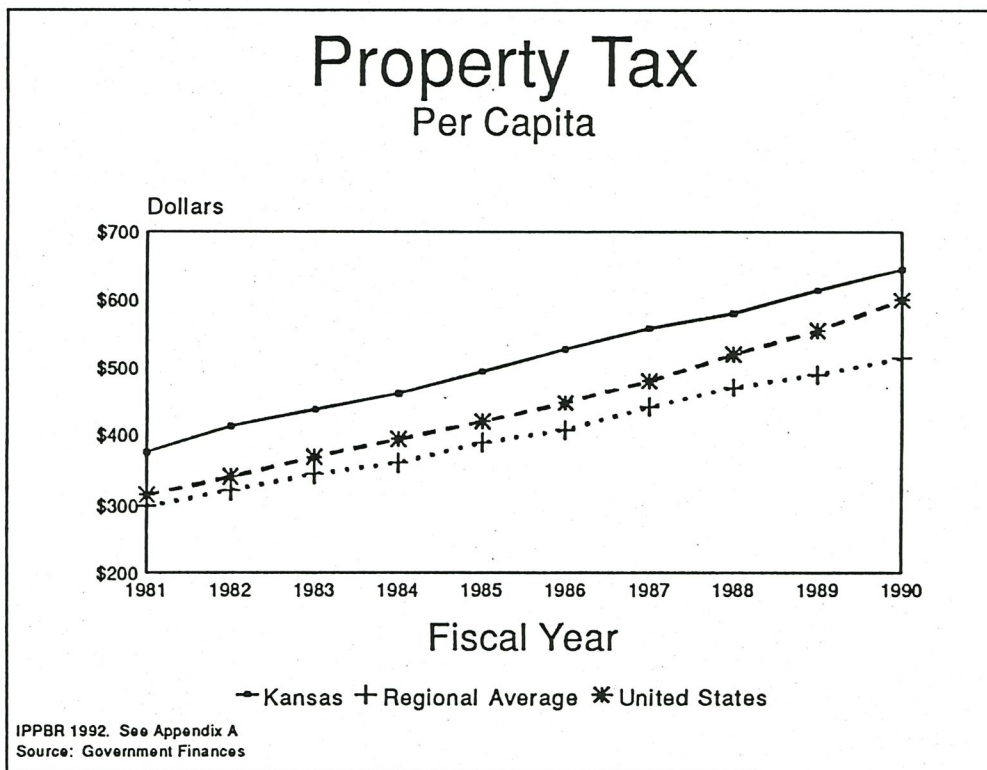


Figure 10

Be it Enacted by the People of the State of Colorado:

Article X, Section 20

The Taxpayer's Bill of Rights. (1) **General provisions.** This section takes effect December 31, 1992 or as stated. Its preferred interpretation shall reasonably restrain most the growth of government. All provisions are self-executing and severable and supersede conflicting state constitutional, state statutory, charter, or other state or local provisions. Other limits on district revenue, spending, and debt may be weakened only by future voter approval. Individual or class action enforcement suits may be filed and shall have the highest civil priority of resolution. Successful plaintiffs are allowed costs and reasonable attorney fees, but a district is not unless a suit against it be ruled frivolous. Revenue collected, kept, or spent illegally since four full fiscal years before a suit is filed shall be refunded with 10% annual simple interest from the initial conduct. Subject to judicial review, districts may use any reasonable method for refunds under this section, including temporary tax credits or rate reductions. Refunds need not be proportional when prior payments are impractical to identify or return. When annual district revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, (4)(a) and (7) shall be suspended to provide for the deficiency.

- (2) **Term definitions.** Within this section: (a) "Ballot issue" means a non-recall petition or referred measure in an election. (b) "District" means the state or any local government, excluding enterprises. (c) "Emergency" excludes economic conditions, revenue shortfalls, or district salary or fringe benefit increases. (d) "Enterprise" means a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined. (e) "Fiscal year spending" means all district expenditures and reserve increases except, as to both, those for refunds made in the current or next fiscal year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards, or property sales. (f) "Inflation" means the percentage change in the United States Bureau of Labor Statistics Consumer Price Index for Denver-Boulder, all items, all urban consumers, or its successor index. (g) "Local growth" for a non-school district means a net percentage change in actual value of all real property in a district from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property. For a school district, it means the percentage change in its student enrollment.

(3) **Election provisions.** (a) Ballot issues shall be decided in a state general election, biennial local district election, or on the first Tuesday in November of odd-numbered years. Except for petitions, bonded debt, or charter or constitutional provisions, districts may consolidate ballot issues and voters may approve a delay of up to four years in voting on ballot issues. District actions taken during such a delay shall not extend beyond that period.

(b) 15-25 days before a ballot issue election, districts shall mail at the least cost, and as a package where districts with ballot issues overlap, a titled notice or set of notices addressed to "All Registered Voters" at each address of one or more active registered electors. Titles shall have this order of preference: "NOTICE OF ELECTION TO INCREASE TAXES/TO INCREASE DEBT/ON A CITIZEN PETITION/ON A REFERRED MEASURE." Except for district voter-approved additions, notices shall include only:

- (i) The election date, hours, ballot title, text, and local election office address and telephone number. (ii) For proposed district tax or bonded debt increases, the estimated or actual total of district fiscal year spending for the current year and each of the past four years, and the overall percentage and dollar change. (iii) For the first full fiscal year of each proposed district tax increase, district estimates of the maximum dollar amount of each increase and of district fiscal year spending without the increase. (iv) For proposed district bonded debt, its principal amount and maximum annual and total district repayment cost, and the principal balance of total current district bonded debt and its maximum annual and remaining total district repayment cost. (v) Two summaries, up to 500 words each, one for and one against the proposal, of written comments filed with the election officer by 30 days before the election. No summary shall mention names of persons or private groups, nor any endorsements of or resolutions against the proposal. Petition representatives following these rules shall write this summary for their petition. The election officer shall maintain and accurately summarize all other relevant written comments.

(c) Except by later voter approval, if a tax increase or fiscal year spending exceeds any estimate in (b)(iii) for the same fiscal year, the tax increase is thereafter reduced up to 100% in proportion to the combined dollar excess, and the combined excess revenue refunded in the next fiscal year. District bonded debt shall not issue on terms that could exceed its share of its maximum repayment costs in (b)(iv). Ballot titles for tax or bonded debt increases shall begin, "SHALL (DISTRICT) TAXES BE INCREASED (first, or if phased in, final, full fiscal year dollar increase) ANNUALLY ...?" or "SHALL (DISTRICT) DEBT BE INCREASED (principal amount), WITH A REPAYMENT COST OF (maximum total district cost), ...?"

(4) **Required elections.** Starting November 4, 1992, districts must have voter approval in advance for: (a) Unless (1) or (6) applies, any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, or extension of an expiring tax, or a tax policy change directly causing a net tax revenue gain to any district.

(b) Except for refinancing district bonded debt at a lower interest rate or adding new employees to existing district pension plans, creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

Emergency reserves. To use for declared emergencies only, each district shall reserve for 1993 1% or more, for 1994 more, and for all later years 3% or more of its fiscal year spending excluding bonded debt service. Unused reserves apply to the next year's reserve.

(6) Emergency taxes. This subsection grants no new taxing power. Emergency property taxes are prohibited. Emergency tax revenue is excluded for purposes of (3)(c) and (7), even if later ratified by voters. Emergency taxes shall also meet all of the following conditions: (a) A 2/3 majority of the members of each house of the general assembly or of a local district board declares the emergency and imposes the tax by separate recorded roll call votes.

(b) Emergency tax revenue shall be spent only after emergency reserves are depleted, and shall be refunded within 180 days after the emergency ends if not spent on the emergency.

(c) A tax not approved on the next election date 60 days or more after the declaration shall end with that election month.

(7) Spending limits. (a) The maximum annual percentage change in state fiscal year spending equals inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by voters after 1991. Population shall be determined by annual federal census estimates and such number shall be adjusted every decade to match the federal census.

(b) The maximum annual percentage change in each local district's fiscal year spending equals inflation in the prior calendar year plus annual local growth, adjusted for revenue changes approved by voters after 1991 and (8)(b) and (9) reductions.

(c) The maximum annual percentage change in each district's property tax revenue equals inflation in the prior calendar year plus annual local growth, adjusted for property tax revenue changes approved by voters after 1991 and (8)(b) and (9) reductions.

(d) If revenue from sources not excluded from fiscal year spending exceeds these limits in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset. Initial district bases are current fiscal year spending and 1991 property tax collected in 1992. Qualification or disqualification as an enterprise shall change district bases and future year limits. Future creation of district bonded debt shall increase, and retiring or refinancing district bonded debt shall lower, fiscal year spending and property tax revenue by the annual debt service so funded. Debt service changes, reductions, (1) and (3)(c) refunds, and voter-approved revenue changes are dollar amounts that are exceptions to, and not part of, any district base. Voter-approved revenue changes do not require a tax rate change.

(8) Revenue limits. (a) New or increased transfer tax rates on real property are prohibited. No new state real property tax or local district income tax shall be imposed. Neither an income tax rate increase nor a new state definition of taxable income shall apply before the next tax year. Any income tax law change after July 1, 1992 shall also require all taxable net income to be taxed at one rate, excluding refund tax credits or voter-approved tax credits, with no added tax or surcharge.

(b) Each district may enact cumulative uniform exemptions and credits to reduce or end business personal property taxes.

(c) Regardless of reassessment frequency, valuation notices shall be mailed annually and may be appealed annually, with no presumption in favor of any pending valuation. Past or future sales by a lender or government shall also be considered as comparable market sales and their sales prices kept as public records. Actual value shall be stated on all property tax bills and valuation notices and, for residential real property, determined solely by the market approach to appraisal.

(9) State mandates. Except for public education through grade 12 or as required of a local district by federal law, a local district may reduce or end its subsidy to any program delegated to it by the general assembly for administration. For current programs, the state may require 90 days notice and that the adjustment occur in a maximum of three equal annual installments.

APPENDIX

STATE OF MISSOURI CONSTITUTION

Article X Taxation

(Sections 16 - 24, adopted November 4, 1980, referred to as the Hancock Amendment)

Section 16. Taxes and state spending to be limited -- state to support certain local activities -- emergency spending and bond payments to be authorized. Property taxes and other local taxes and state taxation and spending may not be increased above the limitations specified herein without direct voter approval as provided by this constitution. The state is prohibited from requiring any new or expanded activities by counties and other political subdivisions without full state financing, or from shifting the tax burden to counties and other political subdivisions. A provision for emergency conditions is established and the repayment of voter approved bonded indebtedness is guaranteed. Implementation of this section is specified in sections 17 through 24, inclusive of this article.

Section 17. Definitions. As used in sections 16 through 24 of Article X:

- (1) "Total state revenues" includes all general and special revenues, license and fees, excluding federal funds, as defined in the budget message of the governor for fiscal year 1980-1981. Total state revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities.
- (2) "Personal income of Missouri" is the total income received by persons in Missouri from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency.
- (3) "General price level" means the Consumer Price Index for All Urban Consumers for the United States, or its successor publications, as defined and officially reported by the United States Department of Labor, or its successor agency.

Section 18. Limitations on taxes which may be imposed by general assembly -- exclusions -- refund of excess revenue -- adjustments authorized. (a) There is hereby established a limit on the total amount of taxes which may be imposed by the general assembly in any fiscal year on the taxpayers of this state. Effective with fiscal year 1981-1982, and for each fiscal year thereafter, the general assembly shall not impose taxes of any kind which, together with all other revenues of the state, federal funds excluded,

exceed the revenue limit established in this section. The revenue limit shall be calculated for each fiscal year and shall be equal to the product of the ratio of total state revenues in fiscal year 1980-1981 divided by the personal income of Missouri in calendar year 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made, or the average of personal income of Missouri in the previous three calendar years, whichever is greater.

(b) For any fiscal year in the event that total state revenues exceed the revenue limit established in this section by one percent or more, the excess revenues shall be refunded pro rata based on the liability reported on the Missouri state income tax (or its successor tax or taxes) annual returns filed following the close of such fiscal year. If the excess is less than one percent, this excess shall be transferred to the general revenue fund.

(c) The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under the provisions of this constitution.

(d) If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

Section 19. Limits may be exceeded, when, how. The revenue limit of section 18 of this article may be exceeded only if all of the following conditions are met: (1) The government requests the general assembly to declare an emergency; (2) the request is specific as to the nature of the emergency, the dollar amount of the emergency, and the method by which the emergency will be funded; and (3) the general assembly thereafter declares an emergency in accordance with the specifics of the governor's request by a majority vote for fiscal year 1981-1982, thereafter a two-thirds vote of the members elected to and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses which constitute the emergency request. The revenue limit may be exceeded only during the fiscal year for which the emergency is declared. In no event shall any part of the amount representing a refund under section 18 of this article be the subject of an emergency request.

Section 20. Limitation on state expenses. No expenses of state government shall be incurred in any fiscal year which exceed the sum of the revenue limit established in sections 18 and 19 of this article plus federal funds and any surplus from a previous fiscal year.

Section 21. State support to local governments not to be reduced, additional activities and services not to be imposed without full state funding. The state is hereby

prohibited from reducing the state financed proportion of the costs of any existing activity or service required of counties and other political subdivisions. A new activity or service or an increase in the level of any activity or service beyond that required by existing law shall not be required by the general assembly or any state agency of counties or other political subdivisions, unless a state appropriation is made and disbursed to pay the county or other political subdivision for any increased costs.

Section 22. Political subdivisions to receive voter approval for increases in taxes and fees -- rollbacks may be required -- limitation not applicable to taxes for bonds. (a) Counties and other political subdivisions are hereby prohibited from levying any tax, license or fees, not authorized by law, charter or self-enforcing provisions of the constitution when this section is adopted or from increasing the current levy of an existing tax, license or fees, above that current levy authorized by law or charter when this section is adopted without the approval of the required majority of the qualified voters of that county or other political subdivision voting thereon. If the definition of the base of an existing tax, license or fees, is broadened, the maximum authorized current levy of taxation on the new base in each county or other political subdivision shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each county or other political subdivision shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

(b) The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this section.

Section 23. Taxpayers may bring actions for interpretations of limitations.

Notwithstanding other provisions of this constitution or other law, an taxpayer of the state, county or other political subdivision shall have standing to bring suit in a circuit court of proper venue and additionally, when the state is involved, in the Missouri supreme court, to enforce the provisions of sections 16 through 22, inclusive, of this article and, if the suit is sustained, shall receive from the applicable unit of government his costs, including reasonable attorneys' fees incurred in maintaining such suit.

Section 24. Voter approval requirements not exclusive -- self-enforceability. (a) The provisions for voter approval contained in sections 16 through 23, inclusive, of this article are self-enforcing; provided, however, that the general assembly may enact laws implementing such provisions which are not inconsistent with the purposes of said sections.

JOINT TESTIMONY TO HOUSE COMMITTEE ON TAXATION ON HB 2210
BY
MAYOR BUTCH FELKER, CITY OF TOPEKA AND MEMBER OF THE
GOVERNING BODY OF THE LEAGUE OF KANSAS MUNICIPALITIES
AND
COMMISSIONER MURRAY NOLTE, JOHNSON COUNTY, AND PRESIDENT,
KANSAS ASSOCIATION OF COUNTIES
February 9, 1993

*****MAYOR FELKER*****

I. Introduction

Good morning Chairman Roe and members of the Committee. I am Butch Felker, Mayor of the City of Topeka and a member of the Governing Body of the League of Kansas Municipalities. With me this morning to share the podium and these remarks is a colleague of mine in local government, Commissioner Murray Nolte of Johnson County who is President of the Kansas Association of Counties.

We appear today as fellow elected officials representing both our respective local governments and associations to urge you to take an important step in building a new partnership between the state and its city and county governments. Like you we share a concern about the reasonableness of taxation at all levels of government so as not burden our joint constituents and discourage economic growth. The new partnership we ask you to join us in has as its centerpiece local control and local accountability for both service delivery and the level of taxation by cities and counties in Kansas.

Most observers of government generally agree that the actions of local elected officials are subject to an extremely close level of scrutiny since we see our constituents on a daily basis in the businesses, coffee shops and churches of our communities. As I travel around Topeka it is very rare when I don't have someone share with me their views about a city project, property taxes or actions taken by other levels of government. And as an elected official, I wouldn't have it any other way. This face-to-face direct accountability to the public on a daily basis keeps me keenly aware of the challenges of running a small business and putting supper on the table every evening. Moreover, like you, Murray and I face the electorate on a regular basis to find out whether we have kept our contract with the public. No degree of state control has ever improved upon elections for ensuring responsible government.

Whenever I attend League meetings around the state I am reminded that most of the over 3,000 municipal elected officials of Kansas are part timers who get paid little, if anything, for their service as elected officials. These are the people who are motivated solely by a desire to serve their fellow citizen in helping to determine community spending and program priorities.

II. Our Objections to HB 2210

Both the League and the KAC have profound philosophical objections to HB 2210 and the existing fund levy rate limits that will exist after July 1, 1993 unless they are repealed. I will share the first few with you and then Murray will complete the list and offer our recommendations.

2/9/93
House Taxation Cmte
Attachment 5

A. State Direction of Local Affairs. Home rule and representative self-government are the most prized and fundamental principles upon which Kansas local government is based. HB 2210 and its predecessors presume that state elected officials are better suited to set local spending and taxation priorities than are local elected officials. Such state policies and practices interfere with our ability to be directly accountable to the local electors. The provisions of HB 2210 that require a mandatory election, good for only three years, to exceed the levy limits of the lid violate the over 20 years of tradition with the aggregate tax lid that have always provided for such actions by charter ordinance or resolution, subject to a petition for a referendum.

B. Presumption of State Superiority. Few of us will argue with the proposition that local government is the most responsive level of government because of the immediacy of its impact on people's lives, the essential nature of the services it provides, and the fact that local officials see their constituents on a daily basis. HB 2210 turns this notion on its head. Some state officials have pointed to the increases that took place in local property tax levies in 1989 as evidence of this lack of discipline. It should be noted that the state's own 1.5 mill levy rate was not decreased in 1989, producing a 24% increase in property tax revenue for the state itself. As a general rule, increases in local taxes have not exceeded increases in personal income, and there is no reason to expect them to do so in the future unless the federal and state governments continue mandating new programs and services without funding.

C. Tax Lids Ignore The Harsh Reality of Mandates and Uncontrollable Expenses. One of the most troubling realities facing city and county elected officials in the 1990s is mandates and runaway health insurance and workers compensation expenses. Whether it is costs associated with compliance with new sentencing guidelines at the state level, higher salaries to comply with the Fair Labor Standards Act overtime requirements or facility improvements due to the passage of the Americans With Disabilities Act, local officials are finding increasing shares of their budgets consumed by mandated costs. Health insurance and workers compensation expense increases in recent years are completely uncontrollable by local officials. We know you face the anguish of compliance with federal mandates. City and county officials face compliance with **both** federal and state mandates--a situation that is becoming so onerous that some of our local colleagues are beginning to question whether we even have the ability any more to set local spending priorities.

*****COMMISSIONER NOLTE*****

D. Tax Lids Ignore the Limited Revenue Options Available to Cities and Counties. Cities derive approximately 24% of their revenues from the property tax and counties derive 41%. While state aid in the form of revenue sharing and local ad valorem tax reduction payments give cities and counties access to a small part of the state sales tax collections, the state has strictly limited local revenue options while continuing to add mandates. Moreover, the 1992 legislature essentially froze local ad valorem tax reduction payments for state FY 1993. Some would say that the combination of state mandates and tax lids simply tells us to do more with less. What we really end up doing is funding fewer local priorities and more state and federal priorities.

E. Tax Lids Impose An Artificial Restraint And Have Outlived Their Usefulness. The first tax lids appeared in approximately 1930 along with the cash basis and budget laws. While the cash basis and budget laws contain still viable guidelines for local borrowing and

budgeting practices, HB 2210 and the existing tax lid laws have long outlived their usefulness. In many respects today the cities and counties of Kansas are using more sophisticated and professional management techniques than will be found in state government. The tax lid limits of today are simply inconsistent with this trend.

More importantly, tax lids attempt to give taxpayers a false sense of security, discouraging active participation in local government affairs. The implicit message behind the tax lids is: "Don't worry, these laws will protect you from unreasonable taxation and you won't have to monitor your local government officials so closely." In other words, tax lids breed contempt for the relationship between local elected officials and the electorate.

The supporters of HB 2210 point out the catastrophic circumstances that would befall us if the now suspended fund levy rate limits took effect. Our answer to that observation is very simple and direct--repeal the fund levy rate limits. Let the elected officials of the counties and cities of Kansas be accountable for the taxes they approve.

F. Tax Lids Are Based on a Double Standard. Those of us who have had the privilege of being parents know the difficulty we face when we ask our children to live by rules we will not and desire not to live by ourselves. While the relationship between state and local government is not entirely analogous to the parent-child relationship, it has its similarities. Our question to this committee is: "Why should local governments be faced with compliance with a property tax lid when state government lives under no similar limitation?" We don't recommend such a lid for state government any more than we do for cities and counties.

G. Tax Lids Encourage "Abuses". While the supporters of tax lids will promote the argument that such laws prevent "abuses" of local taxing powers, these very lid laws invite "creative" budgeting by local officials which state officials love to criticize. For example, the current law and HB 2210 encourages a "levy it or lose it" mentality since cities and counties know that at some point in time the base year will be changed, and any levy authority that has not been used will be lost. This is precisely the situation some cities and counties will face with HB 2210. Do we really want to create incentives for higher property taxes?

III. Recommendations

On behalf of our respective associations and representing your elected partners in good government, we respectfully suggest it is time to let city and county officials make local spending and taxation decisions without the imposition of artificial and distorting property tax limitations at the state level. We recommend your consideration of two alternatives. **Alternative 1** would be to not pass HB 2210 and adopt a substitute measure repealing all individual fund levy rate limits. Adoption of this alternative would begin to return to local government the responsibility and discretion of setting reasonable levels of property taxes without the red tape associated with state property tax lids. This alternative would not immediately relieve us of the growing burden of federal and state mandates and runaway health insurance and workers compensation expenses, but it would be a step in restoring some of the vitality to the contract between local elected officials and the local electorate. No longer would state officials be creating the false illusion of being gatekeepers of local spending.

Alternative 2 assumes this Committee is not yet ready to abandon the notion of state control of local government property tax levies, but that the Committee recognizes some serious

changes need to be made to the provisions of HB 2210. This alternative consists of the following recommended changes:

--Restoration of the home rule charter ordinance or resolution provision for exceeding the lid similar to provisions that have accompanied the aggregate tax lid for approximately 20 years.

--Restoration of all stricken exemptions.

--Allow counties and cities to choose a 1991 or 1992 base year.

--Addition of exemptions for federal or state mandated functions and law enforcement.

--Expansion of the base year amount each year in accordance with the national Consumer Price Index (C.P.I.).

--Authorization to carry forward unused levy authority under the prior tax lid law. This will avoid penalizing cities and counties that have been especially frugal.

--Repeal of all existing statutory fund levy rate limits. We submit it is high time we do away with these individual fund limits. They are antiquated and impractical.

--A sunset clause providing for the automatic repeal of HB 2210 in two years.

IV. Conclusion

We know the elected city and county officials of Kansas will be faced with major service delivery challenges and tax policy decisions in the 1990s. We also believe that state government can play an extremely positive role in helping the cities and the counties of the state prepare to face this challenge by giving local elected officials to set local program and tax policies. We hope this Committee is willing to rethink the state's historic relationship with cities and counties and chart a new course in this area with us.

Thank you.



**Association of Community
Mental Health Centers of Kansas, Inc.**

835 SW Topeka Avenue, Suite B, Topeka, KS 66612
Telephone (913) 234-4773 Fax (913) 234-3189

**Testimony on Tax Lid
House Taxation Committee
Honorable Keith Roe, Chairman**

**Paul M. Klotz
February, 1993**

Eunice Ruttinger
President
Topeka

Thank you for the opportunity to comment.

Bill Persinger
President Elect
Hiawatha

Don Schreiner
Vice President
Manhattan

Walt Thiessen
Secretary
Newton

Jim Sunderland
Treasurer
Hutchinson

Leslie Adams
Member at Large
Wichita

John G. Randolph
Past President
Emporia

Paul M. Klotz
Executive Director
Topeka

For almost all of the 30 plus years of their history, Mental Health Centers have been outside a tax lid. Also, Mental Health Centers have a permissive mill levy provided by statute. The mill levy can, by law, be partially implemented, not implemented at all, or rise to two full mills. The current average mental health levy is around .78 mill, hardly a budget breaker! Throughout most of the Mental Health Center history, statewide, our mill levy has averaged around .50 mill. The current levy produces, statewide, about \$14 million in vital center revenue. The Legislature in 1990, placed centers under the tax lid. In that one year we were under the lid, we experienced a 2 percent decline in county revenue or about \$150,000, which means the average county saved about fourteen hundred dollars.

Centers currently provide services to approximately 83,000 Kansas citizens, most of whom are property tax-payers themselves. Many of these citizens cannot afford the full cost of a service. It is the county revenue which partially provides the subsidy for these patients.

Counties have officially endorsed the state's mental health reform policy adopted in 1990. This program has been progressing very satisfactorily and the state's share of funding has been substantial and we hope it will continue. Counties and their centers

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Page 2

will need the flexibility to provide their fair share toward the responsibility to their citizens who need these services. A loss of any county mental health revenues will result in a greater share being paid by the state or services being dramatically cut or even lost. Patients without these services will most surely find themselves back in expensive and inappropriate state institutions, that in major part are also funded by a state imposed property tax levy.

Perhaps, at some point down the road, mental health services and the revenues needed to fund them should be capped or placed under some type of tax lid, but surely not at a time when the state is trying to completely reform how those services are delivered and funded.

Again, thank you for the opportunity to comment.

6-2



Kansas Association of Rehabilitation Facilities

Jayhawk Tower • 700 Jackson • Suite 212 • Topeka, Kansas 66603-3731

(913) 235-5103 • Fax (913) 235-0020

TO: House Taxation Committee
Representative Keith Roe, chair

FROM: Kansas Association of Rehabilitation Facilities
Yo Bestgen, Executive Director

RE: HB 2210; Property Tax Lid

DATE: Feb. 9, 1993

POSITION STATEMENT

The KARF does not support the continuation of the property tax lid as proposed in HB 2210. If, however, this lid is continued it is imperative that the exemptions for community mental retardation facilities be maintained.

JUSTIFICATION

Not for profit community mental retardation facilities provide training and employment programs and services, childrens services and community living options for adults with mental retardation and other developmental disabilities.

These community based programs are supported by state, federal and local funding sources. County support is generated through a permissive mill levy to fund up to two mills for such programs. Most counties mill for MR programs is below one mill levy.

The State of Kansas has established a policy of developing community based services as an alternative to institutional care for persons with mental retardation. This policy is based upon values which have been demonstrated to maintain families in their home communities and to provide for opportunities for persons with disabilities to live, work and recreate in their home communities.

In order to maintain this blend of funding sources and to continue to support the State's policy of community based services, the ability to access local funding is critical. To remove the exemption for community mental retardation facilities would create a barrier for Counties to expand support such programs.

When the State is guided by the policy of community based services and then creates a barrier to that policy there lacks a consistency of sound policy development.

LEGISLATIVE REMEDY

To continue the exemption from the property tax lid for community mental retardation facilities.

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Attachment 7



occupational center of central kansas, inc.

telephone (913) 827-9383/fax (913) 823-2015/1710 w. schilling road/salina, kansas 67401

accredited by
**Commission on
Accreditation of
Rehabilitation
Facilities**

February 8, 1993

Gary T. Cook
President/CEO

Jeff Foust
Past-Chairman

Lorna Lauritzen
Chairman

David Serrault
Vice-Chairman

Doug Lebien
Treasurer

Robert Pickrell, Jr.
Secretary

Lorna Lauritzen
Courtland

William Dwyer
Minneapolis

Rodger Sparks
Salina

Robert Pickrell, Jr.
Salina

Jeff Foust
Salina

Bryan Thompson
Salina

David Serrault
Salina

Doug Lebien
Lincoln

Ralph Hilton
Ablene

Kent Campbell
Miltonvale

Arvin Trent
Salina

Keith Roe, Chairman
House Taxation Committee and Taxation Committee Members
House Bill 2210

The purpose of this testimony is to recommend that community mental retardation centers remain outside of the county property tax lid.

I represent the Occupational Center of Central Kansas, Inc., a community mental retardation center, based in Salina, Kansas. OCCCK, Inc. serves a nine county area in north central Kansas. The population of this area is approximately 115,000 people. Our organization served 235 adults during 1992. OCCCK has been in existence since 1970 and has used county mill levy funds for its services since the early 70's. OCCCK currently has 64 persons waiting for one or more programs.

My concern with the introduction of legislation that continues the lid on county property tax funds and at the same time moves community mental retardation centers under the tax lid are as follows:

1. County government and county commissioners in particular view the services provided through community mental retardation centers as optional county services rather than "required" primary services (i.e. roads and bridges, noxious weeds, sheriff's services). As the counties attempt to cope with the limitations placed on property taxes they view optional services as those programs subject to first cuts. Being placed under the lid would in effect jeopardize the quality and quantity of services provided by community mental retardation centers (CMRC's) as they compete with "required" county activities.

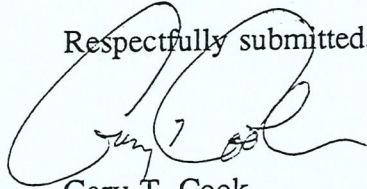
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2. This threat comes at a time when the Kansas legislature and the Kansas Department of Social and Rehabilitation Services have asked for greater local participation in the funding base for the services provided by community mental retardation centers. Placing CMRC's under the property tax lid would run counter to the wishes expressed by most state officials.
3. Even though in recent years CMRC's have seen greater state dollar participation in their programs the local county funds have been the most predictable once approved. They fill the voids that are of local concern or simply overlooked by state and federal service guidelines. If the opportunity to close these voids cannot be maintained by counties, the quality of services will rupture.
4. It is critical to recognize the importance of maintaining the local county option for funding to community mental retardation centers. Although the increase by counties has not been dramatic for 1991 through 1993* the participation nevertheless has been vital to the continued quality of services experienced in community programs. There are in fact two ways of viewing the past three years. One is that counties have been too conservative and have not participated to the level that would have been hoped. The other is that counties have been locally responding to the concerns expressed related to property taxes without the imposition of state controls to that effect.

I have heard no criticism from consumers, taxpayers, county commissioners, or our state legislators saying that community mental retardation centers have become a burden on local property taxes. I am confused by the considered need to control something that in

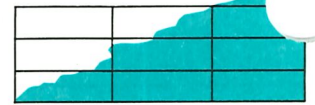
our instance is not out of control. I would ask that if you support continuing the lid on county property taxation that you also insure that community mental retardation centers continue to remain outside of such a tax lid.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gary T. Cook", written over a large, stylized circular flourish.

Gary T. Cook
President/CEO

- * The Occupational Center of Central Kansas, Inc. experienced an 8.4% increase in county funds during this three year period.



February 9, 1993

Testimony presented to The House Standing Committee on Taxation
The Honorable Keith Roe, Chairperson

By Mark Elmore, Executive Director JCMRC

Johnson County Mental Retardation Center (JCMRC) is somewhat unique in comparison to the many other Community Mental Retardation Centers (CMRC) in Kansas in that we are a full service county department, run as one of some forty different county service units. We are established pursuant to KSA 19-4001 like the other non-profit centers but run directly by a board of governors appointed by the Board of County Commissioners (BOCC). Additionally the BOCC has required JCMRC to be a full participant in the county governmental unit and compete with all county departments for funding.

POSITION STATEMENT ON COUNTY MR MILL LEVY EXEMPTION (H.B. 2210)

County Commissioners are elected local representatives that are given the public responsibility to determine an appropriate spending level for the environment in their county. The Johnson County Board of Commissioners opposes efforts by the state to impose tax lids on local governments. The tax lid passed in 1990 for one year and extended in 1991 for two years provides an exemption on the MR Mill Levy for many reasons. The encouragement of the state for local participation in the funding of community mental retardation services has been in place since the early 70's. Although the County continues to oppose the philosophy of local tax lids, the current statute provides enough flexibility to make it workable.

The JCMRC Governing Board has taken funding at the local level as a priority for the past five years, trying to increase local funding for community services for persons with mental retardation. Each year we have to compete with more popular county departments to even maintain the funding levels of previous years. Given this very difficult situation, should the exemption on the MR levy not be available, we hold no hope of any local funding increase!

In fact JCMRC has discussed and supports the concept of each county being required to levy a full two mills for local support of community mental retardation services. This would greatly help the state with its major problem of funding community services at a time when state run institutional costs have escalated year after year. The JCMRC governing board has asked for full authorization under the present law but has been unsuccessful. It may well be time for the state to mandate a local levy if you want local participation. Otherwise the local governmental units should be relieved of this state obligation and the state should greatly expand the state dollars going into community programs. It may well prove to be the only way that the state of Kansas can provide even close parity in local services compared to state run services.

Again we state for the record that we oppose in general the tax lid concepts, and specifically the loss of the exemption on the MR Mill Levy.

mde leg.1

JOHNSON COUNTY MENTAL RETARDATION CENTER
10501 LACKMAN ROAD • LENEXA, KANSAS 66219-1223
(913) 492-6161 • FAX (913) 492-5171

*House Taxation Cmte
Attachment 9*

2/9/93



WASHBURN UNIVERSITY OF TOPEKA

Washburn University
Topeka, Kansas 66621
Phone 913-231-1010

TESTIMONY ON HOUSE BILL 2210

February 9, 1993

David G. Monical

Executive Assistant to the President and
Director of Governmental Relations
Washburn University

Mr. Chairman, Members of the Committee:

I am appearing before you today to express Washburn University's opposition to inclusion under the provisions of HB 2210. The provisions of this bill are unnecessary for Washburn and could cause the University significant problems if enacted into law.

Washburn University operates under the provisions of Article VI, Section 2(c) of the Kansas Constitution. The Constitution provides that "any municipal university shall be operated, supervised and controlled as provided by law." There are over 100 separate statutes governing the operation of Washburn University and its relationships to the state of Kansas. Washburn is unique in Kansas and in the United States as we are the last institution operating as a municipal university.

Washburn University's property tax support provides approximately 25% of the University's operating budget and comes from four legislatively authorized mill levies. Washburn is authorized to levy for legal expenses under its Liability Expense Fund. For 1992-93, the actual levy was .16 mill. Under statutory authorization, proceeds from this levy may only be used for specified liability expenses.

Washburn also levies for capital improvements and debt retirement. This levy supports our Debt Retirement and Construction Fund and is capped by state statute at 3.0 mills.

Our two operating mill levies are the Employee Benefit Contribution Fund (6.925 mills) and our General Fund (6.88 mills) which provide for general operations. Proceeds into the Employee Benefit Fund can only be used for specified employee benefits and these benefits are identified in state statute. While HB 2210 would provide some exceptions for increased costs related to workers compensation, unemployment insurance and employee retirement and pension programs, there appear to be no exceptions for health insurance costs. This could cause major problems for the University in spite of its efforts to provide affordable health insurance costs for its employees.

Proceeds into our General Fund are available for the general operations of the University; however, our General Fund mill levy has a statutory limitation of 7.0 mills. This statutory limitation has been in effect for the fourteen years since fiscal year 1978-79. With a current levy of 6.88 mills on the General Fund, the University has only .12 mills of flexibility before we reach our statutory cap. Washburn is unique among municipal subdivisions of the state in having a statutory limit on its General Operating Fund. By contrast, none of the community colleges have such a statutory limitation imposed on their general operating mill levy.

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House Reputation Comte
Attachment 10

Washburn annually submits its request for its State Operating Grant to the Kansas Board of Regents and the Governor. In the past two years, the Kansas Board of Regents has recommended that the University maximize revenue from local sources - property taxes and tuition. The net effects of the Governor's recommendations have been the same. Yet, Washburn already has the highest public resident tuition in the state and over half of our students and families have paid taxes to support the state universities and property taxes to support Washburn.

Attached is a table showing the history of Washburn University's tax levy limits and the mills actually levied by the University. This is accompanied by charts showing the relationship among these four tax levied funds for the period 1942 to 1993, the history of statutory limits on our General Fund and Debt Retirement and Construction Fund, and finally, the relationship between tuition, local taxes and state aid as a percentage of total revenue.

We think that we have been good stewards of our public funding. The historical growth of the University's mill levies has been modest. The ability to shift appropriate expenses to the Employee Benefit Fund in the 1980's was essential for the University's financial well-being - given the limitation on the General Fund. Until our relationship to the state is redefined, we must have maximum flexibility over our local revenue sources.

As you are all aware, Washburn University has proposed a solution to its reliance on local property tax support. Our proposal is full state affiliation, the provisions of which are contained in 1993 SB 80 and which would provide for a five-year phase-out of local property taxes over the period fiscal years 1996 through 2001. The only exception to this would be a retention of a 3 mill local levy for capital improvements and debt retirement.

If full state affiliation is not endorsed by the Kansas Legislature, it will be necessary for the Legislature to work with Washburn University to redefine its financial relationship to the state and the city of Topeka. Such a redefined relationship must take into account the University's unique status as a municipal university and the services which it is expected to provide. Including Washburn under the provisions of HB 2210 would not assist in designing a redefined relationship.

Given the modest growth in local financial support Washburn would experience under current statutes, given the potential need to redefine Washburn's financial relationship to the state and the city, and given the constitutional and statutory provisions which apply uniquely to Washburn University, we request that you exempt Washburn University from the provisions of House Bill 2210.

WASHBURN UNIVERSITY OF TOPEKA
Ad Valorem Tax Levy Limits and Mills Levied by University
1942 -- 1993

FOR FISCAL YEAR:	GENERAL FUND		DEBT RETIREMENT & CONSTRUCTION		EMPLOYEE BENEFIT CONTRIBUTION FUND		LIABILITY EXPENSE FUND		TOTALS	
	Limits*	Actual Levy	Limits	Actual Levy	Limits	Actual Levy	Limits	Actual Levy	Limits	Actual Levy
1941-42	2.00	1.95	.25	.20					2.25	2.15
1942-43	2.00	1.80	.25	.25					2.25	2.05
1943-44	2.00	1.80	.25	.25					2.25	2.05
1944-45	2.00	1.70	.25	.25					2.25	1.95
1945-46	2.50	1.94	.25	.25					2.25	2.19
1946-47	2.50	2.10	.25	.25					2.75	2.35
1947-48	2.50	2.10	.50	.50					3.00	2.60
1948-49	2.50	2.10	.50	.50					3.00	2.60
1949-50	3.00	2.15	.50	.50					2.50	2.65
1950-51	3.00	2.65	.50	.50					3.50	3.15
1951-52	4.00	3.42	1.00	.50					5.00	3.92
1952-53	4.00	3.22	1.00	.47					5.00	3.69
1953-54	4.00	3.42	1.25	.50					5.25	3.92
1954-55	4.00	3.55	1.25	1.00					5.25	4.55
1955-56	4.00	3.69	1.25	1.00					5.25	4.69
1956-57	4.00	3.69	1.25	1.00					5.25	4.69
1957-58	5.00	4.19	1.25	1.25					6.25	5.44
1958-59	5.00	4.19	1.25	1.25					6.25	5.44
1959-60	5.00	4.75	1.25	1.25					6.25	6.00
1960-61	5.00	4.73	1.25	1.25					6.25	5.98
1961-62	5.00	4.75	1.25	1.25					6.25	6.00
1962-63	5.00	4.75	1.25	1.25					6.25	6.00
1963-64	5.00	4.75	1.25	1.25					6.25	6.00
1964-65	5.00	4.75	1.25	1.25					6.25	6.00
1965-66	5.00	4.75	1.25	1.25					6.25	6.00
1966-67	5.00	4.75	1.25	1.25					6.25	6.00
1967-68	5.00	4.615	1.25	1.215					6.25	5.83
1968-69	5.00	4.85	1.25	1.25					6.25	6.10
1969-70	5.00	4.85	1.25	1.25					6.25	6.10
1970-71	5.00	4.82	1.25	1.25					6.25	6.07
1971-72	5.00	3.632	1.25	.938					6.25	4.57
1972-73	5.00	4.317	1.25	1.124					6.25	5.441
1973-74	5.00	4.280	1.25	1.120					6.25	5.40
1974-75	5.00	4.280	1.25	1.120					6.25	5.40
1975-76	5.00	4.350	1.25	1.15					6.25	5.50

WASHBURN UNIVERSITY OF TOPEKA
Ad Valorem Tax Levy Limits and Mills Levied by University
1942 -- 1993

FOR FISCAL YEAR:	GENERAL FUND		DEBT RETIREMENT & CONSTRUCTION		EMPLOYEE BENEFIT CONTRIBUTION FUND		LIABILITY EXPENSE FUND		TOTALS	
	Limits*	Actual Levy	Limits	Actual Levy	Limits	Actual Levy	Limits	Actual Levy	Limits	Actual Levy
1976-77	5.00	4.400	1.25	1.162					6.25	5.562
1977-78	5.00	4.719	1.25	1.25					6.25	5.969
1978-79	7.00	4.710	1.25	1.25	N/A	1.72			N/A	7.68
1979-80	7.00	5.70	1.25	1.25		1.43			N/A	8.38
1980-81	7.00	6.70	1.25	1.25		1.79	N/A	0.13	N/A	9.87
1981-82	7.00	6.596	1.25	1.25		1.828		0.156	N/A	9.83
1982-83	7.00	6.614	1.25	1.25		1.92		0.176	N/A	9.96
1983-84	7.00	6.587	1.25	1.25		5.948		0.075	N/A	13.86
1984-85	7.00	6.495	1.25	1.25		5.58		0.095	N/A	13.42
1985-86	7.00	6.38	2.25**	2.21		6.07		0.53	N/A	15.19
1986-87	7.00	6.14	2.25	2.17		6.10		0.63	N/A	15.04
1987-88	7.00	6.35	2.25	2.25		6.08		0.52	N/A	15.20
1988-89	7.00	6.92	2.25	2.22		6.23		0.48	N/A	15.85
1989-90 (1)	N/A	4.72	3.00	3.01		4.72		0.31	N/A	12.75
1990-91	7.00	6.06	3.00	2.96		5.98		0.16	N/A	15.16
1991-92	7.00	6.88	3.00	3.00		6.59		0.13	N/A	16.60
1992-93 Est.	7.00	6.88	3.00	3.00		6.925		0.16	N/A	16.965

Footnotes:

* -- Local Ad Valorem Tax Reduction (LAVTR) included.

** -- This levy increased by one mill for five years, reverts back to 1.25 mills after 1989-90. This was permanently increased to 3.00 mills by 1989 Legislature

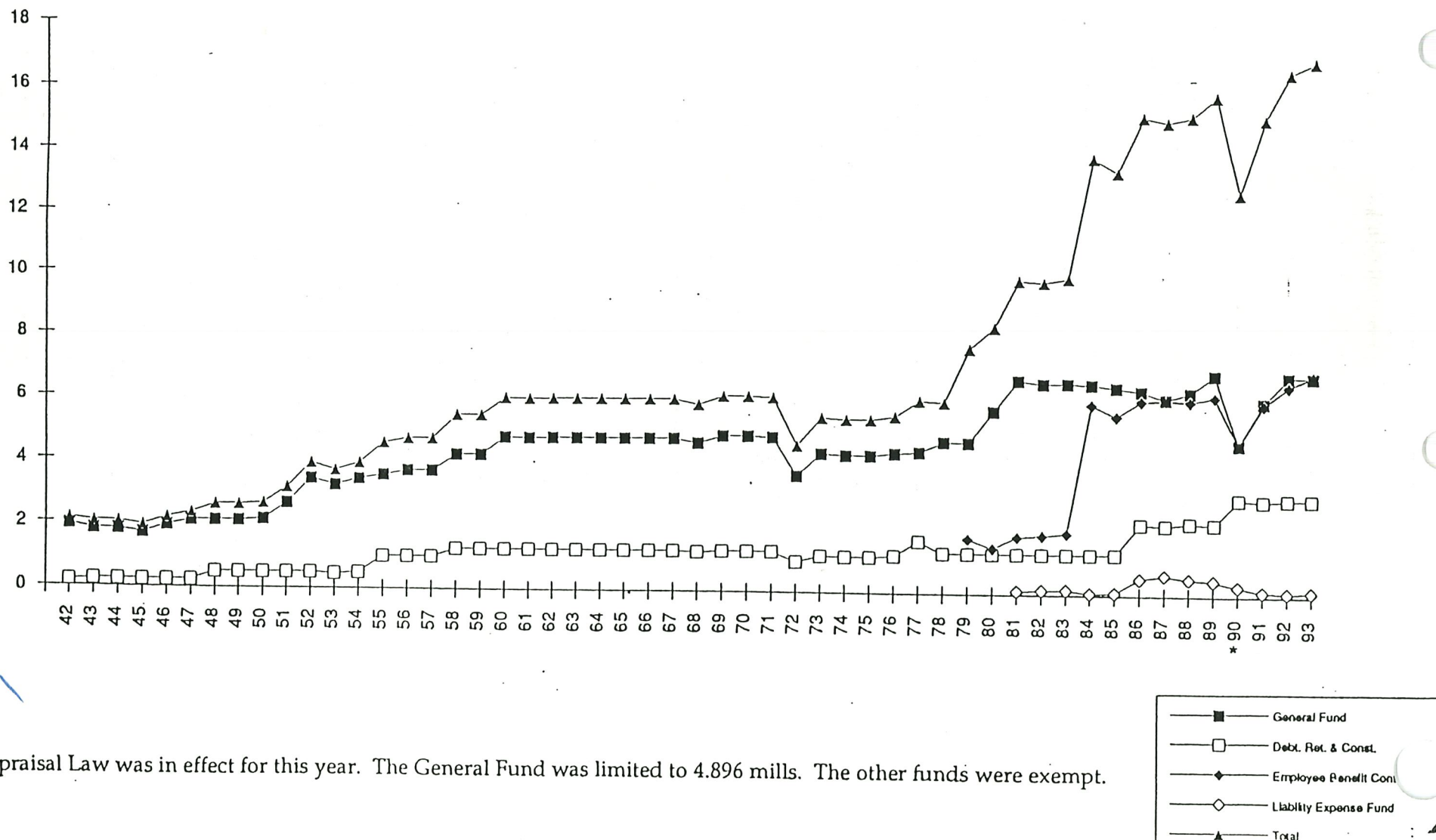
(1)-- Reappraisal Law was in effect for this year. The General Fund was limited to 4.72 mills. The other funds were exempt.

10-4

Washburn University of Topeka

Ad Valorem Tax Levy Mills Levied by University

All Four Tax Funds 1942-1993

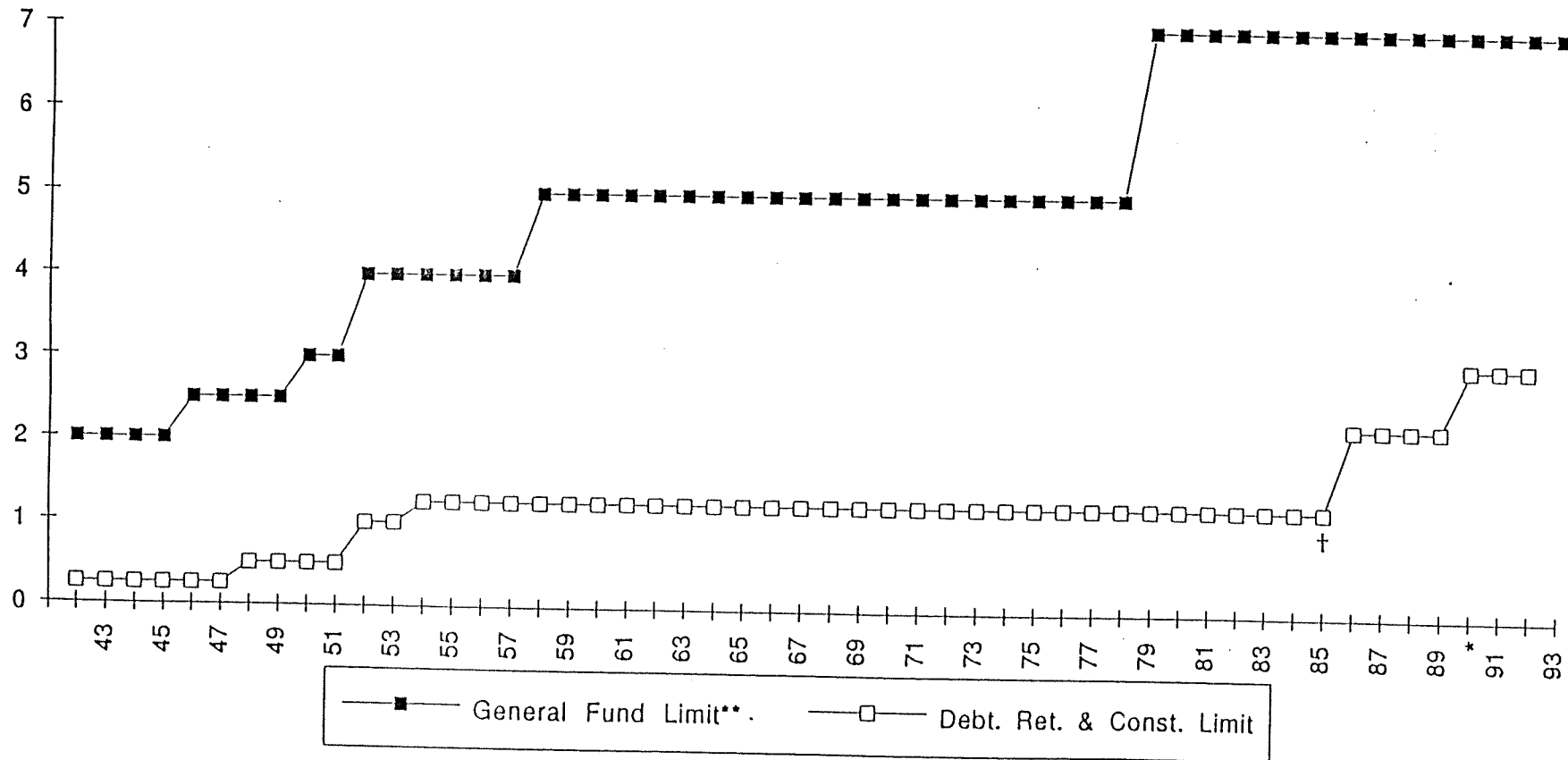


Washburn University of Topeka

Ad Valorem Tax Levy Limits

General Fund / Debt Retirement and Constructions Fund

1942-1993



* Reappraisal Law was in effect for this year. The General Fund was limited to 4.896 mills. The other funds were exempt.

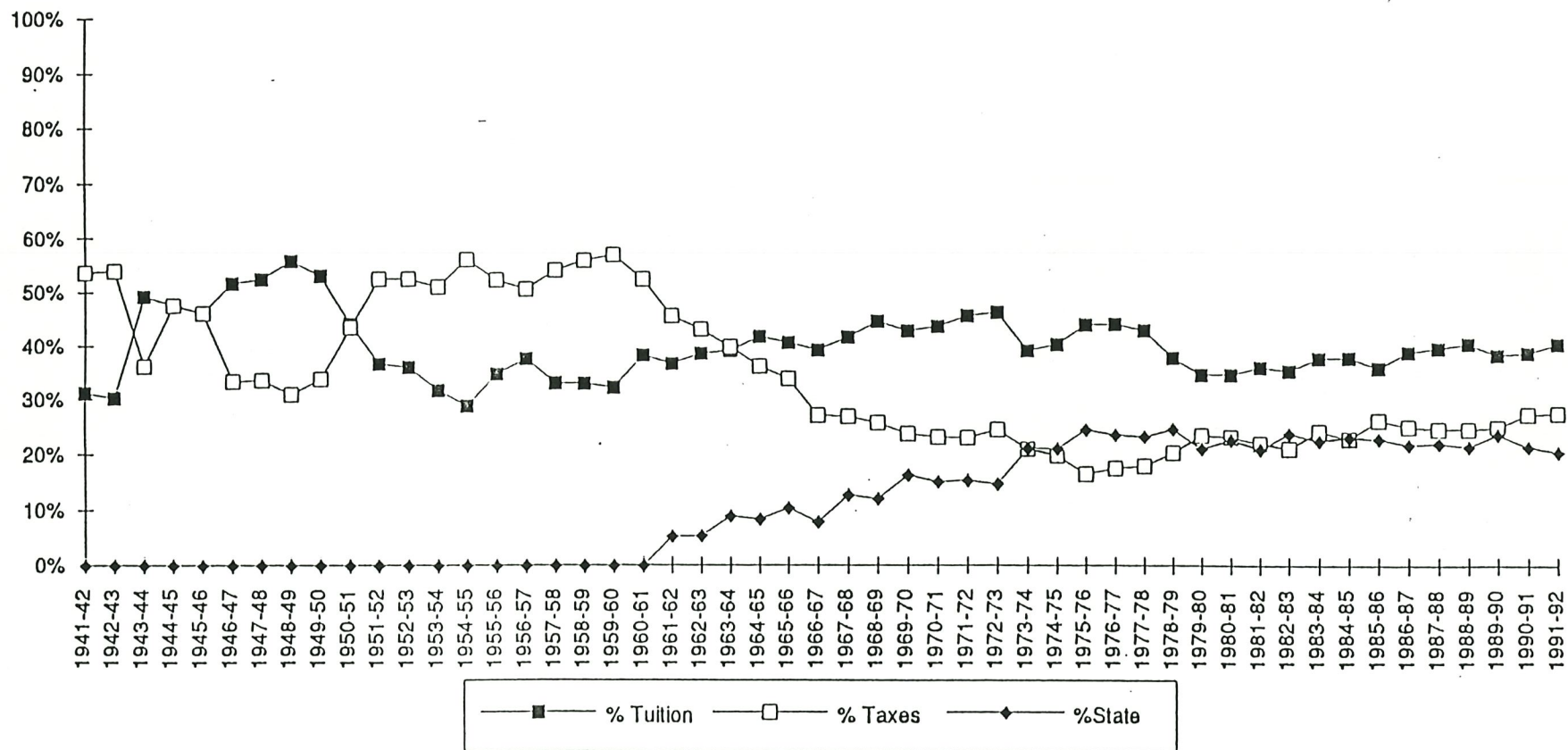
** Local Ad Valorem Tax Reduction (LAVTR) included.

† This levy increased by one mill for five years, reverts back to 1.25 mills after 1989. This was permanently increased to 3 mills by 1989 Legislature.

10.01

Washburn University of Topeka

General Fund Chart of Tuition, Taxes, State-Aid as a Percent of Total Revenue 1942-1992



6-01

I am Ray Vaughan, Chair of the Sedgwick County Advisory Council on Aging.

On behalf of the Council, I request you exempt the Aging Mill Levy from H.B. No. 2210.

As you know, in 1982 the citizens of Sedgwick County voted to levy upon themselves a tax up to 1 mill for Aging Services. I believe, voters in at least 70 other counties have done the same thing. The Aging Mill Levy is one of the few taxes that the taxpayers voted to levy upon themselves. They recognized the valuable contribution this would be for the community and to those who have made what we have today possible. Our Council has never recommenced the full amount permissible under law, but rather has recommended in accordance with the demonstrated needs of our elderly citizens.

The Aging population continues to grow and so do their needs. Having a dedicated tax will not mean we will not have to justify our Aging budgets, but it will help us to get some of the needed funding for Aging programs without competing with all other county functions. The exempting of the Aging Mill Levy from H.B. 2210 would have no impact on state agencies.

2/9/93

House Taxation Cmte
Attachment 11

THE CITY OF

MANHATTAN

KANSAS

The
Little
Apple



February 8, 1993

The Honorable Keith Roe
Chairman, Taxation Committee
Room 170-W
State Office Building
Topeka, KS 66612

RE: House Bill 2210 - Property Tax Lid on Local Governments

On behalf of the City Commission of Manhattan I wish to let the House Taxation Committee know we have taken a firm and united stand in opposition to any new property tax lids or additional limitations on city governments proposed by the 1993 Kansas Legislature. It is unconscionable in our opinion for the State of Kansas to raise taxes and expand programs while at the same time limiting the abilities of local governments to respond to the needs of the citizens of Kansas living in our cities.

Neither the Governor nor this legislation makes any finding of necessity to take the action being proposed in this bill. In fact it ignores the realities of the business of government. Each Legislator on this Taxation Committee has to be aware of the mandates passed down by the federal government and see the necessity to have the resources necessary to respond to those issues without having to cut other vital programs of the State. You all must realize the same mandates come not only from the federal government to local government but also from the state with the same general lack of support. We in Kansas cities must be granted the freedom to make discerning and responsible decisions for those we are responsible to represent.

The present tax lid law has worked since its inception and provides an effective mechanism to provide the kind of freedom previously mentioned. The proposed bill has punitive and unrealistic implications for cities. As an example, under existing tax lid legislation, health insurance premiums for local government groups are exempted from the lid. In recent years health care costs have risen for the same level of service by 15-18%. For the Manhattan health insurance plan a 15% increase would amount to nearly \$200,000. There is no way natural growth in property tax revenues could offset the effect of this single change proposed in House Bill 2210. This legislation also mandates untimely and costly election requirements to exceed the established tax lid. Current legislation more reasonably

2/9/93

House Taxation Committee

CITY COMMISSION Richard W Seidler, Mayor E A Klingler, MD Helen G Cooper Roger E Maughmer Edith L Stunkel
CITY MANAGER: James R Pearson 1101 Poyntz Manhattan, Kansas 66502-5460 Telephone (913) 537-0056

Attachment 12

Representative Keith Roe

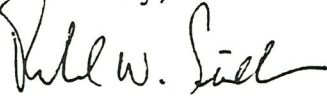
Page 2

February 8, 1993

recognizes the value of home rule provisions granted by the Kansas Constitution.

In closing I would like to suggest that there are issues before you of more pressing consequence to this State than the need to unnecessarily and unfairly insult the integrity of your partners in government, the cities of Kansas. Please give no further consideration to HB 2210.

Sincerely,

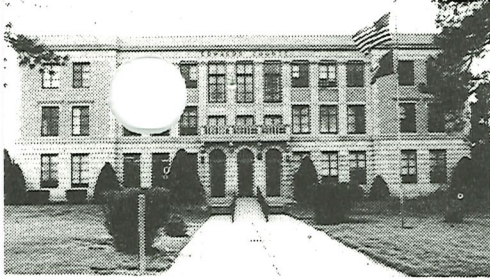


Richard W. Seidler
Mayor
City of Manhattan

PRESENTED BY: Curt Wood, Director of Finance
name, title
City of Manhattan

ls
93032

12-2



EDWARDS COUNTY, KANSAS
KINSLEY, KANSAS 67547

MARJORY SCHEUFLE, BELPRE
FIRST DISTRICT COMMISSIONER

RICHARD FROETSCHNER, KINSLEY
SECOND DISTRICT COMMISSIONER

LLOYD BRITTON, KINSLEY
THIRD DISTRICT COMMISSIONER

FAX: 316-659-2583

OFFICE OF:
PAM MEADOWS
COUNTY CLERK / ELECTION OFFICER

PHONE: 316-659-3121

February 8, 1993

TO: Kansas House Taxation Committee

Subject: Governor's Tax Lid Proposal HB 2210

In regard to the recent tax lid proposed by Governor Finney in House Bill 2210 we offer the following response as to how it will effect Edwards County.

Edwards County's current assessed valuation is just under 35 million dollars. Needless to say we guard our budget closely and we are not "Big Spenders". Year to Year we must remain versatile with our local tax levies. Our electorate has placed their confidence in us and we hold their best interest in our hands. We visit and live among our constituents daily in an area that is directly affected by our actions as County Commissioners. We answer directly to our families, friends and neighbors.

We do have the knowledge and discipline to set reasonable tax levies for our county. In 1991 we exercised our home rule authority and exempted out from the tax lid. Our levied tax increased \$67,437. over the previous years budget which reflected a 4% increase. Even when using our home rule authority we remained fiscally reasonable and responsible.

Because of the recent interpretations of the Fair Labor and Standards Act our Sheriff's budget was increased in 1993 by \$90,000.00. And we currently face the unknown true cost of our portion of a Juvenile Detention Center facility.

When we look at expenditures beyond 1993, we find further increasing costs in areas that are out of our control. For example, we estimate the cost of our landfill operations will escalate a least three-fold in order to comply with the federal subtitle D regulations. And we see a substantial expense in undergoing major renovations to our county owned buildings to comply with the Americans with Disability Act.

One of the county's entities which is often over looked regarding tax lids is townships. They find tax lids

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severely restrictive because they lack alternate sources of revenues. Their budgets are small and have no room for unexpected expenditures. The recent valuation exemption on low production oil wells has had a substantial impact on their budgets. They continually struggle to keep their noxious weeds under control and their roads maintained under the current tax lid.

In HB 2210, the proposal to exclude the cost of health care from the list of tax lid exemptions would penalize our most important asset - OUR EMPLOYEES. It is one of the most volatile costs we have. Our employees only receive average wages and our health insurance benefit increases their standard of living and provides them with the security in knowing that their medical needs will be met. Our budget must remain flexible enough to meet the premium increases. The last thing we want to do is cut employee benefits because of a state imposed tax lid.

The continued growth of state and federal mandates makes tax lids irrational. We take issue to any attempt to weaken or remove the County's Home Rule authority to charter out of all or part of the state's tax lid. This would be a violation of a fundamental part of the state and local partnership we formed in 1974 that enabled local control on local issues.

Respectfully,


Marjory Scheufler
Edwards County Commissioner


Richard Froetschner
Edwards County Commissioner


Lloyd Britton
Edwards County Commissioners



SEDGWICK COUNTY, KANSAS

Budget Department

**525 N. Main
Wichita, Kansas 67203
(316) 383-7575
FAX (316) 383-7509**

TO: House Taxation Committee

FROM: Becky Allen-Bouska, Budget Director
Sedgwick County Manager's Office

RE: House Bill 2210

Chairman Roe and Committee Members, thank you for the opportunity to share our comments on House Bill 2210. I am Becky Allen-Bouska the Sedgwick County Budget Director.

As you know, citizens across the State of Kansas have been faced with significant shifts in the property tax base since the voters originally passed the constitutional amendment. Taxpayers in Sedgwick County received relief with the implementation of the school finance formula approved by the state during 1992. Thank you.

I do not want to delve into too much history here today...I'm sure that you have heard enough. What I came here today to discuss are mandates on local government.

Currently, Sedgwick County is faced with many mandates: Community College payments, Reappraisal, Youth Facilities, and compliance with federal laws such as the new Americans with Disabilities Act. Our newest mandate does not come in the form of an order to the County but in the form of sentencing laws which will double the population that Sedgwick County houses OUTSIDE of its jail for persons who were otherwise kept in state facilities.

My point is that local governments and the State of Kansas are faced with mandates that are outside of our control. Certain costs, such as Community College payments in Sedgwick County have increased any where from 10% to 21% PER YEAR. As we are not allowed to charge the students directly, these costs are placed on property taxes.

I respectfully ask you to review our current law to see if there is a method through which we could revise it without putting a strangle-hold on local government. The most crippling of all the proposed eliminated exemptions is that of health insurance. Sedgwick County has made drastic changes toward curbing our ever-spiraling health insurance costs. Changes include spreading additional costs to our employees as well as becoming self-funded. It is our hope that we will see little or no increase in our health insurance budget as a result of

House Taxation Cmte
"...TO BE THE BEST WE CAN BE."

2/9/93

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our management changes. Yet, we know, realistically, that after a one-year rate decrease the costs will continue to rise.

I know it is not the legislature's intent to cripple local government services but to ensure that local governments do not "haphazardly" increase property taxes. Few of us have done so! Please re-review this bill and let us all work toward a compromise.

I have challenge for you today: if the State of Kansas passes the tax lid....I respectfully request the State live under the same guidelines.

Once again, thank you for the opportunity to speak to you today.

TESTIMONY BEFORE THE HOUSE TAXATION COMMITTEE

HONORABLE KEITH ROE, CHAIRMAN

FEBRUARY 9, 1993

RE: OPPOSITION TO HOUSE BILL 2210

COUNCIL PRESIDENT BRIAN MCNICHOLS
CITY OF LENEXA, KANSAS

CHAIRMAN ROE AND MEMBERS OF THE HOUSE TAXATION COMMITTEE:

I am Brian McNichols, Council President for the City of Lenexa, a growing community of approximately 37,000 residents located in Johnson County. On behalf of Mayor Rich Becker and the Lenexa City Council, I am here to testify in opposition to House Bill 2210 and oppose the concept of placing further limitations on local elected governing bodies and the ability to fund the services we provide.

It has become too easy for state elected officials to blame local officials for exorbitant spending. Local elected officials are held every bit as accountable as state officials and it has been my experience that local officials are that much closer to their constituents and are extremely responsive when citizens make their voice known.

In July of 1992, the Lenexa Governing Body adopted its 1993 budget which marked the second consecutive year Lenexa has held the line on property taxes with a zero increase. In fact, three years ago the City raised the mill levy only 4/10ths of a mill to offset the reduction in motor vehicle tax revenue caused by reappraisal and reclassification.

As revenue growth has declined significantly in the last three years, all cities have had to tighten their belts while continuing to provide necessary public services like police and fire protection, ambulance services, street construction and maintenance, as well as many other services. Cities cannot continue to fund these services while being faced with unfunded mandates from the federal and state governments and at the same time having its hands tied with respect to proposed tax lids and restricted revenue options.

The City opposes tax lids in general and recommends repealing all existing property tax limits and letting local officials be accountable for their own actions. However, if House Bill

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2210 is adopted, the City of Lenexa supports the Kansas League of Municipalities in recommending that it be amended to include:

1. All existing tax lid exemptions, including health care, workers comp, disability, and retirement costs. Since 1989, medical health care costs for the City of Lenexa have more than doubled from \$600,000 to approximately \$1.3 million in 1992. Almost 75-80% of a city's general fund budget can be attributed to employee costs. Cities are mostly a service organization and Lenexa's primary sources of revenue include a very limited sales tax set by the state, various fees for services, franchise fees, and property taxes.
2. Provide exemptions for mandated costs, law enforcement to respond to violent crime and illegal drug use, and for cost of living increases experienced annually,
3. Allow unused levy authority under the prior law to be carried forward as part of the new base year,
4. Provide the choice of either a 1991 or 1992 base year, and
5. Include an early sunset provision in this tax lid law so that it can be re-evaluated in a timely manner. In addition, the provision related to the elimination of a City's ability to charter out of the existing tax lid law should be removed. This is a direct violation of the spirit of the "home rule" concept adopted by the citizens of Kansas back in 1960.

Yes, other states have imposed limitations on local units of government. In California, for example, local governments have been devastated since Proposition 13 was passed in the late 1970's. The California legislature has since had to work around that constitutional limitation and the chaos it has caused in order to provide other means of funding local governments. The result was that local public hospitals have closed, early release programs for prisoners have been implemented by cities and counties, as well as cut backs in law enforcement, all while crime continues to escalate. I encourage this committee to allow local government officials to make those tough decisions regarding property taxes, allow Home Rule to work, and allow me to be accountable to those who elected me to office.

Thank you for allowing me to make this presentation today.

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Johnson County
Kansas

February 9, 1993

HOUSE TAXATION COMMITTEE

HEARING ON HOUSE BILL 2210

TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL COORDINATOR, JOHNSON COUNTY BOARD OF COMMISSIONERS

Mr. Chairman, members of the Committee, my name is Gerry Ray, representing the Johnson County Board of Commissioners. I am appearing today in opposition to House Bill 2210, that will impose a tax lid on counties and cities.

Although Johnson County has opposed local tax lids in past years, we have always tried to participate in the process to devise a plan that was workable. The legislation that is proposed in HB 2210 is not workable and will cause no end of problems to local governments.

The existing tax lid, although not desirable, is manageable and the County has learned to work with it. For example, midway in the 1993 budget process, the Commission passed a charter resolution to exempt public safety from the tax lid. This was done as a precaution, because at the time the budget situation was uncertain. There was no protest petition and the charter stood, however when the budget was finalized the Commission did not use the added authority, because they were able to make enough reductions to make it unnecessary. Even with a 22% reduction in the Capital Improvements Plan and only a 1.3% increase in operating budget, the County was compelled to use all of the remaining statutory exemptions.

With the removal of several existing exemptions and the home rule option, HB 2210 creates a situation that is not feasible. The cost of health insurance is expected to increase at least 25% in 1994, more and more people are expected to turn to the local mental health and mental retardation facilities for help, and Federal and State mandates will cost several million dollars. If the county is to provide these services, they need the flexibility to find the funding to do so.

Johnson County has only increased its levy an average of 1/2 mill for the past four years. Considering the new responsibilities that are added each year, that is a minimal amount of increase. This demonstrates that the people who are elected at the local level, do not desire to raise taxes and spend irresponsibly. The State and the local governments should be working together to provide the

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best level of service possible for the least cost. Rather than that we seem to spend inordinate amounts of time debating on who should run the cities and counties. Please remember that the local officials are elected and should be free to do the job for which they were chosen.

The Johnson County Commission asked that you think about all the ramifications connected with attempting to control the taxing authority at all levels. If each level were allowed the authority to handle its own affairs we could work together in a partnership and all do a better job. We hope you will put your trust the local officials and will reject this bill.

Thank you for your time and consideration.



KANSAS ALLIANCE FOR THE MENTALLY ILL

112 S.W. 6th, Ste. 305 • P.O. Box 675
Topeka, Kansas 66601
913-233-0755

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TESTIMONY

TO: Members, House Taxation Committee

FROM: Terry Larson, Executive Director,
Kansas Alliance For the Mentally Ill and Chair,
Kansas Mental Health Coalition

RE: House Bill No. 2210

Since 1990, Mental Health Reform in Kansas has been underway. It began in the Osawatomie State Hospital catchment area in 1991, was phased in for children only in the Topeka State Hospital catchment area in 1992 and, if funded adequately, will begin to include adults in the Topeka area and in the Larned catchment area later this year. While additional state dollars are going to the communities under reform, these funds are not intended as a replacement for existing community programs. This is money that is being diverted to the communities to provide services to persons with severe and persistent mental illness as state hospital beds are being closed.

Mental Health Reform cannot succeed unless all other system supports are adequately funded. Placing mental health under the county property tax lid really means that the state would be mandating a possible reduction in the counties' commitment to mental health.

The needs of persons with mental health have always been under-met and under-financed. If the state can promise that it will fully finance all local programs based on actual need, then we can live with the lid. However, each year advocates must work hard to get full funding for Mental Health Reform in the budget.

Further, this year's SRS budget proposal cuts state aid reduces block grant funding to the mental health centers. Medical card eligibility and General Assistance may be further restricted. Housing remains a very serious problem, especially in rural counties. An SRS C level request for

Affiliated with the National Alliance for the Mentally Ill

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\$200,000 for vocational programs for persons with mental illness is not in the Governor's budget. (Please note: this \$200,000 would generate \$752,000 in federal funds.) Hospital beds are scheduled to be closed, and if community supports are not adequately funded, there will be no hospitals to which Kansans with mental illness can return.

Mental illness is not a luxury disease. It is a physical disease of the brain with symptoms so devastating that day-to-day living would be impossible without public supports. The face of mental illness could be any of us because this disease strikes just as randomly as cancer, diabetes and asthma. No one wants to be mentally ill.

Counties are local governments whose policymakers are elected by the people. The federal government does not restrict the state - the state restricts itself. So, too, should our local governments be able to determine their own limits. This is especially true when the state is unwilling to fully fund local programs and seemingly willing to cut other programs.

Until a prevention or a cure is found, the mentally ill are with us and they are poor.



CITY OF KANSAS CITY, KANSAS
FINANCE DEPARTMENT

Nancy L. Zielke, Director of Finance

ONE McDOWELL PLAZA 701 NORTH 7TH STREET, 66101

(913) 573-5270
FAX 573-5003



February 9, 1993

Representative Keith Roe
House Committee on Assessment and Taxation
Statehouse Capitol - Room 519 South
Topeka, Kansas 66612

RE: House Bill 2210 - Opposition to Proposed Property Tax Lid

Dear Representative Roe and Members of the Assessment and Taxation Committee:

The City of Kansas City, Kansas appreciates the opportunity to appear before the Committee on House Bill 2210 concerning property tax lids. This issue is again of concern to local governments in an attempt to continue to fund critical programs and services. Most importantly, cities and counties must be able to raise sufficient revenues to fund programs, especially with the state and federal governments handing to local government new mandates. While tax lids have never been viewed as favorable the proposed changes as submitted in House Bill 2210 would severely impact local units of government.

The City of Kansas City, Kansas has two primary concerns with proposed changes to the Tax Lid as introduced: the removal of the ability for cities to utilize home rule authority to charter out from the tax lid and the exclusion of health insurance as a lid exemption. The League of Kansas Municipalities in the annual policy statement, as well as the City of Kansas City, Kansas, has repeatedly identified the reasons why local units of government should retain home rule authority to manage their cities. The proposed bill removes the ability for cities to utilize home rule authority to charter out from the tax lid law and requires a mandatory election to authorize an exemption from the proposed lid. Furthermore, current home authority allows for charter ordinance to exempt cities indefinitely from the tax lid while the new legislation would require a new election every three years in order to maintain the exempt status of the City. This clearly threatens the ability of cities to budget and operate using a property tax levy which will meet the needs of cities.

Secondly, the proposed bill as drafted retains several employee benefit exemptions, but strikes local governments' ability to increase tax revenues for the escalating cost of health insurance. Health insurance costs for the City of Kansas City, Kansas represents over ten percent of the annual general fund operating budget. The City has seen an increase of over 57 percent in self-insurance costs for our employee health insurance program in the past two years. Without the ability to adjust for such known industry increases, local budgeting will become more difficult for local units of government. Forecasts for medical costs are showing increases ranging from 20 to 30 percent again for the next several fiscal years.

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House Bill 2210 - Opposition to Proposed Property Tax Lid
Page 2

The City of Kansas City, Kansas, like many other local taxing jurisdictions across the State are faced with the proposed dilemma of ways to reduce the burden of property taxes to our property owners. As proposals are being discussed for tax relief, it is critical that any proposed amendments to the State's budget lids do not restrict cities from managing already austere budgets. Cities and counties are faced with limited options in ways to recover any loss in operating revenues. The City of Kansas City, Kansas adopted a 1993 budget with no tax increase and eliminated 52 positions in holding the line on the need for increased taxes. The City is at its statutory limit for both the city and county sales tax options and has been implementing a comprehensive user fee program for the past five years.

At the same time, local units of government are continually faced with added mandates from the federal and state governments that must now be funded with existing non-tax revenues. While reform for the Kansas property tax system is needed, local governments should not be burdened with the dramatic loss of revenues without any new state allowed revenue alternatives. The City of Kansas City, Kansas cannot identify an immediate solution to this issue, but suggests that any change in the revenue base for the affected cities and counties and budgets be critically reviewed as to what impact it would have on other state aid formulas and operational levels, especially with proposed added state and federal mandates.

In closing, the City of Kansas City, Kansas opposes the proposed state property tax lids without the current exemptions, including health care adjustments, and added exemptions for unfunded state mandates, law enforcement to respond to violent crimes and illegal drug use, and cost of living adjustments. Cities need to continue to have the ability for the continuation of constitutional home rule authority in determining the local funding priorities.

If the Committee has any questions, please feel free to contact me at your convenience. Support for allowing for varying local spending needs and property wealth and the composite nature of the tax levy rates is needed.

Respectfully submitted,



Nancy L. Zielke
Director of Finance/Budget Director

cc: Wyandotte County Legislative Delegation
Mayor Joseph E. Steineger, Jr.
City Council Members
League of Kansas Municipalities

18-2



Kansas County
Commissioners
Association

1275 S.W. Topeka Blvd.
Topeka, Kansas 66612
(913) 233-2271

To: Representative Keith Roe, Chairman
Members of the House Taxation Committee

From: Bobby Heitschmidt, Ellsworth County Commissioner

Re: HB 2210, Tax lid on local governments

Thank you, Mr. Chairman, for the opportunity to testify before the Taxation Committee today.

HB 2210 contains more restrictions than the tax lid under which counties are now operating. Ellsworth county objects to the removal of the home rule provision which was replaced by a mandatory election to exceed the new lid. We would respectfully request the inclusion of the home rule charter provision in any tax lid adopted by the legislature.

We would also request that 1991 be offered as a choice of base year in addition to 1992. Some counties who were trying to save tax dollars levied less money in 1992 than in 1991. We feel the local governing board should be given this choice.

Health insurance should be included under the exemptions to the tax lid. This is another example of uncontrollable costs to local governments.

Tax lids are very difficult for local governing boards to manage in light of the additional costs of federal and state mandates such as juvenile detention expenses and solid waste regulations.

The Ellsworth County Commissioners are opposed to tax lids on local government. However, if such a lid is enacted, we request that it be no more restrictive than the one now in place.

Thank you for your time and attention.

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House Taxation Cmte
Attachment 19



City Hall • 8500 Santa Fe Drive
Overland Park, Kansas 66212
913/381-5252 • FAX 913/381-9387

February 9, 1993

HOUSE BILL 2210

Testimony before the House Taxation Committee

Presented by Gerry Ray, Overland Park Legislative Consultant

Mr. Chairman, members of the Committee, my name is Gerry Ray, appearing on behalf of the City of Overland Park, to express the City's opposition to House Bill 2210.

Although local tax lids are objectionable, the city has not only lived with the limits, they have managed to avoid using existing exemptions. This was not accomplished easily, it was done by reducing the capital improvements budget by 14% and cutting the operating budget by 9%. It was done because the city officials believed it was the responsible way to govern.

Under HB 2210 they will lose \$11.6 million in levy authority, because only the exemptions that were used will be included in the new base year. This in addition to the loss of the home rule option essentially removes the City's flexibility to deal with revenue losses and expenditures over which they have no control. Recent mandates passed down from the Federal and State levels, such as compliance Americans Disabilities Act (ADA), Fair Labor Standards Act (FLSA) and Environmental regulations, will cost the City over \$5.7 million. On the revenue side, losses will be experienced due to the new classification amendment and will decrease still more if motor vehicle taxes are again reduced by the Legislature.

The bill not only takes away local authority to manage the city, it penalizes those who have made a concerted effort to hold down taxes and live within the rules. The question arises as to how this can be deemed to be at all equitable or fair to elected officials and those who elected them.

The City of Overland Park urges that the Committee carefully consider HB 2210. We believe if you will look at the situation from the perspective of the local officials you will understand the need to allow them the ability to use their own judgment to deal with the affairs of their individual jurisdictions.

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TO: CHAIRMAN ROE AND MEMBERS OF THE HOUSE TAXATION COMMITTEE
FROM: MARY BOLTON, CHAIRMAN, RICE COUNTY COMMISSION

Thank you for the opportunity to present testimony regarding the proposed tax lid. As a dedicated elected county official, I am very concerned with the proposed constraints on our ability to properly manage the duties and services delegated to county government. We truly are closest to the people and feel we respond to their needs in an efficient and economical manner.

We are presently beseiged with some very costly federal mandates, namely the new rules for managing solid waste disposal and the American with Disabilities Act. We are proceeding very carefully, studying the best ways to respond to the regulations, and trying to do all this without over-burdening our taxpayers.

Ten years ago, the valuation in Rice County was \$106 million, in 1992 it stands at \$70 million. Does it not stand to reason, we must increase the mill levy to raise the tax dollars necessary to operate county government? Our population has not changed significantly during those ten years, our miles of roads to be maintained havenot decreased, nor has the numbers of bridges, just to mention a few of the needs for our people.

Ideally, we would like no tax lid at all, rather leaving the decisions to be made by local elected officials, who are judged each election by the voters. However, if we must have a lid, it is imperative that we have the exemptions in the present lid. We

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would be especially hurt by the removal of health insurance from the exemption for employees benefits. Nationwide the news headlines are calling for employers to provide adequate health care for employees. We have been doing that very thing, but we must able to pay for the ever-increasing premiums. We have reduced the county share of the expense for the last two years and increased the employees' share, and still the total dollars needed increased.

Please give this bill very careful consideration. If you would care to discuss these issues in more detail, I would be most happy to do so. We county officials would truly like to be in partnership with state government for the good of all the citizens of this great state.

Thank you for your attention and consideration. Your support will be sincerely appreciated.

Mary Bolton

Mary Bolton
Rice County Commissioner
RR 3 Box 146
Lyons, KS 67554
316-257-2232 or 257-2629



Topeka Association For Retarded Citizens, Inc.

The Ethel May Miller Community Center
For The Mentally Retarded
Southgate Work Center
2701 Randolph, Topeka, Kansas 66611
(913) 232-0597
Fax (913) 232-3770
Executive Director, Lila Paslay

February 9, 1993

TO: Rep. Keith Roe, Chair
Members of the House Taxation Committee

FROM: Lila Paslay, Executive Director
Topeka Association for Retarded Citizens

RE: H.B. 2210

I appreciate the opportunity to speak briefly with you today regarding H.B. 2210 and the impact the exemption of facilities for persons with mental retardation has had on community services in Shawnee County.

During the past five years TARC, as the Community Mental Retardation Center, has had significant growth. This growth has been funded primarily through the use of Home and Community Based Services (HCBS) Waiver dollars. HCBS has allowed the community to provide services to individuals who qualify based on the severity of their individual needs. Not all individuals can qualify for this funding source.

The funds we receive from Shawnee County can be used as discretionary funds. This allows us to use county funds as match for a variety of grants, purchase needed equipment, and provide programs for individuals on our waiting list who are not receiving any services. Many of these individuals have completed their special education, have been on the waiting list for many months or years or family circumstances require additional services.

Three other community programs receive Shawnee County funds through TARC. Sheltered Living, Inc. provides residential habilitation for 196 persons. Kansas Children's Service League provides respite services to families with children who have special needs. Catholic Social Services provides parent education and support to families who have children with special needs or are at risk for abuse and/or neglect.

For the first time in four years, TARC has been able to access increased county tax dollars for Shawnee County to allow for some expansion of services. Although the increase for 1993 is not large, it will make a difference in our ability to meet the needs of citizens of Shawnee County.

We urge you to continue the Property Tax Lid exemption for facilities such as TARC. This may enable some facilities to assist the state in solving the problem of the waiting list for services.



Information and Referral, Infant/Early Childhood Education, Work Activity/Training, Outreach and Advocacy

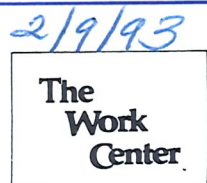
Member of

Kansas and National Associations for Retarded Citizens

Kansas Association of Rehabilitation Facilities

A nonprofit corporation—contributions are tax-deductible

attachment 22



TESTIMONY
CITY OF WICHITA
HOUSE TAXATION COMMITTEE
RE: HOUSE BILL NO. 2210
FEBRUARY 9, 1993

MEMBERS OF THE HOUSE TAXATION COMMITTEE. MY NAME IS CATHY HOLDEMAN, INTERGOVERNMENTAL RELATIONS DIRECTOR FOR THE CITY OF WICHITA. ON BEHALF OF THE CITY, I APPRECIATE THE OPPORTUNITY TO PRESENT TESTIMONY TO YOU REGARDING HOUSE BILL NO. 2210.

THE WICHITA CITY COUNCIL HAS HISTORICALLY EXERCISED STEWARDSHIP OF THE PUBLIC DOLLAR AND THE POWER OF TAXATION. THE CITY COUNCIL REVIEWS FINANCIAL ISSUES WITHIN A MULTI-YEAR CONTEXT TO ENSURE THAT DECISIONS MADE TODAY CAN BE SUSTAINED INTO THE FUTURE; OUR PRACTICE IS TO PLAN CITY FINANCES UP TO FIVE YEARS INTO THE FUTURE.

AS A RESULT OF FINANCIAL PLANNING, THE CITY OF WICHITA TODAY STANDS APPROXIMATELY 3 MILLS, OR 10%, BELOW ITS LID UNDER THE CURRENT TAX LID LAW. IRONICALLY, HOUSE BILL NO. 2210 NOW PENALIZES WICHITA AND OTHER CITIES WHO WERE BELOW THE CURRENT TAX LID IN THE CHANGE IN BASE YEAR TO 1992. THIS CHANGE IN BASE YEAR TAKES AWAY THE WICHITA CITY COUNCIL'S MARGIN TO THE TAX LID AT A TIME WHEN THERE ARE INCREASING PUBLIC SAFETY AND OTHER PUBLIC SERVICE NEEDS.

THERE ARE THOSE WHO BELIEVE THAT IT WILL BE A POLITICAL NECESSARY FOR YOU TO PASS SOME FORM OF TAX LID ON LOCAL GOVERNMENTS. IN THAT VEIN, IT WOULD AT LEAST BE HELPFUL IF YOU CONSIDER SOME MODERATION OF HOUSE BILL 2210.

FIRST, THERE SHOULD BE CONSIDERATION OF ADDITIONAL EXEMPTIONS. LOCAL GOVERNMENTS CANNOT CHANGE THE CRISIS IN HEALTH CARE COSTS IN THIS COUNTRY. IF NECESSARY, WE CERTAINLY SHOULD BE ABLE TO ADJUST TAX RATES TO ABSORB THE RAPIDLY ESCALATING HEALTH INSURANCE PREMIUMS.

IN WICHITA, HEALTH INSURANCE COSTS HAVE INCREASED FROM 12% TO 20% PER YEAR FOR THE LAST SEVERAL YEARS. THESE KIND OF COST INCREASES HAVE COME AFTER EVERY EFFORT THE CITY HAS MADE TO IMPOSE COST CONTROLS LIKE HIGHER DEDUCTIBLES, CO-INSURANCE, MANAGED CARE REQUIREMENTS, AND EVEN LIMITATIONS ON THE HOSPITALS AND PHYSICIANS FROM WHICH OUR EMPLOYEES CAN SEEK HEALTH CARE.

IF HEALTH CARE COSTS CANNOT BE EXEMPTED FROM THE TAX LID, THERE COULD BE A POINT IN TIME WHEN LOCAL ELECTED OFFICIALS WILL HAVE TO CHOOSE BETWEEN REDUCING HEALTH CARE COVERAGE FOR THEIR EMPLOYEES OR REDUCING PUBLIC SAFETY OR OTHER PUBLIC SERVICES FOR THEIR CITIZENS. I DO NOT EXPECT THIS TO BE AN IMMEDIATE PROBLEM FOR THE CITY OF WICHITA, BUT I AM CONCERNED THAT NOT MAKING HEALTH CARE COSTS AN EXEMPTION FROM A TAX LID IS PUNITIVE.

I WOULD ALSO LIKE TO SEE EXEMPTIONS CONSIDERED FOR CIRCUMSTANCES OF INCREASED COSTS DUE TO FEDERAL AND STATE MANDATES. LOCAL ELECTED OFFICIALS MUST HAVE THE FINANCIAL FLEXIBILITY TO RESPOND TO THOSE MANDATES. AS AN EXAMPLE, THE NEW FEDERAL AMERICANS WITH DISABILITIES ACT CARRIED WITH IT A TWO YEAR PERIOD FOR COMPLIANCE WHICH THE STATE PROCEEDED TO ACCELERATE TO A ONE YEAR PERIOD. COMPLIANCE WITH THIS MANDATE IS COSTING THE CITY OF WICHITA HUNDREDS OF THOUSANDS OF DOLLARS IN UNBUDGETED CAPITAL AND OPERATING EXPENSES. THIS IS ONLY

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House Taxation Cmte
Attachment 23

ONE EXAMPLE OF A MANDATE, HOWEVER WELL-INTENTIONED, WHICH CAN AND WILL, PLACE DISTRESS ON LOCAL GOVERNMENT FINANCES.

OTHER EXEMPTIONS SHOULD ALSO BE CONSIDERED TO ALLOW LOCAL GOVERNMENTS TO RESPOND WITH INCREASED FINANCING FOR SPECIAL LAW ENFORCEMENT NEEDS DUE TO RAPIDLY ESCALATING VIOLENT CRIME, GANGS, AND ILLEGAL DRUG USE. PERIODICALLY, SPECIAL FEDERAL OR STATE GRANT FUNDS ARE AVAILABLE, BUT THESE GRANTS ARE NEVER AN ONGOING, RELIABLE SOURCE OF FUNDS FOR WHAT IS, UNFORTUNATELY, AN ONGOING AND ESCALATING PROBLEM IN MANY KANSAS COMMUNITIES, LARGE AND SMALL.

SECOND, DON'T SEND THE WRONG MESSAGE TO CITIES LIKE WICHITA WHO WERE BELOW THEIR CURRENT TAX LID BECAUSE THEY DID PRUDENTLY USE THEIR TAXING AUTHORITY, AND NOW FIND A NEW LID WHICH IS EVEN MORE STRINGENT. DO NOT MAKE LOCAL GOVERNMENTS FEEL COMPELLED TO RAISE TAXES MORE THAN REQUIRED IN ONE YEAR SIMPLY BECAUSE LOCAL ELECTED OFFICIALS ARE AFRAID THAT THE STATE LEGISLATURE WILL PUNISH THEM WITH A REVISED TAX LID FORMULA IN A YEAR OR TWO.

FINALLY, I WOULD ENCOURAGE YOU TO CONTINUE THE LOCAL CHARTER ORDINANCE OPTION WHEREBY A COUNCIL OR COMMISSION, BY AN EXTRAORDINARY TWO-THIRDS MAJORITY, CAN EXEMPT THEIR COMMUNITY FROM THE PROVISIONS OF A TAX LID, IF AND WHEN, THOSE LOCAL ELECTED OFFICIALS SEE CIRCUMSTANCES IN THEIR COMMUNITY WHICH REQUIRE REDRESS. THE SPECIAL MAJORITY REQUIREMENT ENSURES A HIGHER DEGREE OF UNANIMITY AMONG LOCAL ELECTED OFFICIALS FOR AN EXEMPTION TO OCCUR WHICH IS A GOOD PROTECTION AGAINST ARBITRARY ACTIONS OF A BARE MAJORITY OF A COUNCIL OR COMMISSION.

THANK YOU FOR YOUR TIME AND ATTENTION. THE CITY OF WICHITA HOPES THAT YOU WILL CAREFULLY CONSIDER THE PROVISIONS OF HB 2210 AND RECOGNIZE THE CONSTRAINTS IT PLACES ON UNITS OF LOCAL GOVERNMENT.