

Approved: 3/15/94  
Date

## MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Keith Roe at 9:00 a.m. on March 11, 1994 in Room 519-S of the Capitol.

All members were present except: Representative Grotewiel, excused  
Representative Wagnon, excused

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

Conferees appearing before the committee:  
Dick Works, Chairman, Allen County Commission  
Matthew Logan, Administrator, Southeast Kansas Solid Waste Authority  
Bill Fuller, Public Affairs Division, Kansas Farm Bureau  
Anne Smith, Kansas Association of Counties

Others attending: See attached list

Chairperson Roe opened the hearing on SB 460.

SB 460 - countywide retailer's sales tax for solid waste facility construction, alteration and operation.

Dick Works, Allen County Commission, testified in support of SB 460. Mr. Works said his local solid waste committee recommended to the Allen County Commission that they find a way to avoid placing any additional burden on the backs of the ad valorem taxpayers and recommended that they seek permission to impose a one half cent sales tax for the purpose of disposing of municipal solid waste (Attachment 1).

Matthew Logan, Southeast Kansas Solid Waste Authority, testified in support of SB 460, stating the Authority's Advisory Board voted to unanimously endorse the sales tax concept as presented in SB 460. Mr. Logan said the fact that voter approval is required will ensure that this tax will be implemented only in those counties in which popular support is manifest (Attachment 2).

Bill Fuller, Kansas Farm Bureau, testified in support of SB 460 and said passage of this bill will have a positive impact on protecting the environment. Mr. Fuller suggested SB 460 be amended to authorize a sales tax rate not to exceed .5 percent be established rather than the "sales tax at the rate of .25% or .5%" as stated on lines 43 and 44, pages 3 and 4 of the bill (Attachment 3).

Anne Smith, Kansas Association of Counties, testified in support of SB 460 and said this bill would give needed fiscal relief to county governments across the state (Attachment 4).

Written information in support of SB 460 was submitted by the Thomas County Commissioners (Attachment 5).

Chairperson Roe concluded the hearing on SB 460.

Chairperson Roe directed the Committee to turn to HB 2748.

HB 2748 - Kansas Ratio Study Act amendments.

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on March 11, 1994.

A memo on HB 2748 dated February 1, 1994, from David Cunningham, Director, PVD, was distributed. This memo is included in the attachments with Committee minutes dated February 1, 1994.

A motion was made by Representative Mollenkamp, seconded by Representative McKinney, to amend HB 2748 to delete the word "director" in line 23 on page 1 of the bill. The Committee discussed the motion to amend and no action was taken on the motion.

Chairperson Roe directed the Committee to turn to SB 463.

SB 463 - research and development tax ~~credit~~ sunset extension.

A motion was made by Representative Glasscock, seconded by Representative Pottorff, to report SB 463 favorably for passage. The motion carried.

The Chair directed the Committee to turn to SB 461.

SB 461 - tax incentives for certain service sector firms.

A motion was made by Representative Wempe, seconded by Representative Larkin to amend SB 461 with the a balloon (Attachment 6) as amended conceptually to make the lessors eligible for the sales tax exemption in the enterprize zone as shown in Section 4 (d). The motion failed.

A motion was made by Representative Wagle, seconded by Representative Empson, to amend SB 461 to update the sites to Subsection (cc). The motion carried.

A motion was made by Representative Wagle, seconded by Representative Adkins, to pass SB 461 as amended. The motion carried.

The meeting adjourned at 10:00 a.m.  
The next meeting is scheduled for March 14, 1994.

## DATE \_\_\_\_\_

REPRESENTING

[illegible]



PREPARED FOR THE HOUSE TAXATION COMMITTEE,  
REGARDING SENATE BILL 460.

MARCH 11, 1994

MY NAME IS DICK WORKS, CHAIRMAN OF THE ALLEN COUNTY COMMISSION, I APPRECIATE THE OPPORTUNITY TO APPEAR HERE TODAY TO URGE YOUR SUPPORT FOR SENATE BILL 460.

THE NEW SUBTITLE D REGULATIONS, SCHEDULED TO TAKE EFFECT APRIL 9TH., WILL PLACE AN ONEROUS BURDEN ON ALL KANSAS COUNTIES GENERATING MUNICIPAL SOLID WASTE. THE IMPACT ON THE LARGE POPULATION CENTERS WILL BE NEGLIGIBLE, BUT IN THE RURAL AREAS, WE ARE FACED WITH INCREASED TRASH DISPOSAL COSTS AT THREE OR FOUR TIMES THE PRESENT RATE.

CURRENTLY WE HAVE TWO FUNDING OPTIONS AVAILABLE; AN ASSESSMENT AGAINST PROPERTY IN THE COUNTY, OR A TIPPING FEE AT THE LANDFILL OR TRANSFER STATION.

IN A COUNTY SUCH AS OURS WHERE TRASH DISPOSAL COSTS HAVE BEEN HISTORICALLY LOW AND SOMEWHAT OBSCURE, A TIPPING FEE IS VIEWED AS THE LEAST DESIRABLE. IT IS THE CONSENSUS OF OPINION THAT A GREAT DEAL OF THE TRASH WILL END UP ON DEAD END ROADS AND IN THE COUNTY DITCHES IF THE ALTERNATIVE IS TO PAY FOR EACH PICK-UP LOAD AS IT IS DUMPED AT THE LANDFILL. THE COST OF CLEARING UP THE ROADS AND DITCHES, AND THEN DISPOSING OF THE TRASH, WILL ULTIMATELY BE PAID FOR BY THE COUNTY WITH PROPERTY TAXES.

OUR LOCAL SOLID WASTE COMMITTEE HAS RECOMMENDED TO THE COUNTY COMMISSION THAT WE FIND A WAY TO AVOID PLACING ANY ADDITIONAL BURDEN ON THE BACKS OF THE AD VALOREM TAXPAYERS. THEY WERE UNANIMOUS IN THEIR RECOMMENDATION THAT WE SEEK PERMISSION TO IMPOSE A ONE HALF CENT SALES TAX FOR THE PURPOSE OF DISPOSING OF MUNICIPAL SOLID WASTE.

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Attachment 1

THE COMMITTEE'S THINKING WAS THAT ALMOST EVERY PURCHASE GENERATES TRASH. WITH A SALES TAX DEDICATED FOR SOLID WASTE DISPOSAL, EVERYONE WOULD PAY, NOT JUST THE PROPERTY OWNERS.

SB 460 GIVES COUNTIES THE OPTION OF PLACING BEFORE THE VOTERS THE QUESTION OF WHETHER TO IMPOSE A SALES TAX FOR THE PURPOSE OF FUNDING A SOLID WASTE DISPOSAL SYSTEM. THE MONEY CAN'T BE USED FOR ANYTHING ELSE, AND THE VOTERS IN EACH COUNTY MUST VOTE TO IMPOSE IT.

NOT ALL COUNTIES WILL FIND THIS OPTION SUITABLE FOR THEIR PARTICULAR CIRCUMSTANCES. ALLEN COUNTY MAY BE THE ONLY COUNTY THAT ATTEMPTS THIS TYPE OF FUNDING, AND THE VOTERS OF ALLEN COUNTY MAY NOT APPROVE IT. IT DOES PROVIDE US ONE MORE OPTION THAT COULD PROVE TO BE VERY IMPORTANT AS WE STRUGGLE TO ABIDE BY THIS FEDERAL MANDATE.

THIS IS A VERY STRAIGHTFORWARD, RELATIVELY SIMPLE BILL THAT COULD HELP PROVIDE A SOLUTION TO THE MOST TROUBLESOME ISSUE FACING OUR COUNTY TODAY.

I APPRECIATE YOUR CONSIDERATION OF SB 460, AND I URGE YOUR SUPPORT.



# Opinion

## Sales tax would pay for disposal of waste

Wednesday County Commissioners Dick Works and Tom Wood will be in Topeka to testify on behalf of a bill that would permit Allen County to levy a half-cent sales tax to pay for disposal of solid waste.

Under state law county sales tax revenue is shared with cities within the county — Iola, for example, gets more than 40 percent of the money from an existing half-cent county sales tax — and the county's share must be deposited in the general fund.

Two versions of legislation that would permit Allen County to raise about \$400,000 with a half-cent sales tax and use it for solid waste disposal are before the Legislature. The main difference is that the House bill, introduced by Rep. Doug Lawrence, would make the exception for Allen County. A Senate bill, introduced by Sen. Tim Emert, would make the exception for all 105 counties in the state.

Allen County commissioners aren't particularly possessive about the legislation, but they are eager for one or the other to pass out of the Legislature and find favor on the governor's desk.

The mission Wednesday of Works and Wood is to further that effort.

Allen Countians should wish them well and if the legislation becomes law give the tax hardy approval in a local referendum that would follow.

The cost of solid waste disposal is going to increase significantly, here and elsewhere, in the months and years to come. That will occur

whether a county, such as Allen, has a landfill or has to haul trash elsewhere.

Cost of storing solid waste in landfills — such as the one Allen County has maintained southeast of LaHarpe for many years — and transporting the waste to those landfills will escalate later this year. A federal mandate, punctuated by state regulations, will require devices such as monitoring wells to make sure that groundwater isn't being contaminated. Other things, such as thick layers of clay and plastic liners, will have to be in place to keep the juices created by degeneration of organic material from escaping the landfills.

Yet other costly provisions are contained in the mandates, which were to have taken effect last October but were delayed until April of this year. Another reprieve isn't likely.

Commissioner Works predicted Monday that the costs would increase enough that the yearly assessment made against each parcel of property in Allen County would have to soar to \$70 or more — it's \$24 today — to meet the demand.

Annual dedicated local sales tax revenue of \$400,000 would make the property tax assessment unnecessary.

Allen Countians should find the sales tax idea favorable because it would broaden the base from which the money would be collected and remove the pesky property assessment, while giving the county financial latitude to deal effectively with solid waste disposal.

Bob Johnson



# SEKRPC

## Southeast Kansas Regional Planning Commission

*Serving the Counties of:*

Allen  
Anderson

Bourbon  
Cherokee

Coffey  
Crawford

Labette  
Linn

Montgomery  
Neosho

Wilson  
Woodson

**TO:** House Taxation Committee

**FROM:** Matthew Logan, Administrator, Southeast Kansas Solid Waste Authority

**DATE:** March 11, 1994

**SUBJECT:** Senate Bill 460

I am here today to represent the Southeast Kansas Solid Waste Authority. The Solid Waste Authority is a nine-county cooperative effort, formed by interlocal agreement, to create a long-term integrated solid waste management plan for the region. The counties participating are: Allen, Bourbon, Cherokee, Crawford, Labette, Montgomery, Neosho, Wilson, and Woodson.

The Authority is governed by an Advisory Board which is comprised of a county commissioner from each participating county, as well as a representative from each county solid waste committee. At their March 2, 1994 meeting, the Advisory Board discussed the merits of utilizing a sales tax to help finance the changes in county solid waste management systems, as mandated by Subtitle D regulations. After discussion and careful consideration, the Advisory Board voted to unanimously endorse the sales tax concept as presented in S.B. 460.

The fact that voter approval is required will ensure that this tax will be implemented only in those counties in which popular support is manifest. The consensus of the Authority is that S.B. 460 offers a much-needed option as financing alternatives are discussed at the local level. Although it may not be the answer for every county, it will help many others grapple with the fiscal challenges posed by the Subtitle D mandates.

Thank you for your careful consideration.

*3/11/94*  
*House Taxation Cmte*  
*Attachment 2*



# PUBLIC POLICY STATEMENT

## HOUSE COMMITTEE ON TAXATION

**RE: S.B. 460 - Providing a Sales Tax Option to Counties for  
Financing the Construction, Alteration and Operation of  
Solid Waste Management Systems.**

March 11, 1994  
Topeka, Kansas

Presented by:  
Bill Fuller, Assistant Director  
Public Affairs Division  
Kansas Farm Bureau

**Chairman Roe and members of the Committee:**

My name is Bill Fuller. I am the Assistant Director of the Public Affairs Division for Kansas Farm Bureau. We certainly appreciate this opportunity to express support of S.B. 460.

We recognize the need to protect our environment and our natural resources during the construction and operation of landfills. However, we do have some concerns about the unreasonable federal deadlines and excessive design requirements imposed on some counties. We believe more reasonable requirements should be applied where water quality and environmental risks are minimal due to low rainfall, deep water tables and where small volumes of waste are produced. Even though S.B. 460 in the Assessment and Taxation Committee today deals with a funding option, we want you to be aware of these problems. We

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Attachment 3



will address our concerns with the appropriate agencies and legislative committees at a later time.

S.B. 460 is a "local option" proposal that allows citizens the opportunity to shift a property tax increase resulting from new landfill requirements to the sales tax. The bill allows county commissioners to submit to the voters the question of imposing a sales tax at the rate of .25 percent or .5 percent for financing the construction, alteration and operation of landfills.

We support the "local option" provision. We support the provision that dedicates the new sales tax revenues to costs associated with landfills. We also support shifting the financial burden from the property tax to the sales tax. In addition, we suggest the plan provides tax fairness. All individuals are responsible for producing a significant amount of solid waste that is sent to landfills each year. It is estimated that Kansans generate 3.8 pounds daily which amounts to 1,400 pounds annually per person. We believe the sales tax has a broader base. The property tax unfairly places the financial burden only on those owning property.

We believe passage of S.B. 460 will have a positive impact on protecting our environment. Tipping fees when used as an alternative funding source for landfills, unfortunately encourage people to dump trash along roads, in our streams and on private property.

We would suggest an amendment to authorize a sales tax rate not to exceed .5 percent be established rather than the "sales tax at the rate of .25% or .5%" as stated in the bill (lines 43 & 44, pages 3 & 4). This change would allow counties to better match sales tax revenues with their specific landfill costs.

Farm Bureau's support of S.B. 460 is based upon policy adopted by the 426 Voting Delegates representing the 105 County Farm Bureaus at the 75th Annual Meeting of Kansas Farm Bureau on November 20, 1993. KFB adopted policy makes these important points:

1. "We strongly support reducing reliance on the property tax."
2. "We support increasing reliance on sales and income taxes for the support of state and local governmental units."

We encourage your approval of S.B. 460. We will respond to any questions you may have. Thank you!





# KANSAS ASSOCIATION OF COUNTIES

"Service to County Government"

215 S.E. 8th  
Topeka, Kansas 66603-3906  
(913) 233-2271  
FAX (913) 233-4830

## EXECUTIVE BOARD

### President

Barbara Wood  
Bourbon County Clerk  
210 S. National  
Fort Scott, KS 66701  
(316) 223-3800, ext. 54

### Vice-President

Dudley Feuerborn  
Anderson County Commissioner  
100 E. 4th  
Garnett, KS 66032  
(913) 448-5411

### Past President

Murray Nolte  
Johnson County Commissioner  
9021 W. 65th Dr.  
Merriam, KS 66202  
(913) 432-3784

Roy Patton  
Harvey County Weed Director  
P.O. Box 687  
Newton, KS 67114  
(316) 283-1890

Nancy Hempen  
Douglas County Treasurer  
110 Massachusetts  
Lawrence, KS 66044  
(913) 832-6275

## DIRECTORS

Mary Bolton  
Rice County Commissioner  
101 W. Commercial  
Lyons, KS 67554  
(316) 257-2629

Ethel Evans  
Grant County Commissioner  
108 S. Glenn  
Ulysses, KS 67880  
(316) 356-4678

Frank Hempen  
Douglas County Director of  
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Seneca, KS 66538  
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Eldon Hoyle  
Geary County Commissioner  
106 Bunker Hill Road  
Junction City, KS 66441  
(913) 762-4748

## NACo Representative

Marjory Scheufler  
Edwards County Commissioner  
312 Massachusetts  
Kinsley, KS 67547  
(316) 995-3973

Darrell Wilson  
Saline County Sheriff  
300 W. Ash  
Salina, KS 67401  
(913) 826-6500

## Executive Director

John T. Torbert, CAE

To: House Taxation Committee  
Chairman Keith Roe

From: Anne Smith  
Director of Legislation

Date: March 11, 1994

Re: SB 460

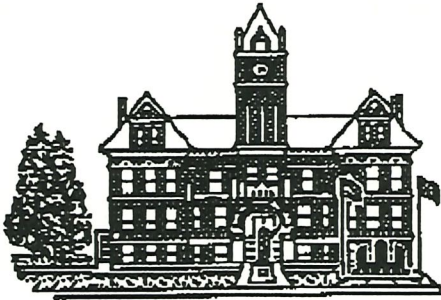
The Kansas Association of Counties is in support of SB 460.

Many of you are aware of the problems counties have had with implementing the solid waste landfill requirements. Solid waste facilities are not only costly to build but also very costly to operate. County Budgets are already tight, so meeting the solid waste landfill requirements is proving to be very difficult for some counties.

Currently, the KAC considers solid waste to be one of the most expensive programs counties have to administer. We ask the Legislature to support this bill as it would give needed fiscal relief to county governments across the state.

Again KAC strongly supports this bill. We thank you for your favorable consideration.

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House Taxation Cmte  
Attachment 4



**ROSALIE SEEMANN  
THOMAS COUNTY CLERK  
300 N. COURT  
COLBY, KANSAS 67701  
913-462-4500**

March 11, 1994

**TO: Members of the House Taxation Committee**  
**FROM: Thomas County Commissioners**  
**RE: SB:460**

We understand there is a committee hearing today on Senate bill #460. At such a late time for us to drive to Topeka or to contact each of you personally, we urge you to give your full support to the bill. We have been desperately trying to come up with a way to fund all that will need to be done concerning our landfill. The sales tax will be the most efficient way to go, it will not be an extra added tax burden on the taxpayers.

Our landfill committee has voted to recommend the use of the sales tax option if the law passes.

Sincerely,

Thomas County Commissioners  
John P Bremenkamp  
Glen H Kersenbrock  
Duane Dawes

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House Taxation Cmte  
Attachment 5*



exemption under the provisions of subsection (ee) of K.S.A. 1993 Supp. 79-3606a, and amendments thereto, if the nonmanufacturing business complies with the following requirements:

(1) A nonmanufacturing business shall provide documented evidence of job expansion involving the employment of at least five additional full-time employees; and

(2) a nonmanufacturing business located within the state of Kansas that has documented evidence of job expansion as provided in paragraph (1), which relocates in another city or county within the state of Kansas must receive approval from the secretary prior to qualifying for the sales tax exemption in subsection (ee) of K.S.A. 1993 Supp. 79-3606a, and amendments thereto, except that approval by the secretary shall not be required if the nonmanufacturing business relocates within the same city.

(c) A retail business may qualify for the sales tax exemption under subsection (ee) of K.S.A. 1993 Supp. 79-3606a, and amendments hereto, if the retail business complies with the following requirements:

(1) A retail business shall provide documented evidence of job expansion involving the employment of at least two additional full-time employees; and

(2) such retail business locates or expands to a city having a population of 2,500 or less, as determined by the latest United States federal census.

(d) Any person constructing, reconstructing, remodeling or enlarging ~~property which will be leased for a period of five years or more to a business that would be eligible for a sales tax exemption thereunder if such business had constructed, reconstructed, enlarged or remodeled such property itself shall be entitled to the sales tax exemption under the provisions of subsection (ee) of K.S.A. 1993 Supp. 79-3606a, and amendments thereto.~~

a facility

(e) A business may qualify for a sales tax exemption under subsection (ee) of K.S.A. 1993 Supp. 79-3606a, and amendments thereto, without regard to any of the foregoing requirements of this section if it is certified as a qualified firm by the secretary of commerce and housing pursuant to K.S.A. 1993 Supp. 74-50,131 and is entitled to the corporate tax credit established in K.S.A. 1993 Supp. 74-50,132 or has received written approval for participation and has anticipated, during the tax year in which the exemption is claimed, training assistance by the department of commerce and housing under the Kansas industrial training, Kansas industrial retraining or state of Kansas investments in lifelong learning program.

(f) The secretary may adopt rules and regulations to imple-

In the event the lease is canceled or otherwise terminated prior to the expiration of the five year period set forth herein, all sales tax attributable to the construction, reconstruction, remodeling or enlargement of the facility shall become immediately due and payable. The lessor shall notify the contractor that the lease is terminated and shall pay to the contractor the sales tax due and owing including applicable interest and penalty. The contractor shall remit the amount in question to the director in accordance with the provisions of K.S.A. 79-3607 and amendments thereto.

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Attachment 6