

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT.

The meeting was called to order by Chairperson Nancy Brown at 1:30 p.m. on February 16, 1994 in Room 521-S of the Capitol.

All members were present.

Committee staff present: Michael Heim, Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Lois Hedrick, Committee Secretary

There were no conferees appearing before the committee.

Others attending: See Attachment 1.

The Chairman opened the meeting for subcommittee reports. Representative Tomlinson submitted a written report and stated that the Subcommittee on Special Districts Consolidation reviewed and agreed on principle objectives for the committee to consider and arrived at some recommendations for new legislation. The subcommittee recommends continued study (see Attachment 2).

The Chairman indicated that as a result of the efforts of the Special Districts subcommittee, **HB 3052** (cemetery districts; requiring the filing of certain documents) and **HB 3053** (political subdivisions; relating to the creation) were introduced today and will be heard in committee next week. She also indicated that an interim study on special districts codification will be recommended.

Representative Mays reported the findings of the Subcommittee on Fire District Consolidation. He stated that currently fire departments are created by several different units of government, with differing tax levies and governing boards. Representative Mays also stated the larger issue of codifying statutes and consolidating districts via an umbrella statute is worthy of interim study.

Representative Donovan reported that the Subcommittee on Hazardous Materials Training, reviewed the proposed legislation and after discussion, supported the proposal.

Representative Ballard, reporting on the subcommittee's study of the Division of Emergency Preparedness, stated the subcommittee reviewed the statutes of eight states regarding emergency preparedness. She reported that it may take a few years to revamp the Kansas statutes to update them but a beginning is to recommend a name change from the Division of Emergency Preparedness to the Division of Emergency Management.

The Chairman stated several bills remain with the Committee and probably could be acted on. After debate, the following actions were taken:

On motion of Representative Hayzlett, seconded by Representative Packer, the committee voted to adversely report **HB 2248**, transfer of certain land owned by counties.

On motion of Representative Macy, sconded by Representative Mays, the committee voted to adversely report

HB 2319, removal of unsafe structures; recovery of attorney fees and court costs.

On motion of Representative Mays, seconded by Representative Packer, the committee voted to adversely report HB 2379, hours of operation of local health departments.

The Chairman distributed a memo from Chris McKenzie of the League of Kansas Municipalities in which he described the effects of **HB 2712** (redevelopment of environmentally contaminated areas) on the state's funding under the school finance plan (see Attachment 3). After discussion, on motion of Representative Mays, seconded by Representative Packer, the committee voted to pass HB 2712 favorably.

The Chairman stated that, with Representative Wagon's agreement, it has been found that several changes are recommended for **HB 2736** (neighborhood revitalization act) to make it a viable tool for the future. After discussion, on motion of Representative Wootton, seconded by Representative Hayzlett, the committee recommended HB 2736 for interim study.

On motion of Representative Watson, seconded by Representative Welshimer, the committee voted to adversely report HB 2798, abolishing the board of emergency medical services; transferring powers and duties to the secretary of the Kansas Department of Health and Environment.

On motion of Representative Packer, seconded by Representative Pettey, the committee voted to pass favorably HB 2846, counties; limitation of home rule powers.

The meeting was adjourned at 2:22 p.m. The next meeting of the committee is scheduled for February 17, 1994 at 1:30 p.m., in Room 521-S of the Capitol.

HOUSE OF REPRESENTATIVES
COMMITTEE ON LOCAL GOVERNMENT
CONFEREES AND VISITORS
FEBRUARY 16, 1994

[illegible]

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 LOCAL GOVERNMENT
 JOINT COMMITTEE ON PLANNING EDUCATION

HOUSE OF
 REPRESENTATIVES
 Subcommittee Report
 Local Government, Special Districts
 February 17, 1994

1. Scope

The Special Districts subcommittee of the Local Government Committee was charged with the examination of special district statutes throughout the state. Kansas is among the leaders in the nation in the number of special district governments it has created and maintains. In the time we had allotted for our work, we chose to confine our work to some basic fundamentals of government and how they relate to special districts in Kansas.

The committee determined the most effective scope of its study should center on two basic areas.

1. The accessibility of special districts to the general electorate.
2. The accountability of special district to elected bodies and to the general public as a whole.

In light of this scope, the subcommittee determined that we should concentrate on four objectives:

1. Require special districts in the state to have more specific and uniform financial reporting requirements.
2. Give counties more flexibility in forming special districts.
3. Give county government more authority to consolidate and reorganize services.
4. Provide specific legislation to make clear criteria and procedures for the formation and dissolution of special districts.

11. Committee Action

The subcommittee held meetings to strive towards our objectives. The first focus was on the matter of cemetery districts. Rep. Richard Alldritt presented testimony on a problem the ~~Alma~~^{Atterica} cemetery was having on not disclosing idle funds. The committee heard testimony from Chris McKenzie representing the League of Municipalities, Beverly Bradley representing the Kansas Association of Counties and Brent Shelton, Deputy County Clerk of Sedgwick County on cemetery matters throughout the state. Three points emerged from the discussion:

1. Cemetery districts do not have to report idle funds; only the interest from these funds.
2. Most cemetery districts throughout the state are undercapitalized and don't have idle funds.
3. Cemetery districts are notoriously voluntary in their nature. The voluntary nature of the conduct of their business needs to be protected.

The subcommittee heard further testimony on the conduct of special districts as a whole. Again we heard from Beverly Bradley and Chris McKenzie. Two basis points emerge from this discussion:

1. Special districts in Kansas are not necessarily unaccountable to the public, they are, however, invisible at times.
2. The statutes relating to special districts are so many and varied that no current comprehensive evaluation is possible.

III. Future Committee Charges

The subcommittee on special districts notes one overriding problem. So many and varied are the special district statutes that the principal problem in accessibility and accountability appears to stem from the variation in the form of statutes relating to the formation of these districts. In terms of the goals of accessibility and accountability, the state would be well served by a comprehensive certification of special district statutes.

IV. Recommendations

1. The subcommittee recommends and requests the Local Government Committee introduce legislation to require cemetery districts to report their idle funds to the county or township that created them.

2. The subcommittee recommends that legislation be introduced to begin the codification of special districts by setting standards for the formation of special districts throughout the state. That legislation should include:

- A. What executive body is appointing the district board
- B. The accountability by budget review of special districts through elective bodies.

3. The subcommittee recommends the continuation of special district study with the express goal of recodifying special district statutes.

Subcommittee Chairperson Robert Tomlinson
ViceChairperson Sharon Ackerman
Member John Appleton
Member Jim Shovak
Member Bob Watson



League of Kansas Municipalities

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL 112 S.A. 7TH TOPEKA, KS 66603-3896 (913) 354-9565 FAX (913) 354-4186

TO: Representative Nancy Brown, Chair, House Local Government Committee
FROM: Chris McKenzie, Executive Director *Chris*
DATE: February 13, 1994
RE: HB 2712--Effect on School Finance

Your requested information on the possible effects of HB 2712 on the state's general fund obligations to fund the school finance plan when tax increment payments are dedicated to environmental contamination remediation expenses in a contaminated area. I have consulted with Mr. Dale Dennis of the Department of Education in order to answer this question.

K.S.A. 12-1771a (current law) provides that once a redevelopment district has been established to deal with environmental contamination in the area, **the increment of property taxes** attributable to the increased valuation in the district shall be paid by the county treasurer to the city and deposited in a special fund of the city to "pay the direct cost of investigation and remediation of contamination in the redevelopment district." The amount of the increment shall not exceed 20% of the total taxes generated in the redevelopment district.

In my discussion with Dale Dennis, he observed that in the scenario described above the state of Kansas would not receive revenue from its 35 mills on the increment of assessed value that is returned to the tax rolls as a result of the creation of the redevelopment district. He quickly added, however, that the state will not receive the revenue when the contaminated property becomes a Superfund site. He also stated that the state will eventually get this revenue returned to it with interest in the future once the contamination problem is addressed and future development and redevelopment occurs. By the way, the 35 mill state education levy in Hutchinson represents 24.5% of the total levy by all units in the City in 1993 of 143.031 mills.

The Director of Budget and Finance for USD 308, Hutchinson, Elaine Bentz, has analyzed the revenue impacts of the HB 2712 proposal versus Superfund designation at the 4th and Carey clean-up site. Her analysis demonstrates the accuracy of Mr. Dennis' comments and the advantages of this legislation. She indicates the effect on the 35 mill state education mill levy would be as follows:

	Assessed Value	Tax Levied	Tax Rec.. Yr. 1	Tax Rec. Yr. 2 & subseq.	Rev. Loss Year 1*	Rev. Loss Yr. 2 & sub.
Current	\$9,253,826	\$323,884	\$200,808	\$323,884	\$0	\$0
HB 2712	\$9,253,826	\$323,884	\$160,647	\$259,107	\$40,162	\$64,777**
Superfund	\$3,701,634	\$194,331	\$120,465	\$194,331	\$80,323	\$129,554**

* Year 1 loss less because receipt of funds by school district on a fiscal rather than calendar year basis.

**State Aid would make up the loss

It is clear from the above analysis that a failure to pass HB 2712 will actually result in a loss of revenue to the state of twice the amount that will be lost if the property is placed in the groundwater cleanup redevelopment district authorized by HB 2712.

ADMINISTRATIVE SERVICES
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HOUSE LOCAL GOVERNMENT
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In conclusion, it would appear that both existing law and the city-county redevelopment district authorization contained in HB 2712 would result in the diversion of the increment of revenue derived from the state's 35 mill tax levy to pay the cost of environmental remediation in the redevelopment district. This is true of all taxing units in the area. As pointed out by Mr. Dennis and the analysis by Ms. Bentz, however, the state of Kansas will actually lose more revenue if this legislation is not passed. Further, as Mr. Dennis indicated, this approach will ultimately result in long term benefit to the state.

Please let me know if you have any questions. Thank you.

cc. Joe Palacios, City Manager, Hutchinson
Rep. Bob Krehbiel
Mike Heim, Legislative Research Department