

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairperson Les Donovan at 9:30 am on Wednesday, March 09, 2016, 548-S of the Capitol.

All members were present

Committee staff present:

Gordon Self, Office of Revisor of Statutes
Chris Courtwright, Legislative Research Department
Edward Penner, Legislative Research Department
Adam Siebers, Office of Revisor of Statutes
Judy Seitz, Kansas Legislative Committee Assistant
Mike Heim, Office of Revisor of Statutes

Conferees appearing before the Committee:

Randall Allen, Executive Director, KS Association of Counties (KAC)
Rich Vargo, County Clerk, Riley County
Roger Edgar, Executive VP, George K. Baum & Company
Beth Johnson, Sr. VP, Overland Park Chamber of Commerce and Economic Development Council
Ed Eilert, Chairman, Johnson County Commission
Lyle Butler, President/CEO, Manhattan Chamber of Commerce
Kevin Tubbesing, Principal, The Land Source
Robbin Cole, Executive Director, Pawnee Mental Health Services
Shane Krull, County Administrator, Miami County
Daron Hall, City Manager, City of Pittsburg
Jennifer Willmoth, County Administrator, Cowley County
Andi Pawlowski, Realtor/City Council Member, City of Lansing
Terry Robinson, Board President, KS Building Industry Association (KBIA)
David Breuer, Mayor, City of Basehor
Nathan McCommon, City Manager, City of Tonganoxie
James Foster

Others in attendance:

[See Attached List](#)

Possible bill introductions

Senator Petersen requested the introduction of a bill allowing individuals to operate a sailboat during instruction led classes.

There being no objection from any member present, the Chair declared a motion to introduce the bill.

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adopted by consensus.

Introductions

Senator Melcher introduced his legislative shadow for the day, Gabe Hughes, South Overland Park. Gabe is a student at Prairie Star Middle School. Vice Chairperson Tyson introduced her legislative shadow for the day, Katie Lybarger, Garnett. Katie attends Anderson County High School. The Committee welcomed the students with applause.

Hearing on: (proponents) SB316 — Property tax lid; effective date; exemptions.

Senator Donovan called attention to a copy of comments presented by Karl Peterjohn, Sedgwick County Commissioner, in support of **SB316** which was included in the Committee's packet today. ([Attachment 1](#))

Hearing on: (opponents) SB316 — Property tax lid; effective date; exemptions.

Randall Allen appeared as an opponent of **SB316** on behalf of the Kansas Association of Counties (KAC) and the League of Kansas Municipalities. ([Attachment 2](#)) He explained the order in the notebooks the Committee had received. The first section contains testimony of the conferees that will present oral testimony. The second section is written testimony from the cities; section three is written testimony from counties and the fourth section is written testimony from the Kansas Sheriffs Association.

He said that requiring a city or county to have an election on the tax lid misses the point that city and county officials are elected officials. He also said that the people of the community have already held an election to provide their input on the budget process by electing their city and county officials to make those hard decisions. Mr. Allen requested the distribution of a document showing the 2014 to 2015 Kansas County Tax Levies Comparison by counties. ([Attachment 3](#))

Rich Vargo testified in opposition to **SB316**. ([Attachment 4](#)) He said the county clerks' proper execution of elections laws is what makes this law a lid. He also stated that without a timeline that works with the valuation process and the budget process, the elections piece will not work because it would impose more costs on taxpayers with no return on investment.

Roger Edgar spoke in opposition to **SB316** and encouraged the Committee not to remove the exemption for mandated expenditures in the existing legislation. ([Attachment 5](#))

Beth Johnson offered testimony in opposition to **SB316** mentioning that consultants, clients and businesses are concerned about the uncertainty that is being created for local units of government based on the property tax lid. ([Attachment 6](#))

Ed Eilert presented testimony in opposition to **SB316** stating that a tax lid without exemptions will

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limit Johnson county's ability to support the non-traditional economic development efforts.

[\(Attachment 7\)](#) He also said this bill will cripple the efforts of cities and counties to provide economic opportunity and quality services for taxpayers._

Lyle Butler testified in opposition to **SB316** using the National Bio Agro-Defense Facility (NBAF) as an example. [\(Attachment 8\)](#) This facility is under construction in Manhattan and will hire over 900 construction workers followed by 400 plus highly paid permanent employees when finished. He said this project took the joint support of all their federal, state and local officials to make it happen. Mr. Eilert said that under some of the proposed tax lid legislation, Manhattan might have been prevented from competing for this project or some other economic development projects.

Tom Brown appeared in opposition to **SB316** saying that tying a tax lid around the Consumer Price Index (CPI) is not a realistic standard since cities do not purchase the same items consumers purchase. [\(Attachment 9\)](#) He said the City would support the use of the Municipal Cost Index (MCI)

Kevin Tubbesing provided testimony in opposition to **SB316** mentioning that the adoption of last year's bill will cripple the growth of out of state companies moving to Kansas to grow and build their futures. [\(Attachment 10\)](#) He asked what the reaction would be if the federal government passed a law limiting state's rights to tax and govern our own state.

Robbin Cole testified in opposition to **SB316**, saying that in recent years Kansas has promoted initiatives which regionalize mental health care. [\(Attachment 11\)](#) She further stated that as the initial funding support of these state initiatives comes to an end it will be a challenge to sustain the programming which the state has identified as being an essential part of the state's mental health safety net.

Shane Krull appeared in opposition to **SB316** because the bills implementation date changed to July 1, 2016 in lieu of the current law's January 1, 2018 date is problematic for opening and operating the new Miami County Detention Center. [\(Attachment 12\)](#)

Daron Hall testified in opposition to **SB316** stating that using a statewide law based on a national index and applying it to cities that have vastly different needs is not equitable and is not in the best interest of Kansans.

[\(Attachment 13\)](#)

Jennifer Cunningham presented testimony in opposition to **SB316** noting that it will have an adverse effect on economic growth and public safety in Garden City. [\(Attachment 14\)](#) She asks the Committee to consider adding to a multi-year or base year "look back" to the bill that is not based solely upon the previous year's property tax revenues.

Jeremy Willmoth spoke in opposition to **SB316** suggesting that this hearing should include a discussion

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on why residential homeowners are shouldering the burden of property taxes. ([Attachment 15](#))

Andi Pawlowski testified in opposition to **SB316** mentioning that Lansing is different from most other cities. ([Attachment 16](#)) He said their sales tax dollars go to larger counties. Mr. Pawlowski said Lansing will soon have one of the highest sewer rates in the area because of "deferred maintenance". He asked the Committee to consider what they are doing to smaller cities when making these decisions.

Terry Robinson appeared in opposition to **SB316** saying that this bill strikes key exemptions to the property tax lid limiting the ability of local communities to provide critical infrastructure necessary for growth. ([Attachment 17](#))

David Breuer appeared in opposition to **SB316** stating that this bill will hold down economic growth. ([Attachment 18](#)) He further stated that this bill would deter cities from offering incentives to new businesses. Mr. Breuer also believes that infrastructures would fail and property values will decline.

Nathan McCommon offered testimony in opposition to **SB316** saying that the taxing limit in this bill works directly against economic development. ([Attachment 19](#))

James Foster spoke in opposition to **SB316** noting that previous tax lids failed and this tax lid is in jeopardy of also failing. One of the solutions when the tax lid fails is to push for consolidation of units of government as an answer. ([Attachment 20](#))

The following provided written testimony in opposition to **SB316**:

League of Kansas Municipalities ([Attachment 21](#))

City of Altoona ([Attachment 22](#))

City of Augusta ([Attachment 23](#))

City of Beloit ([Attachment 24](#))

City of Chanute ([Attachment 25](#))

City of Dodge City ([Attachment 26](#))

City of Edwardsville ([Attachment 27](#))

City of El Dorado ([Attachment 28](#))

City of Galena ([Attachment 29](#))

City of Garden City ([Attachment 30](#))

City of Hays ([Attachment 31](#))

City of Lawrence ([Attachment 32](#))

City of Leawood ([Attachment 33](#))

City of Lenexa ([Attachment 34](#))

City of Lindsborg ([Attachment 35](#))

City of Maize ([Attachment 36](#))

City of Manhattan ([Attachment 37](#))

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City of Mission Hills ([Attachment 38](#))
City of Newton ([Attachment 39](#))
City of Oswego ([Attachment 40](#))
City of Overland Park ([Attachment 41](#))
City of Paola ([Attachment 42](#))
City of Prairie Village ([Attachment 43](#))
City of Salina ([Attachment 44](#))
City of Shawnee ([Attachment 45](#))
City Tonganoxie ([Attachment 46](#))
City of Topeka ([Attachment 47](#))
City of Valley Center ([Attachment 48](#))
City of Wakeeney ([Attachment 49](#))
City of Wichita ([Attachment 50](#))
Brown County ([Attachment 51](#))
Clay County ([Attachment 52](#))
Coffey County ([Attachment 53](#))
Cowley County ([Attachment 54](#))
Dickinson County ([Attachment 55](#))
Ellsworth County ([Attachment 56](#))
Grant County ([Attachment 57](#))
Greenwood County ([Attachment 58](#))
Miami County ([Attachment 59](#))
Riley County ([Attachment 60](#))
Kansas Sheriffs Association ([Attachment 61](#))
Tom Robinette, VP of Public Policy, Overland Park Chamber of Commerce ([Attachment 62](#))
Jeff Vaught, The Vaught Group ([Attachment 63](#))
Brian Delzeit, Realtor/City Commissioner, City of Dodge City ([Attachment 64](#))
Scott Heidner, Executive Director, American Council of Engineering Companies of KS (ACEC) ([Attachment 65](#))
Curtis Sneden, VP Government Relations, Topeka Chamber of Commerce ([Attachment 66](#))
Cathy Schmidt, County Clerk & Election Official, McPherson County ([Attachment 67](#))
Eric Gustafson, Director, Derby Public Library, KS Library Association ([Attachment 68](#))
Linda Coon, KS County Treasurers Association ([Attachment 69](#))
Bernie Koch, KS Economic Progress Council ([Attachment 70](#))
Lon Smith, President, Wichita Independent Business Association ([Attachment 71](#))
Ashley Sherard, VP, Wichita Independent Business Association ([Attachment 72](#))
Randy Braddock, President, KS Legislative Policy Group ([Attachment 73](#))
Mike Taylor, Public Relations Director, United Government of Wyandotte County/Kansas City ([Attachment 74](#))
Tim McKee, President, Olathe Chamber ([Attachment 75](#))

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County Commissioners, Finney County ([Attachment 76](#))

Linda Buttron, County Clerk, Jefferson County([Attachment 77](#))

Janet White, County Clerk, Miami County

([Attachment 78](#))

Sherrie Riebel, County Clerk, Allen County

([Attachment 79](#))

Peggy Franken, County Clerk, Doniphan County ([Attachment 80](#))

Karen Madison, County Clerk & Election Official, Cowley County ([Attachment 81](#))

Adam Smith, Wallace County Commissioner ([Attachment 82](#))

Joe Reardon, President & CEO, Greater Kansas City Chamber of Commerce and Jewel Scott,
Executive Director, Civic Council of Greater Kansas City

([Attachment 83](#))

Chairperson Donovan closed the hearing on **SB316**.

Adjournment

The meeting adjourned at 11:40 am.