

Approved: February 15, 1994
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:10 a.m. on February 14, 1994 in Room 519-S of the Capitol.

Members present: Senator Langworthy, Senator Tiahrt, Senator Martin, Senator Bond, Senator Corbin, Senator Feleciano Jr., Senator Hardenburger, Senator Lee, Senator Reynolds, Senator Sallee, Senator Wisdom

Committee staff present: Chris Courtwright, Legislative Research Department
Bill Edds, Revisor of Statutes
Don Hayward, Revisor of Statutes
Elizabeth Carlson, Committee Secretary

Conferees appearing before the committee: Senator Audrey Langworthy
Senator Bill Wisdom
Senator Dick Bond
Karen Herrman, Governor's Commission on Housing and Homeless
Karen Hiller, Topeka Housing Partnership
Dennis Shockley, Housing Division, Department of Commerce

Others attending: See attached list

APPROVAL OF MINUTES

Senator Tiahrt moved to approve the minutes of February 10, 1994. The motion was seconded by Senator Wisdom. The motion carried.

Senator Langworthy called the attention of the committee to two handouts--one is the testimony of Mr. Gregor who testified February 10, 1994 on **HB 2623**; and a letter to Senator Hardenburger from an attorney for the county appraiser in Riley County to explain the costs of records requested by Mr. Vern Osborne's attorney. Mr. Osborne testified as a proponent for **SB 620**.

INTRODUCTION OF BILLS

Senator Langworthy requested the introduction of a bill for the city of Westwood. The Westwood Foundation would like to broaden the guidelines for investment opportunities.

Senator Bond moved to introduce this bill. The motion was seconded by Senator Feleciano. The motion carried.

Senator Langworthy requested the introduction of a bill which would be an addition to the language of KSA 58-3602, (a) (17) which would allow Real estate brokers to give a one time gift to customers and clients in accordance to IRS code.

Senator Tiahrt moved to introduce this bill. The motion was seconded by Senator Bond. The motion carried.

Senator Bill Wisdom requested the introduction of a bill to cut down on publication and advertisement expenses in regard to foreclosure on property and to change the statute to read that the property should be purchased for at least the amount for which the property was purchased by the county at the tax foreclosure sale.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:10 a.m. on February 14, 1994.

Senator Wisdom moved to introduce this bill. The motion was seconded by Senator Hardenburger. The motion carried.

Senator Bond requested the introduction of a bill for the county attorney of Jefferson County relating to delinquent real estate tax sales, when it is mandatory; the apportionment of tracts, lots and parcels to be sold; and it addresses a situation of the notice of identifying where the sale is to be held.

Senator Bond moved to introduce this bill. The motion was seconded by Senator Tiahrt. The motion carried.

Senator Langworthy requested the introduction of a bill which would provide the basic statutory process for placing real estate on the county delinquency books prior to a tax foreclosure. It would also add that delinquent taxes/special assessments must be paid in full within a reasonable period of time

Senator Bond moved to introduce this bill. The motion was seconded by Senator Wisdom. The motion carried.

SB 676--INCOME TAX CHECKOFF FOR LOW-INCOME HOUSING PROGRAMS

Senator Feleciano explained the purpose of this bill. He said it came out of the Governor's Commission on Housing and Homelessness and developed from a housing conference of 400 to 500 people which was sponsored by the Governor's Commission. It would establish an income tax refund checkoff in the state of Kansas for low-income housing and the homeless. It would create a trust fund for housing to be administered by the Department of Commerce and Housing. There would be a checkoff on the state income tax forms for specified and unspecified amounts of money. Senator Feleciano said it was his understanding that the bill would have no fiscal impact upon the state. However, the fiscal note states it would cause a loss to the checkoff for Wildlife and Parks. There is obviously a problem in the state for the homeless and this would be an opportunity to reach out to those who are not getting any help from other sources. You have to look at a master plan for the state of Kansas because it must reach out to both rural and urban areas.

Karen Herrman, Chairman, Governor's Commission on Housing and Homelessness, spoke in support of **SB 676. (Attachment 1)** She said it would be a positive source of needed revenue for low-income housing in Kansas. She said they have looked at every housing program that has come before them. She said there is a lot of difference between the northeast section of Kansas and the southeast section of Kansas. This would not be tax generated. Combined with other sources of funds, it is a combination of new sources of revenue. The housing program will cross the gamut of social needs--not only housing but it will help children's needs, help to keep families in the rural areas because affordable housing is available and the small town businesses can stay open with part time help and more sources of customers.

Karen Hiller, Topeka Housing Partnership, was a proponent for **SB 676. (Attachment 2)** She said funds from a Housing Trust fund are essential to be used to leverage other public and private funds. She gave some examples of two active programs to demonstrate how funds can be leveraged. She said they would be happy to assist in promoting this program if passed. There is a need for flexibility in how money, when available, should be used. It should be used in a variety of ways and it needs to be used in a timely manner.

Senator Langworthy called the attention of all conferees to **SB 230 Kansas Community Assistance Program.** It would also assist with housing. This bill is now in a conference committee.

Dennis Shockley, Housing Division, Department of Commerce, spoke to address some of the points which had been brought up. He said the housing trust fund was created in July, 1991. The fund can accept grants and donations. The Division of Housing is working on this and the money just started coming in last year. At the present time there is about a quarter of million dollars which is there to match federal grants. He said this is a checkoff for people. The only other checkoff on the income tax statement is for animals. He also said there are other housing bills in the legislature. Only two states, Kansas and Arizona, do not have Housing Fund Agencies.

There were questions from the committee regarding the lower default rates on "sweat equity". Mr. Shockley said none of their programs have this requirement. He was also asked about money from the federal government not being utilized. Mr. Shockley replied no state HUD money is being returned. He said they have 2 1/2 times more applications than available money. The Division of Housing is participating in all HUD programs and they are preparing competitive grants. If the checkoff is granted, there would have to be an aggressive program of advertising and communication to the public.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:10 a.m. on February 14, 1994.

Darrell Montei, Department of Wildlife and Parks, made comments concerning **SB 676**. (Attachment 3) He said the Chickadee check-off for nongame wildlife first appeared on the individual state income tax forms in 1981. Annual contributions have amounted to approximately \$150,000. It is important for continuing a variety of programs such as providing bird feeders and bird food to retirement and nursing facilities, education programs for children, species recovery efforts, research, habitat, and others. He estimated a competing checkoff would decrease the nongame checkoff about \$30,000 which would have a significant impact. He offered some alternative amendments for consideration such as the interest earned by the nongame fund be deposited into the nongame fund and to create a state general fund involvement with the nongame checkoff. This would not amount to a lot of money but it would help to maintain a viable funding base.

The hearing was closed on **SB 676**.

The meeting adjourned at 12:00 noon.

The next meeting is scheduled for Tuesday, February 15, 1994.

DATE: February 14, 1994

[illegible]

1 N HERRMAN
111 West 11th Street
Hays, Kansas 67601
913-628-6106

Senate Bill No. 676

Testimony of Karen Herrman, Chairman, Governor's Commission on Housing and Homelessness, February 14, 1994

I am in favor of Senate Bill No. 676, as a positive source of needed revenue for low-income housing in Kansas. With present revenue sources badly strained, this seems like a relatively painless solution to housing needs in every Kansas community. With the incorporation of "public service" publicity each year, a significant response would be likely.

I live in Hays and manage over 800 rental units throughout western Kansas. About two-thirds of my portfolio is under various affordable housing programs. Additionally, I sell real estate in the Hays area. My work in those non-metropolitan areas gives me a great deal of insight into the impact of affordable housing on local economic progress.

In northwest Kansas, we have organized economic development interests with a task force to address housing problems. The lack of housing stifles industry recruitment opportunities. As a member of the Commission on Housing and Homelessness, I have become much more attuned to the same barrier in other rural areas. Each region has its own unique problems, but the lack of affordable housing is consistent.

Affordable housing in rural areas means single parents can afford a home of their own, instead of moving back in with their parents and creating the stress of overcrowding. The support system of an extended family in the small towns provides social stability and the presence of positive role models for children. If families stay in the small communities because affordable housing is available, the small-town employers can afford to hire part-time people and keep their businesses open. There is one more child in the school district and poverty is not concentrated in the city. If the bottom end of the housing market is taken care of, it stimulates rentals and sales all of the way to the top. Homebuyers can receive downpayment monies with programs in the form of grants or specially-structures loans. Programs can be designed to train first-time homebuyers in preparation of homeownership. The benefits to the property tax base would be significant.

A fund for affordable housing in Kansas can be used for programs designed for local conditions, with the necessary support systems to control the benefits. When revenue from a check-off system is combined with other funds brought in for housing or used in conjunction with federal housing programs, we can truly address Kansas needs.

We ask your support for this bill. The benefits could be tremendous.

Senate Assess + Taxation
Feb 14, 1994
attach 1-1



Topeka Housing Partnership, Inc.

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(913) 271-6211 • FAX (913) 273-2467

TESTIMONY ON SB 676 -- TAX CHECKOFF FOR HOUSING TRUST FUND

DATE: FEBRUARY 14, 1993
TO: SENATE COMMITTEE ON ASSESSMENT AND TAXATION
FROM: TOPEKA HOUSING PARTNERSHIP, GOVERNMENT RELATIONS COMMITTEE
KAREN A. HILLER, HOUSING AND CREDIT COUNSELING, INC.
PRESENTING

The Topeka Housing Partnership supports the proposal to provide a Kansas income tax checkoff for affordable housing.

Our challenge in Topeka, as identified in the 1990 Census, is that 9500 households whose incomes are under 80% of the median live in substandard housing. Fully 7000 of those households have incomes under 50% of the median.

Today, we have \$1.7 million committed to our Topeka affordable housing effort for 1994. We need to, at a minimum, double this amount to get our production up to 300-400 units per year. Funds from a housing trust fund that can be used to leverage other public and private funds are essential.

Following are examples of two active programs that demonstrate how funds can be leveraged:

Topeka City Homes -- A program to rehabilitate housing into low-cost, safe rentals. This program was started up with \$200,000 from one federal grant and \$390,000 from another. It has already leveraged more than that amount in low income tax credit commitments. In 7 years, it should be self-sufficient, with 200 units under management.

Topeka Opportunity to Own (TOTO) -- This first-time homebuyer program assisted 35 low income Topekans to become homeowners in its first year, will assist 55 this year and at least 60 next. For the mortgage package, \$1.3 million in federal and city grant money was leveraged over the three years to generate \$5.35 million in conventional loan commitments. The lenders involved have pledged \$24,000 in grant money which was leveraged 1:4 with government grant money to fund the homeowner counseling and training component.

We would be happy to assist in promoting this program if passed.

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attach 2-1*

STATE OF KANSAS



Joan Finney
Governor

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Theodore D. Ensley
Secretary

S.B. 676

Testimony Presented To: Senate Assessment and Taxation Committee

Provided By: Kansas Department of Wildlife and Parks

February 14, 1994

Senate Bill 676 would create an income tax check-off for low-income housing. It would result in a second income tax check-off, the first being the check-off for nongame programs. Legislation which created the Chickadee Check-off for nongame wildlife was enacted in 1980 and first appeared on the individual state income tax forms during 1981.

Annual contributions to the nongame program during the past several years have been approximately \$150,000. This check-off is the sole dedicated funding source for nongame wildlife management efforts in Kansas and is important for continuing that type of work. While the amount is not large by some standards, any reduction in the amount available would noticeably affect nongame programs.

Nongame check-off funds are used for a variety of programs, such as providing bird feeders and bird food to retirement and nursing facilities, educational programs for children, species recovery efforts, research, habitat, etc. These programs are quite important to many Kansans.

Our record indicate that there were 32 states with a nongame type check-off in 1987. There may be a few more by now, but there has not been a nation-wide survey conducted since that time. In almost all cases, a nongame check-off was the first check-off

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authorized in those states. By 1987, 16 of those states had enacted one or more competing check-offs and two of those states had six competing check-offs. Based on reports and averages from other states, the following can be expected if a competing check-off is added in Kansas:

- Total donations would increase about 21%.
- A 20% reduction in donations to the Kansas nongame program would occur.
- A slight increase in the number of donors would be expected.
- The dollar amount of individual donors would probably remain about the same.

Based on these estimates and using current figures, a competing check-off would generate about \$31,500 in additional donations. However, the nongame check-off would only generate about \$120,000, a \$30,000 reduction which would have significant impact on nongame wildlife programs in Kansas.

In response to the continuing effort by various interests to create additional check-offs, the Department has offered several alternatives or amendments for consideration. These measures include:

- Provide that interest earned by the nongame fund be deposited into the nongame fund. The amount involved is rather small (approximately \$6,000 to \$7,000), but it would help.
- Create a state general fund involvement with the nongame check-off. A base for the Chickadee Check-off would be established and if donations were less than the base amount, that difference would be transferred from the state general fund to the nongame fund. A process of this nature would help maintain a viable funding base for the nongame program.