

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:37 a.m. on January 25, 2011, in Room 152-S of the Capitol.

All members were present except:
Senator Bob Marshall-excused

Committee staff present:
Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Michel Wales, Kansas Legislative Research Department
Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:
Sen. Ruth Teichman

Others attending:
See attached list.

Sen Donovan opened the meeting with the hearing on **SB 10 An Act concerning sales taxation; relating to countywide retailers' sales tax.** He recognized Sen. Ruth Teichman, who spoke in favor of this bill. It directly effects towns in her district. (Attachment 1) Written testimony was presented from Linette Miller, Executive Director of Edwards County Economic Development Corporation. (Attachment 2) After discussion regarding time-lines for the bill to go into effect for the towns and cities to be able to hold elections for the citizens in the area to approve or decline an increase in tax for themselves. Sen. Bruce moved the bill be passed. Sen. King seconded the motion. Motion passed to move this bill out of committee.

Whitney Damron, representing the City of Topeka, requested a bill be written to set a floor for delinquent or unpaid taxes is set according to a formula tied to Section 6621 of the Federal Internal Revenue Code. The proposal is to amend K.S.A. 79-2968 to provide for a rate of interest on delinquent taxes that maintains the current formula, but sets a floor of "not less than ten percent" beginning in TY 2012. (Attachment 3).

Sen. Terry Bruce requested a bill to amend 74-50,208 to change the amount of individual development accounts program income tax level from fifty percent to seventy percent of the contribution amount and the cap stays the same. Without objection, the bill will be introduced.

Sen Kelsey introduced a comprehensive tax plan that should be ready in a few days. Chairman Donovan said without objection that bill will be introduced. He told Sen. Kelsey and the rest of the committee that after the committee has received that bill, the committee will probably have two days of hearings.

The next meeting is scheduled for Wednesday, January 26, 2011.

The meeting was adjourned at 10:55 a.m.

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

CHAIR: FINANCIAL INSTITUTIONS AND INSURANCE
VICE CHAIR: NATURAL RESOURCES
MEMBER: EDUCATION
WAYS & MEANS
ORGANIZATION, CALENDAR & RULES
JOINT COMMITTEE ON PENSIONS,
INVESTMENTS AND BENEFITS
LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE

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Senate Tax Committee
January 25, 2011

Thank you for allowing me to testify on SB 10 relating to the countywide retailer's sales tax for Edwards County.

First, I would like to give you some information about Edwards County. Edwards County is located half way between Hutchinson and Dodge City on Highway 50. It is known for being located half way between New York City and San Francisco. It is also known for being the Carnival Capital. During the early 1970's carnival groups would travel from Kinsley all over the area providing carnival rides to the delight of many. They were also known for carving several of the animals found on the merry-go-rounds and have created a museum commemorating these unique animals. One of the master carvers did the original carvings for Apple-bee's.

Since that time, Kinsley has faced the same problems of most of the rural towns in the area – loss of businesses, people, and a down turn in the economy. Most recently, they lost their Duckwall store. But the strength in this town is the determination of the town's desire to survive. They want to be proactive and they have determined leadership to make that happen.

One of the areas in the Governor's Road Map for Kansas Goals is to promote economic growth –“to create jobs that provide a meaningful increase in income and opportunity for Kansas families”.

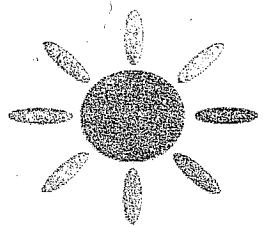
Edwards County and Economic Development group is seeking to do just that – but at a local level.

SB 10 is requesting an increase in Edward County's local retail sales tax. They would like to submit a resolution to the County Commissioners soon to allow the question to be put on the ballot to increase the sales tax for the purpose of financing the costs of their economic development initiatives. One of their first goals is to find a store to replace the Duckwall's store they lost.

They have worked hard at developing good leadership but now they need the funds to seek and support meaningful opportunities.

Sn. Assmnt & Tax
1-25-11

Attachment # 1



Blue Skyways

Counties

a service of the State Library of Kansas

You are here: [Blue Skyways](#) > [Kansas](#) > [Counties](#) > **Edwards**



Edwards County Courthouse

Edwards County

County Seat: **Kinsley**

Founded: **1874**

Population:

• **3,449** (2000)

• **3,787** (1990)

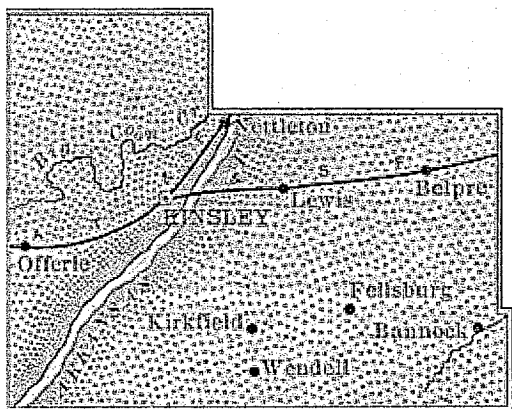
• **3,682** (1900)

Area: **620** Square Miles

Standard Abbreviation: **ED**

This is prairie country. Much of Edwards County is covered with a sandy soil used to produce alfalfa. Huge piles of hay are everywhere. Small hills that look like grass-covered sand dunes are also common.

History



Organized in 1874. County seat Kinsley. Named in honor of John H. Edwards, of Ellis, State Senator. Colonel Edwards removed from Kansas to New Mexico.

Map and text from *History of Kansas*, Noble Prentiss, (Winfield: E.P. Greer. 1899)

Long before the county was settled, travelers used the Santa Fe trail through this area. During the Mexican War, a detachment of soldiers was attacked while using the trail near the site that was to become Kinsley.

By the 1870s, it was clear that a railroad would follow the trail, and permanent settlers arrived. Edwards County was actually named for W. C. Edwards, who built a block of buildings in Kinsley during its early days.

William G. Cutler's *History of Kansas*, first published in 1883, tells about [early Edwards County](#).

The Special Collections of the Ablah Library at WSU contain historical images of [Trousdale](#), [Lewis](#), [Belpre](#), and [Kinsley](#).

The Kansas State Historical Society also has [more historical data](#) for Edwards County online including a rich bibliography and lists of cemeteries, post offices, and newspapers.

Cities, Towns, & Villages of Edwards County

Town	Population	ZIP	Year	Elevation
Ardell				2225
Belpre	104	67519		2090
Centerview				2158
Fellsburg				2128
Hodges				2220
Kinsley	1,658	67547	1873	2170
Lewis	486	67552	1882	2140
Nettleton				2120
Offerle	220	67563	1876	2270
Trousdale			1916	2085

Special Places in Edwards County

- There is a **roadside park in Kinsley** where US-50 and 56 join; it contains the county museum, AT&SF steam locomotive number 3424, an old church, and a sod house. The park also has a red stone DAR marker about the Santa Fe trail and public rest rooms.
- The stone and yellow brick **Edwards County Courthouse** in Kinsley has a neat balcony over the front doors. It's well away from downtown at 3rd & Massachusetts; you have to cross the tracks and US-56.
- East of Kinsley on US 50, there is a historical marker describing the 1848 **battle of Coon Creek**. When you stop, notice the unusual little hills around you.
- **Fellsburg** is almost gone, but it does have a new home and several nicely maintained older ones. There is a brick building beside the paved road that looks like it used to be a bank; it's still in use.
- **Trousdale** is almost a ghost town, but it still has a brick Methodist church and an old elevator. On the east side of Trousdale there are the ruins of two old shop buildings and a horse drawn road grader marked "Adams Road Patrol No 4 / J. D. Adams & Co. Indianapolis USA" For more about the town see *Faded Dreams: More Ghost Towns of Kansas*, page 218.
- **Centerview**, south, of Lewis has nearly vanished, but there is an interesting palisade fence, and the steps up to a long-gone building. A church once here was moved to the roadside park in Kinsley.
- **Ardell**, west of Kinsley on US 50, used to be a big enough town to have a station. Now two rusting and abandoned "tin" elevators are all that's left.

Special Events

- Holiday Festival -- First Saturday in December
Featuring Gift and Craft Bazaar, food vendors, free movie for kids, and Holiday Parade
- Midway Days

Libraries

- **Henry Laird Library** (620) 995-3373
105 Larned / Belpre, KS
- **Kinsley Public Library** (620) 659-3341
208 E. Eighth St. / Kinsley, KS 67547
- **Lewis Library** (620) 324-5743
Main St. / P. O. Box 331 / Lewis, KS 67552

Museums

- **Carnival Heritage Center**
10:00 AM - 5:00 PM, Mon-Fri, Sat and Sun by appointment April-October
200 E. Sixth, Kinsley, KS
(620) 659-2201, (620) 659-2711, (877) 464-3929
- **Edwards County Historical Society Museum** (620) 659-2420
10:00 AM - 5:00 PM May-September
Highway 56-50 / Kinsley, KS 67547

School Systems

- **USD 347 Kinsley-Offerle** (620) 659-3646 Kinsley
- **USD 502 Lewis High School** (620) 324-5547 Lewis

Hospitals

- **Edwards County Hospital** (620) 659-3621
620 W. Eighth / Kinsley, KS 67547

Newspapers

- **Edwards County Sentinel** (620) 659-2080
218 E. Sixth / P. O. Box 39 / Kinsley, KS 67547

More Data About Edwards County

Economic Development

- **Edwards County Economic Development Corporation** (620) 659-2711 (877) 464-3929
200 E. 6th, PO Box 161, Kinsley, KS 67547
ECEDC@SBCGLOBAL.NET
- Kansas County Profile Reports

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108 E. 6th St.
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www.edwardscounty.org



January 24, 2011

**Testimony for Senate Committee on Assessment and Taxation
Regarding SB10**

Dear Committee Members,

I am writing to you regarding SB10 which would allow Edwards County to raise its sales tax rate .375% over the statutory limit of 1% for the purpose of funding Economic Development initiatives. I am the Economic Development Director for Edwards County and I have held this position since August of 2008. When I took this position there had been a vacancy for approximately 18 months. During that 18 month vacancy we watched a rapid decline brought about by the loss of some of our small businesses as well as a missed opportunity at recruiting a significant retail store.

I am an employee of the County of Edwards, however, the County is not able to fully fund my position. This leaves the agency in a tenuous position of constantly relying on fundraising to make our budget as well as spending considerable time and effort toward these endeavors. Our board has realized after several attempts at various fundraising activities that the only way to provide a secure source of funding for the program as well as provide for growth is to seek funding through sales tax. Our County Commissioners promptly gave us their approval to seek this increase as they feel that it should be up to the residents to decide how to fund Economic Development. Our decision to seek the rate of 3/8th cent rather than 1/4 or 1/2 cent is simple. An increase of 1/4 cent would not provide enough funding for our program to operate and 1/2 cent would provide more than we need.

We certainly do not want to burden our citizens with unneeded taxes, however, there is a precedent for raising the tax over the 1% limit in increments differing from 1/4 of a dollar. It was done in Jackson County where they raised their tax by .4%. A .375% tax for Economic Development would provide us with approximately \$87,000 based on the amount collected in Edwards County in 2009. This amount would allow us enough to fully fund our budget as well as provide for growth in our programs and the possibility of establishing incentives for new and expanding businesses.

This method of funding would allow us to spread the burden over the entire population of the county as well as to those who visit and shop here. Even with this raise our sales tax rate of 8.675% will be below or comparable to most of the surrounding communities like Hays (8.550%), Dodge City (8.950%), Larned (8.8%) or Great Bend (8.050%). Providing our funding through a sales tax will also provide our agency an incentive to bring in new business and tourism to our communities. The more results we realize the more funding we are allowed to work with.

This increase will allow us to provide relief to an already stretched County budget and property owners who have seen a 10 mil increase over the last year. None of us like to see taxes increase, however, we feel this is the most fair method of raising funding. We realize that without the efforts of Economic Development we will continue to decline and hope to use the sales tax as a method of raising funds to make improvements like our neighboring communities that will not only benefit our county but those in our region as well as the State.

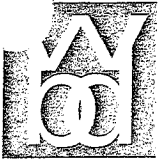
We implore you to please consider this bill with the utmost speed. Our County Clerk needs notification by February 5 in order to get this question on the April 2011 ballot. At the present time our funds are only guaranteed through the end of 2011. Our agency will not be able to sustain itself until the next general election in November 2012 without considerable and drastic changes that could affect the economic stability of our County.

If you have further questions please contact me at 1-877-464-3929 or ecedc@sbcglobal.net.

Sincerely,

Linette Miller
Executive Director

Sn. Assmnt & Tax
1-25-11
Attachment # 2



REQUEST FOR BILL INTRODUCTION

TO: The Honorable Les Donovan, Chair
And Members of the Senate Committee on Assessment and Taxation

FROM: Whitney Damron
On behalf of the City of Topeka

RE: Request for Bill Introduction; Interest on Delinquent Property Tax

DATE: January 25, 2011

Good morning Chairman Donovan and Members of the Senate Committee on Assessment and Taxation. I am Whitney Damron and I appear before you today on behalf of the City of Topeka to request introduction of legislation to set a floor for delinquent property taxes at not less than ten percent, beginning for tax year 2012.

Under current law, the rate for interest on delinquent or unpaid taxes is set according to a formula tied to Section 6621 of the Federal Internal Revenue Code.

Since 2001, the rate has fluctuated from 12 percent down to 7 percent, where it is today (2010 and 2011). Shawnee County and local tax jurisdictions throughout Kansas are owed millions of dollars by delinquent taxpayers who find it cheaper or more convenient to use local taxpayers who actually pay their taxes as their bankers rather than paying their obligations in a timely manner.

We believe a change in state law would accomplish two objectives:

1. Encourage taxpayers to pay their taxes and not use local government as their banker; and,
2. Provide specificity to the rate so the taxpayer has a clearer understanding of the cost involved with non-payment of their property taxes.

Specifically, our proposal is to amend K.S.A. 79-2968 to provide for a rate of interest on delinquent taxes that maintains the current formula, but sets a floor of "not less than ten percent" beginning in TY 2012.

On behalf of the City of Topeka, I thank you for this opportunity to request introduction of this legislation and we look forward to providing testimony in support of this change in state law that will benefit all local units of government.

Finally, we would request the opportunity to work with the Committee's Revisor to insure our proposal is drafted properly.

WBD
Attachment

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Sn. Assmnt & Tax

1-25-11

Attachment # 3

79-2968. Rate of interest on delinquent or unpaid taxes and overpayments of taxes. Except as otherwise specifically provided by law, whenever interest is charged under any law of this state upon any delinquent or unpaid taxes levied or imposed by the state of Kansas or any taxing subdivision thereof, or whenever interest is allowed under any law of this state upon any overpayment of taxes levied or imposed by the state of Kansas or any taxing subdivision thereof, the rate thereof shall be: (a) One and one-half percent per month for any period prior to January 1, 1995, 1% per month for the period commencing on January 1, 1995, and ending on December 31, 1997, and 1/12 of the annual rate prescribed in subsection (b) thereafter, if computed monthly; and (b) eighteen percent per annum for any period prior to January 1, 1995, 12% per annum for the period commencing on January 1, 1995, and ending on December 31, 1997, and for any period thereafter, the underpayment rate per annum prescribed and determined under paragraph (2) of subsection (a) of section 6621, without regard to subsection (c) thereof, of the federal internal revenue code, as in effect on September 1, 1996, and which rate is in effect thereunder on July 1 of the year immediately preceding the calendar year for which the rate is being annually fixed hereunder, plus one percentage point, if computed annually. Beginning on January 1, 2012, the rate shall be as provided for under this section or 10% per annum, whichever is greater.

In the event the interest rate prescribed under this section cannot be determined by reference to section 6621 of the federal internal revenue code, as in effect on September 1, 1996, the rate at which interest shall be collected on underpayments shall be the rate prescribed by K.S.A. 16-204, and amendments thereto, for interest on judgments for the applicable period.

Amendment proposed by the City of Topeka

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