

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Representative Jim Braden at
Chairperson

9:00 a.m. ~~pm~~ on February 22, 1984 in room 313S of the Capitol.

All members were present ~~except~~.

Committee staff present:

Tom Severn, Legislative Research Department
Wayne Morris, Legislative Research Department
Don Hayward, Revisor of Statutes' Office
Nancy Wolff, Secretary to the Committee

Conferees appearing before the committee:

George Brown, Superintendent of Schools, St. Marys
Wayne Stallard, Combined Hospital District of
Pottawatomie, Jackson & Nemaha Counties
Leroy Miller, Pottawatomie County Commissioner
Wayne Zimmerman, Electric Companies Assn. of Kansas
Martha Ala, Schools for Quality Education
Howard Walker, Farm Bureau, Linn County
Bob Haupt, Linn County Commission
Beverly Bradley, Douglas County Commission
Robert Smith, U.S.D. 313, Buhler, Reno County
Dorman McGuire, Onaga, Senior Citizens of Pottawatomie Cty.
Jack E. Scott, County Clerk, Coffey County
Viola Dodge, Pottawatomie County Resident
Ferman Marsh, Superintendent of Schools, Shawnee Heights
Morgan Johnson, Onaga Business Clubs
Michael Merrill, County Commissioner, Finney County
Representative Rezak

Hearings were held for opponents of House Bill 2898 which would distribute the valuation of an electric generation facility over the user area rather than just the county of school district in which it is located.

George N. Brown, Superintendent of Schools, St. Marys, presented testimony in opposition to HB 2898. (Exhibit I)

Wayne Stallard, representing the Combined Hospital District of Pottawatomie, Jackson and Nemaha Counties, spoke in opposition to House Bill 2898. (Exhibit II)

LeRoy Miller, Pottawatomie County Commissioner, presented testimony in opposition to House Bill 2898. (Exhibit III)

Wayne Zimmerman, Director of the Electric Companies Association of Kansas testified in opposition to House Bill 2898. (Exhibit IV)

Martha Ala, Schools for Quality Education, spoke in opposition to House Bill 2898. (Exhibit V)

Howard Walker, testified in opposition to House Bill 2898. He stated that his organization can see no reason for treating electric generation facilities differently than other utilities and that assessed valuation on land, real estate, permanent improvements, and electric generation facilities should remain with the land it stands on and be assessed in the appropriate district for which land is in.

Bob Haupt, Linn County Commissioner, testified in opposition of House Bill 2898. (Exhibit VI)

Beverly Bradley, Douglas County Commissioner, presented testimony in opposition to House Bill 2898. (Exhibit VII)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION,
room 313S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 22, 1984

Robert Smith, Business Manager/Clerk for Buhler U.S.D. #313, Reno County, presented testimony in opposition to House Bill 2898. (Exhibit VIII)

Dorman McGuire, Silver Haired Legislator and a resident of Pottawatomie County, gave testimony in opposition to House Bill 2898. (Exhibit IX)

Jack Scott, County Clerk of Coffey County, gave testimony to oppose House Bill 2898. (Exhibit X)

Viola Dodge, Pottawatomie County Resident, testified in opposition of House Bill 2898. (Exhibit XI)

Ferman Marsh, Superintendent of Shawnee Heights Schools, testified on behalf of Velma Paris, a Shawnee County Commissioner, in opposition to House Bill 2898.

Morgan Johnson, Representing the Onaga Lions and the Onaga Business and Community Clubs, testified in opposition to House Bill 2898. (Exhibit XII)

Michael Merrill, County Commissioner from Finney County, testified that the residents of Finney County are opposed to House Bill 2898.

Representative Don Rezac, State Representative from Onaga, testified in opposition to House Bill 2898. (Exhibit XIII)

Written testimony in opposition to House Bill 2898 from Donald D. Proper, Treasurer of the Tecumseh Township and Topeka-Tecumseh Fire District (Exhibit XIV) and Dennis Hall, on behalf of the Cross Creek Watershed Joint District No. 42 of Jackson, Pottawatomie and Shawnee Counties. (Exhibit XV)

The meeting was adjourned.

DATE: 2-22-84

GUEST REGISTER
HOUSE
ASSESSMENT & TAXATION
COMMITTEE

NAME	ORGANIZATION	ADDRESS
George Brown Supt	USD 321	St Marys - Rossville Delia ^{Emmett}
Jan Horak	USD #321	Delia, KS
Dennis D. Hall	Cross Creek Watershed, USD #321	Rossville, KS
MORGAN ADKINSON	ONAGA BUSINESS	ONAGA, KS
Josephine McFigure	^{Other home & log skids} Onaga Farm	Onaga, KS
Wayne M. Stallard	Community Hospital Dist. Pett. Jackson & Nemola Co	Onaga, KS
Wayne Stallard	Pett. Co.	Onaga, KS
Rick Kready	KPL / Gas Service	Topeka
JOE DWIGANS	KOPL	K. C., Mo.
D. WAYNE ZIMMERMAN	THE ELECTRIC COS ASSOC. OF KS.	TOPEKA
Gene Meyer	H P & L	Topeka
Paul Phyllis	The Lincoln County News	Pleasanton, KS
Don Hayes	Rep.	Onaga KS
Robert Hayes	Pottawatomie County Commissioner	Emmett KS
LeRoy Miller	" " " "	Warrego, KS
Warren Nelson	" " "	Olshburg KS
John E. Lang	Pett. Co. Counselor	Warrego KS
Don Horton	attorney - Lyon County	Topeka, Kans
Mike Brunning	KLOH-TV	Topeka
Jeane Temple	Attorney General	Topeka
James Shovel	Inten	Topeka
George Traylor	St Rep 12 th	Lacygoe

DATE: 2-22-84

GUEST REGISTER
HOUSE
ASSESSMENT & TAXATION
COMMITTEE

NAME	ORGANIZATION	ADDRESS
Eita Muckenthaler	#321 KVEA Teachers Assn.	St. Marys
Ann Arnold	#321 KVEA Teachers Assoc.	Rossville
Kathy G. Marney	Natl. Elect. Cont. Assn.	Rossville
Richard D. Elliott		Delia
John J. Halburtyel		Wamego
Larry R. Seematter	U.P. Patt Co. Farm Bureau	Manhattan
Mark Pottel	The Wamego Times	Wamego
Melvin Bunge	Coffee Co Comm	Waverly, KS.
Ronald F. Ware	Linn Co Comm	Blue Mound KS
Diane Damewood	#321 resident	Rossville, K.
Robert Haupt	Linn Co Comm	Waverly
Joe E. Brunell	Dist 321 Patrons Advisory Committee Chairman	St. Marys
Laurence Krohn	Patt County Farm Bureau	Blaine KS
C.A. Maxwell	Patt Co Farm Bureau	Onaga, KS.
Maurice Johnson	Linn County	Pleasanton, KS
Joseph Engelsen	Community Hosp. Dist #1	ONAGA, KS. 8
Blayne Beets	USD 321	St. Mary's
Karen Ketter	School Board Member ^{USD} 321	Emmett KS.
Dorothy Lockfeller	USD #321	St. Marys
Karen Richards		Manhattan, KS
Lucretia Martin	Pres USD #321	Rossville, KS.
Harriet K. Rayner	Admin #321	Emmett, KS.

TAX ASSESSOR PATT. COUNTY

DATE: 2-22-84

GUEST REGISTER
HOUSE
ASSESSMENT & TAXATION
COMMITTEE

NAME	ORGANIZATION	ADDRESS
Phil North	PVD	Topeka
Jack E. Scott	County Clerk	Coffey County
Philip Birk	Co Commissioner	" "
Harold Davies	Co Commissioner	Coffey Co.
Daniel J. Beard	Coffey County Comm.	Coffey Co.
Lee Rogg	Paola	S O E
Martha Ala	Law Center	S O E
Charles Burkhardt	Property Valuation	Topeka
Gay & Wilkoma	" "	SOB
Janice Marcum	PVD	Topeka
Henry Berhardt	Co Commissioner	Arthur, KS
Lyndell Coulter	Jackson Co.	Holt, KS
Al E. Daugherty	Jackson Co Comm	Holt KS
Lois Milligan	Holcomb USD #363	Box 8; Holcomb 67851
Michael Herrick	Trinity Co. Com.	Garden City, KS.
Dorothy Bradley	County Commissioner	Agua County, KS.
Evelyn M. Reese		Kassville, Ka. 64533
Rep Marvin E. Smith		Topeka
Joe McClure	Waboness Co. Com	Alto Vista
David Marlow	LANDOWNER	ESKIDGE
Patricia Brownell	Taxpayer	Emmett (Patt. Co.)
Virginia Lyne	"	Emmett

DATE: 2-22-84

GUEST REGISTER
HOUSE
ASSESSMENT & TAXATION
COMMITTEE

NAME	ORGANIZATION	ADDRESS
Jana Dommelley	student # 321	Delia, Kansas
Kim Carrasco	student 321	Delia, Kansas
Brad Hase	student # 321	Delia, Kansas
Candy Smith	student # 321	Emmett, Kansas
Karroll Shoaf	KEC	Topeka
Kim Rezac	student # 322	Onaga, Ks
Barbara Rezac	taxpayer	Onaga, Ks
Ron Wepner	Fire District #3	Onaga Ks.
Mary Lou Wright	Pres. #497 Bd. Ed.	Lawrence, Ks.
Kenneth E. Fisher	U.S.D. #497	Lawrence, Kansas
W. G. Richel	Pottawatomie Co.	Topeka
Beth Wilkin	L. S. & ADUP	Topeka
Jean Meinhardt	CITY COMM.	WAMEGO
Lena Simmer	Chamber of Commerce	Wamego
Rosemary Cully	Chamber Manager	Wamego
Lerris Cully	student #320	Wamego
Mike Swanson	student #320	Wamego
Leah Swanson	CITY COMM	Wamego KS
H.W. Zim	ST. MARYS CITY	St. Marys
Rowell Sherry	city commission	St. Marys
Michael Roberts	USD #321	St Marys
James Z. Wiler	Lincoln County	Pleasanton, Ks 66075

DATE: 2-22-84

GUEST REGISTER
HOUSE
ASSESSMENT & TAXATION
COMMITTEE

NAME	ORGANIZATION	ADDRESS
Carol Luthy	Taxpayer Pottawatomie County	Emmett, Ks. (Pott. Co.)
Carole Swanson	" " "	" " "
Megan Swanson	Dis 321 Mother	Rossville 16.
Roberta Mueller	taxpayer " "	Warney, Ks.
Georgia C. Vilven	" " "	" "
Marge White	" " "	Belvue, Ks.
Mary Fuller Peterson	" " "	Belvue, Ks.
Patricia L. Massieon	" " "	Warney, Ks.
Ellen Foster	" " "	Rossville, Ks.
Lail McConaughy	Pottawatomie County	Westmoreland Ks.
Fam Ridder	" "	St. George, Ks.
Rajina Moody	" "	Westmoreland
Juanita Christ	" "	Westmoreland
Jaye Petteger	" "	Westmoreland, Kansas
Donald Jersendorf	" "	Westmoreland, Ks.
Paul Foster	USD 321 taxpayer	Rossville
Ken L. Napier	" "	Rossville, Ks.
Amy Lunday		Delia, Kansas
Lori Hall		Delia, Kansas
Melissa Simkins		Emmett, Kansas
Kate Latta	Taxpayer	Emmett Kansas
Monica Matyic	student #321	Delia, Kansas

BY: George N. Brown, Superintendent of Schools
Kaw Valley USD #321 comprising Delia, Emmett, Rossville, and St. Marys

Mr. Chairman, members of the committee. I am Superintendent of Schools, Kaw Valley USD #321, representing the Board of Education and the 1075 students of the Kaw Valley District. The district is 311 sq. miles comprising the third class cities of St. Marys, Rossville, Delia and Emmett and the communities of Willard and Valencia.

You have received a large packet of information by mail which I will not take your time to review. I will, however, emphasize that information is enclosed in the packet you have received this morning to illustrate the importance of the Jeffrey Energy Center in relationship to bonded indebtedness of the district.

Should the Jeffrey Energy Center be removed from the tax rolls of USD #321 the mill levy in general fund would increase 14 mills, the bonded indebtedness would increase 11 mills.

These figures are from the Department of Education based upon a 12 month calculation assuming that 75% of assessed valuation would be lost. The effect upon the district would be minimal the first year for which no figures were made available by the state department.

A second interpretation of this bill is more discouraging. The bill can be interpreted as meaning that our district would retain only 25% of the land upon which the energy center is located. Using this interpretation, USD #321 would lose all valuation of the Jeffrey Energy Center excepting 25% of the land value, or \$109,000. (Land valued at \$437,000 according to Walter Rice, CPA, district auditor.) If this is the intent of the bill the mill increase, general fund only, for USD #321 would be 110 mills. (Calculated by multiplying 83-84 general fund budget, \$3,391,000 x 1.05%, subtracting 50% state aid and dividing by district valuation without Jeffrey Energy Center or \$16,109,000.)

\$3,560,550 minus \$1,780,275 state aid divided by \$16,109,000 = 110 mills

The district would, under the bill, gain the benefit of an estimated 50 miles of line. No figures are available, but the effect would be minimal compared to a mill levy of 110 mills. I urge the committee to make a clear interpretation of this bill.

Patrons of USD #321 rejected a proposal for a central attendance center in 1968 by a 3-1 margin. A central school proposal was presented in 1971 and rejected by a 6-1 margin. A proposal to construct two high schools was approved in 1978. At that time the patrons of the district received assurances from the Attorney General that the Jeffrey Energy Center would forever remain within the taxing district for bonded indebtedness. Opinion number 17-105 is attached. The following question and answer appeared in a brochure during the election question:

- Q. If the district boundaries should ever change or the legislature change the finance laws concerning the Jeffrey Energy Center, could patrons of the district end up paying an extremely high tax rate for these bonds?
- A. No. According to the state bond laws, the valuation upon which bonds are issued must remain within the taxing district for retirement of the bonds. This is viewed as a contract, backed by the state laws that insures the buyers of the bonds that they will be paid their interest and the principal and that the security behind the bonds can't be changed later. The property that is in the district at the time the bonds are issued must remain locked in the tax base for the bonds.

An increase in mill levy of 25 mills is unbearable for the patrons of USD #321 in a year when the legislature has emphasized that there will be no tax increase.

This bill is a catastrophic change in tax rate for USD 321 using the second interpretation and a major change at best. The anticipated utility rate increase will be addressed.

I urge you to vote NO on HB 2898.



76
872.0

STATE OF KANSAS

Office of the Attorney General

1st Floor, State Capitol Bldg. (913) 296-2215 Topeka, Kansas 66612

Curt T. Schneider
Attorney General

March 30, 1977

ATTORNEY GENERAL OPINION NO. 77-105

Mr. Dennis G. Hall
Hardesty, Hall and Schlosser
2201 West 29th Street
Topeka, Kansas 66611

Re: Unified School Districts--General Obligation Bonds--
Alteration of Territory Liable For Such Bonds

Synopsis: The legislature is without authority to reduce the territory liable for payment of the principal and interest requirements of general obligation bonds of such territory once such bonds have been issued and sold.

* * *

Dear Mr. Hall:

As attorney for Unified School District No. 321 you request the opinion of this office asking whether the Kansas Legislature can reduce the size of territory liable for general obligation bonds of a unified school district. You advise that some doubt exists among members of the school board whether once bonds have been authorized by affirmative vote, issued and sold, the legislature may thereafter detach a portion of the territory originally issuing the bonds, eliminate that portion's liability for such bonds and thereby increase the tax assessment on the remaining property of the district.

We assume from the contents of your letter that the school district in order to raise the necessary funds to build and remodel certain school facilities within the district will issue and sell general obligation bonds pursuant to K.S.A. 72-6761. Such bonds of course are subject to the requirements of the Kansas General

Mr. Dennis G. Hall
Page Two
March 30, 1977

Bond Law, Chapter 10, Kansas Statutes Annotated. *Pessemier v. Plummer*, 135 Kan. 429, 10 P.2d 887 (1932). *Hunziker v. School District No. 26, Sheridan Co.* 153 Kan. 102, 109 P.2d 115 (1941). Of particular importance to the issue here presented are the provisions of K.S.A. 10-119 which provide:

"Whenever a part of the territory of any municipality has been detached and attached to some other municipality, or whenever any municipality has been disorganized according to law and the territory attached to or included in some other municipality or municipalities, such territory shall be liable for the payment of all bonds issued or other indebtedness incurred by such municipality before such detachment or disorganization, and the proper taxing officers of the municipality to which such territory is attached shall levy such taxes upon such attached territory as are necessary to pay its proper proportion of the interest and principal of such bonds or other indebtedness as aforesaid, and such officers may be compelled by mandamus at the instance of the holders of such bonds or other indebtedness to levy such tax."

The language of this statute is clear and unambiguous, and it patently manifests a legislative intent to permanently fix the territory liable for a particular bond issue thereby preventing the escape from such liability by a portion of the issuing municipality's territory if and when it is later detached.

It is a well established rule of municipal bond law in this country that statutes pursuant to which bonds are issued become in themselves enforceable provisions of the contract between the purchasers of such bonds and the issuing authority.¹ Thus the provisions of K.S.A. 10-119 in this case become enforceable by

1. See generally, 64 C.J.S. *Municipal Corporations* § 1956:

"The rights and remedies of such a holder are fixed and determined by the terms of the bond, and by the legislative acts or law relative thereto, at the time the bonds are issued, and generally such rights and remedies of a bond holder cannot be restricted by the municipal corporation, nor can they be adversely affected by subsequent legislation,
. . ."

Mr. Dennis G. Hall
Page Three
March 30, 1977


the security for the bonds and coupons which he may hold. For the legislature at a date after bonds have been issued to attempt to reduce the area liable for such bonds would impair therefore the contract between the bond holder and the issuing municipality. However Article 1, Section 10 of the United States Constitution provides in part thus:

"No State shall . . . pass any Bill of
Attainder, ex post facto Law, or Law impair-
ing the Obligation of Contracts. . . "
[Later emphasis added.]

The legislature cannot therefore impair the obligation of contract between the bond issuing municipality and the bond purchaser. *Watkins v. Glenn*, 55 Kan. 417, 40 P. 316 (1895); *Schiffelbein v. Sisters of Charity of Leavenworth*, 190 Kan. 278, 374 P.2d 42 (1962).

Accordingly it is the opinion of this office that any attempt by the legislature to reduce by legislation the territory liable for general obligation bonds of a Kansas municipality when said bonds have been issued pursuant to Chapter 10, Kansas Statutes Annotated would contravene the provisions of Article 1, Section 10 of the United States Constitution and would be therefore unconstitutional and unenforceable.

Yours very truly,


CURT T. SCHNEIDER
Attorney General

CTS:JPS:kj

HARDESTY, HALL & SCHLOSSER

CHARTERED

ATTORNEYS AT LAW

2201 WEST 29TH STREET

TOPEKA, KANSAS 66611

TELEPHONE 266-4595

AREA CODE 913

MURRAY F. HARDESTY
DENNIS G. HALL
BRYON R. SCHLOSSER

March 9, 1977

ROSSVILLE, KANSAS 66533
TELEPHONE 584-6164
AREA CODE 913

Mr. Donald R. Hoffman
Assistant Attorney General
Capitol Building
Topeka, Kansas 66612

In re: Our File No. 872.00
Kaw Valley Unified School District No. 321

Dear Mr. Hoffman:

I represent the above-named School District located at St. Marys, Kansas, which District recently applied for and received approval from the State Board of Education to vote bonds in excess of seven percent (7%) of the assessed valuation of said District for purposes of construction of two new high schools and renovation, additions and improvements to two grade schools located within the District; inasmuch as improved school facilities within the District are desparately needed. The bond election for the aforesaid construction and improvements will be held on April 5, 1977.

Kaw Valley Unified School District No. 321 has within its territory the new Jeffrey Energy Center which is presently under construction. As a result of the construction of the Jeffrey Energy Center, the assessed valuation of the Unified School District No. 321 has risen from \$15,063,111.00 in 1974 to a projected valuation of \$63,000,000.00 for 1977. It has been estimated that the assessed valuation of Unified School District No. 321 could reach as much as \$300,000,000.00 by the time the Jeffrey Energy Center is completed. The escalating assessed valuation of the territory within Unified School District No. 321, as a result of the construction of the Jeffrey Energy Center, was the motivating factor for initiating the previously mentioned construction program and bond issue.

The patrons and School Board of Kaw Valley Unified School District No. 321 are very concerned that the assessed valuation of the Jeffrey Energy Center may be removed from the exclusive territory

Mr. Donald R. Hoffman
March 9, 1977
Page Two

of Unified School District No. 321 and spread across the entire State of Kansas; thus causing serious economic hardship upon the taxpayers of Unified School District No. 321 in the event the proposed bond issue is approved by the voters on April 5, 1977. Accordingly, it is respectfully requested that the Office of the Attorney General, State of Kansas, issue an Opinion on whether or not the assessed valuation of the Jeffrey Energy Center for 1977 and the tax liability therefor can be removed from taxation by Unified School District No. 321 for purposes of paying for any bonded indebtedness incurred during 1977 and particularly in the event the previously mentioned bond issue is approved by the voters on April 5, 1977.

We are very hopeful that the aforesaid Opinion can be issued by your office prior to the April 5, 1977 election; inasmuch as the outcome of the election very well may hinge upon the content of your Opinion. Thank you in advance for your indulgence and assistance in this matter.

Respectfully yours,

Dennis G. Hall

DGH:mrh

cc: Robert V. Bundy
Virgil E. Boatwright
Clyde H. Miller

Questions and Answers . . .

One of the primary responsibilities of the Board of Education and the Superintendent of Schools is to bring to the patrons of the district the facts and figures that affect the education of their children. The Schools belong to the people, and through their elected officials, the people must decide what kind of an education will be made available to our students.

In Kaw Valley Unified School District No. 321, Boards of Education and Administrators have made two previous attempts to improve the high school buildings. Both of these previous bond elections were for a single high school for the district. The patrons of District No. 321 rejected the first proposal in 1968 by a margin of 3 to 1. The second proposal in 1971, was rejected by an even greater margin of 6 to 1 against the building of a central high school.

The message from patrons to the majority of the present board was quite plain; patrons did not want a central school for the entire district. Therefore, it seems only fair to the majority of the present board of education, that patrons of the district have an opportunity to vote on the proposal to build two high schools. One high school would be located in St. Marys and one in Rossville, the two largest population concentrations of the district.

Q. Is the Board of Education, Administration, and Staff certain of the need for the proposed building program?

A. Yes. The need that was apparent in 1968 and 1971 is certainly still present, and in fact, the number of students is even greater now than then.

Q. Does the Board of Education agree on the proposed plan for two new high schools?

A. A majority of the board feels that the patrons should be given the chance to vote on the question of the two high schools, improvements at Rossville Grade and the sitework at the St. Marys Grade School.

Q. Is this bond issue simply to build big gymnasiums for sports activities?

A. No, there are several critical areas where not only more space is needed but where different types of space is required. The large gymnasiums will accommodate much larger crowds at events, but they are also designed to carry out a full physical education program for both boys and girls.

Q. What areas of the present schools are unsatisfactory for our program?

A. The libraries and science rooms in both schools. The shop at St. Marys high school is far from adequate and cannot accommodate the additional programs planned for the new building. Hallways and stairways at both buildings are critical areas when you consider that as many as 275 students (at St. Marys High) are using a building built for 160 capacity.

Q. Will all the rooms in the building be bigger than the present school?

A. Not necessarily, since the building will be designed to fit the present and proposed high school programs. Laboratory spaces for science, shop and home economics will definitely be larger as will the business rooms. The library, art room, dressing rooms, and restrooms will all be larger to accommodate larger student populations and programs. At the same time, there will be smaller areas for conference rooms, smaller meetings and practice.

Q. Why are the buildings designed for such a large student enrollment?

A. There is relatively little difference between the core of the buildings, such as the media center, commons, lunchroom, gymnasium, hallways and mechanical equipment, for a building to serve 200 and one to serve twice that number. The prospects for growth in the entire Kaw Valley area over the next 20 years are very favorable. Therefore, we feel that it would be a serious mistake to save a few dollars and end up with an overloaded building in the future. Both schools will be designed so that additional classrooms can be added without changing the rest of the structure.

Q. How does the enrollment trend in USD #321 compare to other districts in the state?

A. Three years ago this district was 70th from the largest in the state in enrollment and this year it is 40th in size. This represents some gain in this district but also does reflect the loss in enrollment in many other districts in the state. It is true that school populations in terms of state wide totals are declining, but a few districts such as ours are gaining because of new residents.

Q. If the district boundaries should ever change or the legislature change the finance laws concerning the Jeffrey Energy Center, could patrons of the district end up paying an extremely high tax rate for these bonds?

A. No. According to the state bond laws, the valuation upon which bonds are issued must remain within the taxing district for retirement of the bonds. This is viewed as a contract, backed by the state laws that insures the buyers of the bonds that they will be paid their interest and the principal and that the security behind the bonds can't be changed later. The property that is in the district at the time the bonds are issued must remain locked in the tax base for the bonds.

Q. What will be done with the present schools?

A. The district will not likely have use for the buildings, and if possible community or private uses are feasible they will be sold. They are not particularly suitable for future school use as junior high schools or upper elementary schools anymore than they are for high school use. If not sold they will be razed, since even minimum maintenance for empty buildings of that size is quite expensive.

Q. Would it be better to wait until the district has a lot higher assessed valuation before starting this kind of project?

A. Construction costs on a project of this size increases by approximately \$60,000 per month. This would be almost three quarters of a million dollars per year, so that waiting is quite an expensive proposition. In addition, the buildings are needed now and the waiting would be detrimental to our students. Also, since the bond issue will be retired over a 20 year period, most of the bonds and interest will be paid by these larger assessed valuations anyway.

Q. Does this plan cover the cost of furniture and equipment for the new schools?

A. Yes. Some of our present large shop, physical education and home economics items that are new or in good condition will be moved to the new buildings. All other new equipment and furniture that is needed is included in the bond issue.

Q. Where will the new high schools be located?

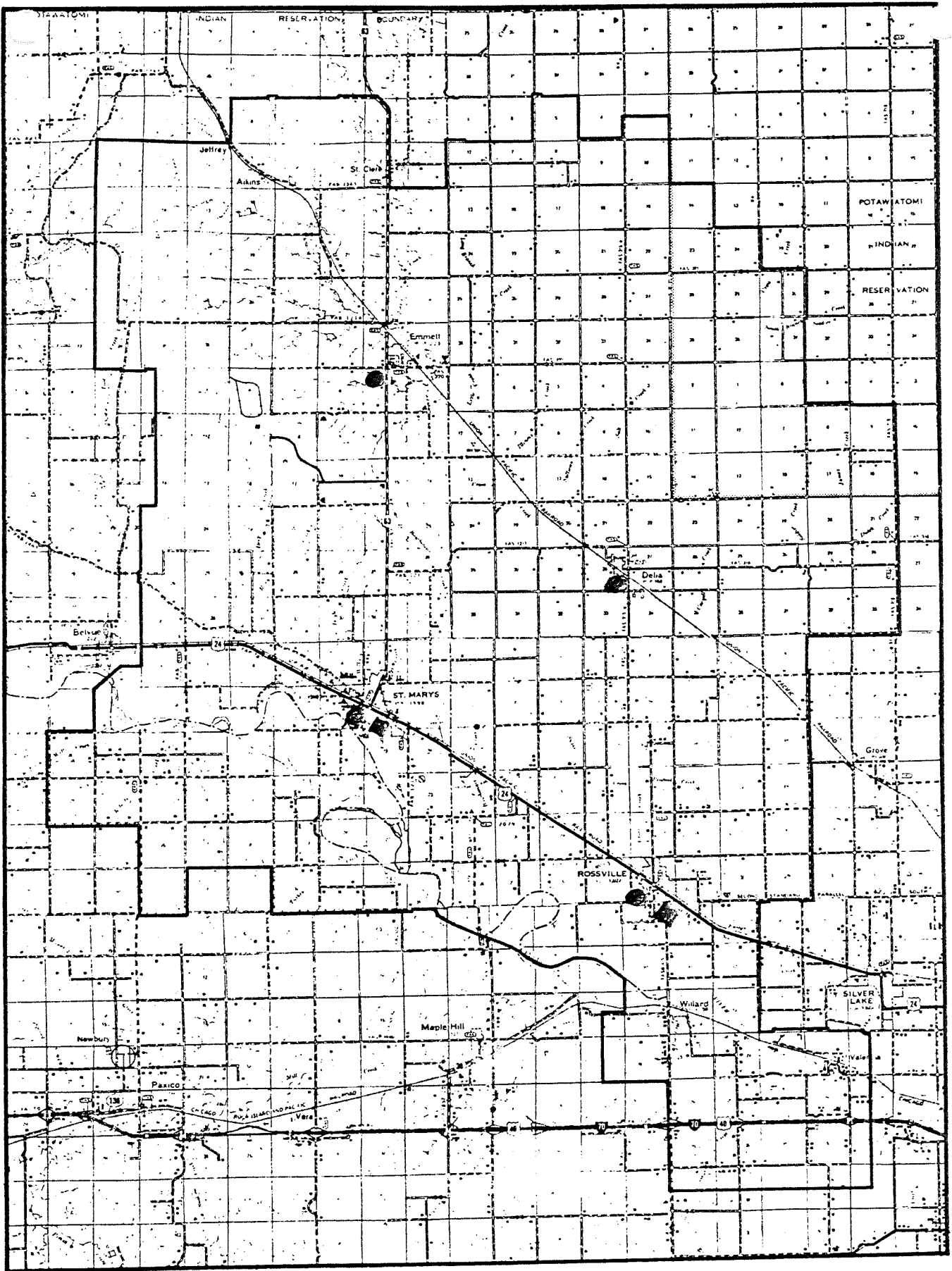
A. Until funds are available, sites cannot be purchased, but we expect the new Rossville High School to be located adjacent to the present Rossville High School and the new St. Marys High School to be at one of two possible sites in the same general area as the present St. Marys Grade School.

Summary

The plan described in this brochure has been approved by a majority of the Board of Education after extensive study. We believe that the patrons of Kaw Valley Unified School District No. 321 have twice voiced their disfavor of a central school plan.

The need for high school facilities is still present and we feel that the patrons of this district deserve a chance to vote on the alternative plan of maintaining two high schools in the district. Our engineering and architectural studies indicate that remodeling the present structures to meet most of today's fire and safety codes would be prohibitive in cost, and in addition we would not have the needed ground that should go with a modern high school.

We feel that our students now in school are deserving of better facilities as soon as possible, and we urge you to carefully consider this proposal and to give your support to this proposal at the polls on April 5, 1977.



KAW VALLEY

UNIFIED SCHOOL DISTRICT NO. 321

311 Sq. Miles

1062 students

- Elementary Attendance Centers
- Secondary Schools

USD #321 Study be Patron Advisory Committee

BUDGET ALTERNATIVE	CLOSING BUILDINGS			
	RHS	SMHS	SMG	RGS
HEAT	16,047	10,741	---	8,660
ELECTRICITY	38,820	68,358	43,988	15,359
SECRETARIAL	7,500	7,500	7,500	7,500
CERTIFIED STAFF	300,000	300,000	300,000	300,000
CUSTODIAL	22,000	22,000	7,500	7,500
SUPPLY	5,000	5,000	2,500	2,500
LIBRARY				
STUDENT ACTIV.	5,000	5,000	2,500	2,500
CLASSROOM SUP	2,500	2,500	1,000	1,000
WOODS	1,000	1,000		
EQUIP. REPAIR	5,000	5,000	1,000	1,000
SOCIAL SECURITY	20,000	20,000	20,000	20,000
TOTAL	HIGH SCHOOL	\$ 412,867		
	ELEMENTARY	\$ 385,988		

<u>Budget Year</u>	<u>Mill Levy General Fund</u>	<u>Total Mill Levy</u>	<u>Assessed Valuation</u>	<u>General Fund Budget</u>	<u>Enrollment</u>
1966-67	8.02	17.17	\$ 10,478,801	\$ 550,000	899
1967-68	22.34	28.20	11,452,000	559,597	936
1970-71	26.10	33.47	12,458,337	835,000	1247
1971-72	24.08	33.96	14,575,000	876,750	1243
1972-73	24.30	35.18	14,321,000	913,450	1263
1973-74	30.75	43.32	14,536,000	1,000,183	1236
1974-75	34.61	57.07	15,063,000	1,112,057	1289
1975-76	28.25	46.54	20,691,000	1,389,616	1268
1976-77	21.80	36.33	33,303,000	1,486,000	1292
1977-78	12.51	23.99	68,955,000	1,600,000	1294
1980-81	16.14	23.29	151,437,000	2,701,282	1154
1981-82	18.89	28.10	161,108,000	2,869,214	1115
1982-83	16.83	23.07	182,000,000	3,118,459	1090
1983-84	17.38	25.14	195,160,000	3,391,213	1061

1974-75 Elementary School Bond Issue

1975-78 Jeffrey Energy Center Under Construction

1978-79 High School Bond Issue

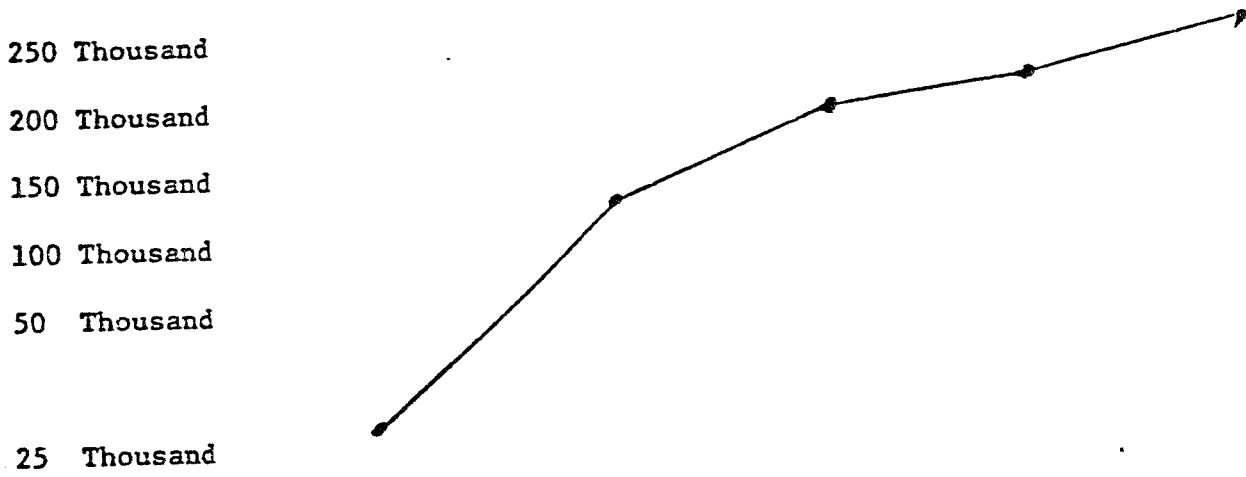
1980-81 J E C on Line

1980-81 Election to Exceed Budget

	1980	1981	1982	1983	1984	% Increase
SOCIAL SECURITY \$107245		141,268	160,898	174,493	175,000	63 %
WORK COMP	7,145	8,827	6,224	27,445	28,000	284 %
INSURANCE	32,085	46,476	48,038	72,775	50,000	56 %
STUDENT ACTIVITIES	25,093	30,842	31,695	46,872	40,000	60 %

UTILITIES

ELECTRICITY	1980	1981	1982	1983	1984
Electric	\$ 25,597	\$130,972	\$174,408	\$181,926	\$241,449
Heat	27,015	26,568	35,532	35,458	40,000



PERCENTAGE INCREASE SINCE 1980	844%
PERCENTAGE INCREASE SINCE 1981	84%
BUDGET INCREASE IN TWO YEARS	38%

Honorable Members of House Committee on Assessment and Taxation:

Community Hospital District No. 1 of Pottawatomie, Jackson and Nemaha Counties is a hospital district located in each of these three counties which owns and operates a modern hospital valued at about three million dollars at Onaga, Kansas. I wish to speak for the hospital district. The hospital serves much of Jackson and Nemaha Counties, part of Marshall County and over one-third of Pottawatomie County. The hospital was updated in 1983 and the various medical specialists are bringing their services on a regular basis to the hospital. Jeffrey Energy Center is located within the district and this added valuation has enabled the district to serve better the medical needs of the four counties of Pottawatomie, Jackson, Nemaha and Marshall. Reducing the district's valuation resulting in curtailment of these services will not stop the need for them. It will only cause each of the counties to try to duplicate services now enjoyed and will ultimately cost the users and taxpayers more money.

House Bill No. 2898 would raise every electric bill to every consumer in this state. It would take the concentration of valuation from areas now levying moderate tax and give this same valuation to other areas to levy maximum levies against the same valuation. Result: The electric utility companies would pass this increased tax on to every electric consumer in their monthly bill. Jackson County is not going to lower their levy by a little increase in valuation. Multiply Jackson County by all the other similar counties, and include Pottawatomie then, and the tax bill will grow on and on. House Bill No 2898 after analysis is nothing more than a gimmick to have electric consumers pay for improvements in certain counties which lack valuation but are fortunate enough to have electric transmission lines passing through. No concern is shown for the ultimate electric consumer in this bill.

The proposed legislation is a threatening new concept to property valuation taxation. If it be desirable, as this bill proposes, to divide the KP&L generating plant valuation, then why is it not just as desirable to divide the home office building of KP&L at 818 Kansas Avenue, Topeka. Divide electric generators this year and you will be asked to divide oil refineries, sugar beet refineries, railroad yards and railroads in future years. The final and only result of this method of taxation would be for all taxes to be paid to the state and let its agencies run our hospitals, schools and community services.

It is an extremely dangerous precedent. We urge you to kill this bill.

COMMUNITY HOSPITAL DISTRICT NO. 1

By: _____

Wayne M. Stallard

Wayne M. Stallard
307 Leonard
Onaga, Kansas 66521
Phone (913) 889-4231

TESTIMONY OF LEROY MILLER, POTTAWATOMIE COUNTY COMMISSIONER,
BEFORE THE ASSESSMENT & TAXATION COMMITTEE OF THE KANSAS HOUSE
OF REPRESENTATIVES

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, WE OF POTTAWATOMIE COUNTY APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE THIS COMMITTEE ON HOUSE BILL No. 2898. I AM LEROY MILLER, POTTAWATOMIE COUNTY COMMISSIONER.

IT IS OUR CONTENTION THAT THIS BILL IS DISCRIMINATORY IN THAT IT ADDRESSES ONLY THE ELECTRIC GENERATING FACILITIES OF ALL THE PUBLIC UTILITIES IN KANSAS. WE BELIEVE THAT IF THIS RADICAL DEPARTURE FROM THE HISTORICAL METHOD OF ASSESSMENT OF UTILITIES HAS MERIT, THEN ALL UTILITIES MUST BE INCLUDED, SUCH AS NATURAL GAS FACILITIES, REFINERIES, PIPE LINES, TELEPHONE SYSTEMS, RAILROAD LINES, SHOPS, ETC. WE ALSO SUBMIT THAT THIS BILL MAY ESTABLISH A PRECEDENT THAT IN THE FUTURE MAY WELL BE EXPANDED TO INCLUDE THE HUGOTON GAS FIELDS, OIL FIELDS AND THE AIRCRAFT INDUSTRY, TO CITE ONLY A FEW.

WE AGAIN HAVE RESERVATIONS WITH THE PARTICULAR BILL IN THAT IT NOT ONLY SINGLES OUT ELECTRIC POWER COMPANIES, BUT IT ALSO ATTEMPTS TO DISSECT THOSE COMPANIES AND TAKE THE CHOICEST PORTIONS WHICH ARE THE GENERATING FACILITIES, WHILE LEAVING THE GENERAL OFFICES AND OTHER FACILITIES TO BE ASSESSED IN THE HISTORICAL MANNER.

AT THIS POINT, I WOULD LIKE TO ADDRESS JEFFERY ENERGY CENTER BECAUSE THAT IS THE ONE WITH WHICH WE ARE INVOLVED WITH IN POTTAWATOMIE COUNTY, AND THEREFORE, ARE THE MOST FAMILIAR WITH. KANSAS POWER & LIGHT COMPANY SERVES 66 COUNTIES IN KANSAS, AND HAS A NUMBER OF GENERATING PLANTS IN THE 66 COUNTY SERVICE AREA. OUR CONCERN IS, IF YOU TAKE $3/4$ OF A PIE AND DIVIDE IT 66 WAYS, HOW GREAT WILL THE BENEFIT BE TO ANYONE? I SUBMIT, THAT IT WILL

BE MINIMAL. TAKE INTO CONSIDERATION ALSO THAT POTTAWATOMIE COUNTY'S MILL LEVY IS 14.24 MILLS (COUNTY LEVY ONLY). THE OTHER 65 COUNTIES HAVE MILL LEVIES RANGING UP TO 48 MILLS, WITH THE MEAN AVERAGE BEING 25.616 MILLS. IF YOU SUBSTRACT 14.25 MILLS FROM 25.616 MILLS, YOU GET 11.36 MILLS. IF YOU DIVIDE THIS OUT YOU GET A TAX OF \$1.30 FOR EACH \$1.00 OF TAXES PRESENTLY PAID TO POTTAWATOMIE COUNTY. WE TOOK THE COMPUTATIONS ONE STEP FURTHER, AND INCLUDED THE TOTAL AVERAGE TAX LEVY IN THESE 66 COUNTIES. POTTAWATOMIE COUNTY'S TOTAL LEVY IS 53.202 MILLS, THE AVERAGE OF THE OTHER 65 COUNTIES IS 39.66 MILLS; THE DIFFERENCE IS 36.46 MILLS OR FOR EVERY \$1.00 TAX PAID TO POTTAWATOMIE COUNTY, THERE WOULD BE \$1.69 TAX PAID IN THE OTHER 65 COUNTIES. ASSUMING THESE FIGURES ARE ACCURATE, KANSAS POWER & LIGHT'S TAXES WOULD INCREASE FROM 69% TO 80% WITH THE ADVENT OF THIS LAW. ADD TO THIS FACT THAT THE REMAINING 25% IN POTTAWATOMIE COUNTY WOULD UNDOUBTEDLY UNDERGO A DRAMATIC TAX INCREASE BY VIRTUE OF DECREASED VALUATION, AND ADD ALSO, THE COST OF IMPLEMENTATION AND ENFORCEMENT OF THIS LEGISLATION---ALL OF WHICH, WE BELIEVE, WOULD OFFSET ANY BENEFIT DERIVED.

CONSIDER FURTHER, THAT INCREASED COSTS TO KANSAS POWER & LIGHT COMPANY CAN ONLY BE PASSED DIRECTLY ON TO THE CONSUMER. A FEW COUNTIES PROBABLY WOULD GAIN BY THIS LEGISLATION, MOST COUNTIES WOULD RECEIVE NEGLIGIBLE OR NO GAIN, SOME COUNTIES WOULD LOSE. I SUBMIT TO YOU THAT GOOD LEGISLATION SHOULD ALLOW OUR ELECTRIC UTILITIES TO OPERATE IN THE MOST EFFICIENT MANNER SO THAT THEY MAY FURNISH ELECTRICITY TO THE BUYING CONSUMER FOR THE LEAST COST POSSIBLE. IT IS OUR FEELING THAT ALL OF US AS ELECTED OFFICIALS HAVE A RATHER SOLEMN DUTY TO CREATE AN ENVIRONMENT THAT ALLOWS ALL BUSINESSES TO OPERATE IN THE MOST EFFICIENT

MANNER, THUS KEEPING COSTS TO OUR CONSTITUENTS AS LOW AS POSSIBLE. WE FEEL THAT ENACTMENT OF THIS BILL WOULD CERTAINLY REVERSE THAT CONCEPT.

POTTAWATOMIE COUNTY IS A LARGE COUNTY IN AREA, ONE OF THE LARGEST IN THE STATE. ABOUT 3/4 OF THE COUNTY IS ROUGH AND HILLY TERRAIN. WE HAVE IN EXCESS OF 1,200 BRIDGES IN THE COUNTY THAT QUALIFY AS BEING OF SUFFICIENT SIZE AS TO REQUIRE THE COUNTY TO MAINTAIN THEM. I QUESTION THAT ANY COUNTY IN THE STATE HAS MORE. WE HAVE HAD A COMPREHENSIVE BRIDGE BUILDING PROGRAM, SINCE PRIOR TO THE ADVENT OF JEFFERY ENERGY CENTER, BUT WE STILL HAVE A LONG WAYS TO GO. WE STILL HAVE BRIDGES OUT AND DETOURS, AS WELL AS LOW WATER CROSSINGS THAT REMAIN TO BE ADDRESSED. WE CURRENTLY HAVE REPLACED ONE AND ARE REPLACING A SECOND LOW WATER CROSSING ON THE VERMILLION RIVER THAT HAVE BEEN IN PLACE FOR MANY YEARS BECAUSE OF UNCERTAINTY OF THE ONAGA RESERVIOR.

POTTAWATOMIE COUNTY, OF COURSE, HAS INCURRED OTHER LARGE OPERATING COSTS SINCE CONSTRUCTION OF JEFFERY ENERGY CENTER-- COSTS THAT ARE PERMANENT AND WILL REMAIN. AMONG THESE ARE INCREASED ROAD CONSTRUCTION AND MAINTENANCE IN THE PLANT AREA, INCLUDING 24 HOUR MAINTENANCE OF ROADS, AN INCREASE IN THE COUNTY SHERIFF'S DEPARTMENT PERSONNEL FROM 4 IN 1974 TO 16 IN 1984, TOGETHER WITH ALL THE EXTRA EQUIPMENT AND OPERATING COSTS. THE LOAD HAS GREATLY INCREASED IN THE COUNTY ATTORNEY'S OFFICE, INCLUDING AN INCREASE IN STAFF FROM A PART-TIME SECRETARY IN 1974, TO AN ASSISTANT COUNTY ATTORNEY AND FULL TIME SECRETARY IN 1984. THERE ARE OTHER COSTS ASSOCIATED WITH AN INCREASE IN POPULATION FROM 11,200 IN 1970 TO APPROXIMATELY 16,000 IN 1984. THE BUILDING PHASE OF JEFFERY ENERGY CENTER IS OVER AND ALREADY

VALUATION IS DECREASING, BUT THE COUNTY'S COSTS WILL STAY THE SAME OR INCREASE. WE SUGGEST TO YOU THAT THIS IS BAD LEGISLATION, AND SHOULD BE KILLED IN THIS COMMITTEE.

WE FEEL THAT THIS BILL IS SIMPLY AN ATTEMPT TO SHARE THE WEALTH, WITHOUT REGARD TO THE ADVERSE EFFECT ON THE ENVIRONMENT IN WHICH OUR ELECTRIC COMPANIES WILL HAVE TO OPERATE; WITHOUT REGARD TO INCREASED STATE COSTS OF ADMINISTERING THE METHOD OF ASSESSMENT, AND, MOST IMPORTANTLY, WITHOUT REGARD TO AN INCREASE IN TAXES AND UTILITY COSTS TO THE CONSUMING PUBLIC OF KANSAS.

TESTIMONY BEFORE
HOUSE ASSESSMENT AND TAXATION COMMITTEE

HB 2898

FEBRUARY 22, 1984

BY

D. WAYNE ZIMMERMAN

THE ELECTRIC COMPANIES ASSOCIATION OF KANSAS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

MY NAME IS WAYNE ZIMMERMAN. I AM DIRECTOR OF THE ELECTRIC COMPANIES ASSOCIATION OF KANSAS. I AM APPEARING TODAY ON THEIR BEHALF.

THE ELECTRIC COMPANIES ASSOCIATION IS A TRADE ASSOCIATION WITH MEMBERSHIP CONSISTING OF THE SIX INVESTOR-OWNED ELECTRIC UTILITIES SERVING KANSAS. THEY ARE: THE KANSAS POWER & LIGHT COMPANY, KANSAS CITY POWER & LIGHT COMPANY, KANSAS GAS AND ELECTRIC COMPANY, THE EMPIRE DISTRICT ELECTRIC COMPANY, WESTERN POWER DIVISION OF CENTEL AND SOUTHWESTERN PUBLIC SERVICE COMPANY.

THIS BILL PROVIDES FOR APPORTIONMENT OF 75% OF THE ASSESSED VALUATION OF ELECTRIC GENERATING STATIONS TO THE TAXING DISTRICTS IN WHICH THAT COMPANY OPERATES. THE ASSESSED VALUATION WOULD BE ALLOCATED BACK TO ALL JURISDICTIONS BASED UPON THE MILEAGE OR ORIGINAL COST OF THE ASSETS IN EACH DISTRICT. 25% OF THE ASSESSED VALUATION WOULD BE RETAINED IN THE TAXING

DISTRICTS WHEREIN THE STATION IS LOCATED. THIS WOULD REMOVE 75% OF THE ELECTRIC FACILITY'S ASSESSED VALUATION FROM ITS CURRENT TAX SITUS.

THE LONG STANDING PRINCIPLE OF TAX SITUS IS A VITAL ELEMENT OF PROPERTY TAXATION. THIS BILL REFLECTS AN ABROGATION OF SUCH BASIC PRINCIPLE WHICH WE FEEL CANNOT BE JUSTIFIED.

CONSEQUENTLY, ELECTRIC UTILITY PROPERTY TAXES WOULD UNDOUBTEDLY INCREASE, WHICH WOULD INCREASE THE COST OF ELECTRICITY TO THE CITIZENS OF KANSAS. IT SHOULD BE NOTED THAT, IN THE TRUE SENSE, UTILITIES ARE NOT TAXPAYERS BUT ARE SIMPLY TAX COLLECTORS. PUBLIC POLICY ALLOWS PUBLIC UTILITIES TO RECOVER, IN THEIR COST OF SERVICE, TAXES WHICH HAVE BEEN ASSESSED UPON THEM. AN INCREASE IN TAXES UPON PUBLIC UTILITIES IS AN INCREASE IN TAXES UPON THE CITIZENS OF KANSAS HIDDEN IN THEIR ELECTRIC BILLS.

WITHOUT QUESTION, THE LOSING TAX JURISDICTIONS WOULD HAVE TO RAISE PROPERTY TAX LEVIES TO COMPENSATE FOR THE LOSS OF ASSESSED VALUATION. THE GAINING TAX JURISDICTIONS WITH MILLAGE RATES HIGHER THAN THE GENERATING STATION SITE RATES WOULD RESULT IN GREATER PROPERTY TAXES PAID BY THE UTILITIES ON THIS WINDFALL ASSESSED VALUATION.

IT HAS ALWAYS BEEN OUR POLICY TO OPPOSE LEGISLATION WHICH DISCRIMINATES AGAINST THE ELECTRIC PUBLIC UTILITIES, WHICH RAISES THE PRICE OF OUR SERVICES OR DETERS ECONOMIC GROWTH IN OUR SERVICE TERRITORY. CONVERSELY, WE HAVE ENCOURAGED LEGISLATION WHICH PROVIDES FAIR AND EQUITABLE TREATMENT OF UTILITIES, MINIMIZES THE PRICE OF OUR SERVICE, AND ENCOURAGES ECONOMIC GROWTH IN KANSAS.

WE ARE OPPOSED TO HB 2898.



Schools for Quality Education

PURPOSE ---

To Pursue the quality of excellence in education.

To Give identity, voice and exposure to the peculiar quality of Rural Schools.

To Enhance the quality of life unique in the rural community.

TESTIMONY
HOUSE ASSESSMENT & TAXATION COMMITTEE
RE: HB 2898
February 22, 1984
Martha Ala
Schools for Quality Education

Ladies and Gentlemen of the Committee:

I am here today for schools for Quality Education to oppose HB 2898. Historically, SQE is opposed to any legislation that would infringe upon or reduce the local property tax base. Two of the districts in which these generating plants are located are SQE members, USD 362-Prairie View and USD 363-Holcomb. Since I am a taxpayer, a farmer and a former board member of USD 362, I will use facts about that district and Linn County to help illustrate the adverse impact of this bill.

About 15 years ago, my brother-in-law had finally achieved his dream -- after years of work his farmstead was just the way he always wanted it to look. I remember he had just built a brand new large metal machine shed and the house had just been remodeled and was sporting a new addition. But where once was a beautiful 2-story farmhouse now sits the LaCygne Power Plant with its twin smoke stacks. Suddenly, our brother's world was turned upside down for his was one of about 30 families who were forced to sell the 7,699 acres to Kansas City Power and Light for the lake and plant.

The anguish of these displaced families perhaps was tempered somewhat by the advantages derived by the rest of the community through the desirable tax base. We didn't ask for this power plant to be built in our midst -- but after this many years, our lives are tied financially to this plant. And now this bill seeks to suddenly pull the rug out from under all of us in USD 362 and Linn County.

A. USD 362:	
Current valuation	\$82 million power plant <u>20 million other properties</u> \$102 million
Current mill levy	20.75 (gen. fund)

B. 1982 Adjusted Property Tax Rates - from Ks. State Dept. of Ed.
(All property assessed at 30% which provides more meaningful comparison of UDS's)

USD 362 - Adjusted mill levy	14.94
State median	15.36

C. State Aid:

Currently USD 362 receives	\$174,000
based on \$2982 BPP	

From "Effects of HB 2898 by Dept. of Ed. 2-17-84:

Current law - 84-85	USD 362 -	\$169,323
HB 2898 84-85	USD 362 -	\$1,131,307

The four USD's would expect state aid totaling - \$3,494,360

D. Current law - est. mill rate #362 in 84-85 - 21.86

Under HB 2898 - Assessed valuation approx. - \$20 million other property	
20.5 million - 1/4 power plant	
<hr/>	
\$40.5 million	

Prairie View would lose 60% of its total assessed valuation.

Expected mill levy rate 84-85 would then increase to 34.3 mills (general fund only)

Obviously, someone's going to have to pay for these tax increases. My own property taxes for school district alone would increase about 65% the first year. However, it may surprise you to learn that the people of Prairie View district and Linn County are not affluent -- in fact, quite the opposite.

A. Based on 1980 census figures from the SRS

- * Population under poverty level (\$7412 family of 4)
 - Statewide - 9.8%
 - Linn County - 15.2%
- * Population on food stamps
 - Statewide - 5.7%
 - Linn County - 6.3%
- * Population 60 years or older
 - Statewide - 16.5%
 - Linn County - 24.8%
- * Those 60 years or older under poverty level
 - Statewide - 12.5%
 - Linn County - 19.8%

B. From 82-83 School District Wealth
by State Dept. of Ed. ---

Average taxable Income Per pupil:

Median is \$17,584

USD 362 is \$12,607 (lowest in Linn County)

Of all the 305 USD's - 362 ranks No. 272

C. Average taxable income per capita -

Statewide \$3435

Linn County \$2666

For the most part, elderly on fixed incomes and farmers struggling to make it through one more year will be the ones paying for the tax increases and the inevitable utility increases that would result from this bill. I'm sure this was not the intent of the supporters and I hope the committee members will oppose HB 2898.

Thank you for the opportunity to appear today.

COUNTY OFFICERS

Marion R. Johnson, County Clerk
Julia Pearl Dunavan, Co. Treasurer
James L. Wisler, County Attorney
Donald E. Troth, Sheriff
Dorothy Wade, Reg. of Deeds
Richard Long, Co. Engineer
Fred E. Dunlap, D. O. Health Officer
Ray Funk, Co. Appraiser
Robert Stocking, Gr. Ad.

**LINN COUNTY,
KANSAS**

Mound City, Kansas 66056

COUNTY COMMISSIONERS

First District
Robert Haupt, LaCygne
Second District
John Rees, Pleasanton
Third District
Ronald F. Ware, Blue Mound
Regular meeting every Monday
morning.

February 22, 1984

Assessment and Taxation Committee
Kansas House of Representatives

RE: HB 2898

Mr. Chairman and members of the committee:

I am County Commissioner Bob Haupt from the 1st District of Linn County, Kansas. I am addressing the committee on behalf of the Board of County Commissioners of Linn County, Kansas. With me here today are John Rees and Ron Ware, Commissioners of the 2nd and 3rd Districts of Linn County, and Linn County Attorney Jim Wisler, and County Appraiser and County Clerk Marion Johnson.

Linn County is one of the counties most adversely affected by House Bill 2898, because Linn County is the site of the La Cygne Power Plant owned jointly by Kansas City Power & Light Company and Kansas Gas & Electric Company.

When Representative Smith of Shawnee County introduced this bill yesterday, he said that the question for the committee to decide was whether the concept of apportioning the assessed valuation of the electric generation facilities to other counties is right. We agree that this is the question and we hope the committee will agree that the concept is wrong and sets a terribly dangerous precedent in assessment and taxation legislation.

I would first like to tell you the effect the removal of 75% of the assessed value of the La Cygne Power Plant would have on Linn County. At this time, the total county valuation is \$116,492,050.00. The La Cygne Power Plant constitutes 73% of that evaluation, or \$84,477,491.00. If the county were to keep 25% of the power plant evaluation, or \$21,119,373.00, this would leave Linn County with a total county valuation of \$53,133,932.00. This amounts to a loss of assessed valuation of \$63,358,118.00. This would be a loss of 54% of the county's valuation. Obviously this would result in severe curtailments of county services in Linn County.

Those who have spoke in favor of the bill would like to have tax revenue from the La Cygne Power Plant, but obviously do not want to share in the cost to the County of having such a plant. While Linn County is not complaining about the presence of the plant, I think the committee should be aware of some of the extraordinary expenses associated with the presence of this plant. For example, there is a county road 4.2 miles in length, running by the plant.

The traffic counts show that this is probably one of the most heavily traveled tracts of county road in the State of Kansas, carrying an average of 1,237.5 vehicles per day. In 1977, the county laid 1.75 miles of two inch mat on the highway at a cost of \$35,044.22. In 1980, the county laid 2.5 miles of two inch mat on the highway at a cost of \$44,667.74. The cost to remat the full 4.2 miles is estimated to be \$135,364.38. Our county road foreman estimates the road will need a new mat soon. The county must seal this 4.2 miles of road approximately once every two years at a cost of \$31,839.53.

The presence of the La Cygne Power Plant also requires additional expense for law enforcement and fire protection services. In 1978, during a labor strike at the power plant, the Linn County Sheriff had to provide law enforcement officers to the plant around the clock at a cost to the county of over \$10,000.00. The presence of the La Cygne Power Plant in Linn County and the Gulf Oil Company Coal Mine which supplies coal to the plant has displaced many families, tax paying families, from Linn County. According to our appraiser's records, Gulf Oil Company, which owns the P&M Mine in Linn County owns 16,200.16 acres in Linn County. Based upon my own knowledge of the area, I would estimate that 400 families have moved from the land occupied by the power plant, power plant lake, and the coal mine. Many more families will be moved in the future, as the mine expands. This amounts to a loss of taxpayers for Linn County which must be taken into account when one considers the tax revenues which the power plant brings to the county.

Before the La Cygne Power Plant came to Linn County, Linn County was a poor county. If the power plant assessment were to be removed from the county, Linn County would again be one of the poorest Kansas counties. Our Board of County Commissioners can sympathize with those counties who are struggling to maintain county services at their present valuations. However, I do not think the representatives of these counties realize the dangerous precedent they would be setting, a precedent which may come back to haunt them in the future by allowing the legislature to remove certain valuation from property in their counties. This bill is limited to apportioning the assessment of electric generation facilities to other counties. Once the door is opened, it is reasonable to assume that any property could be apportioned to other taxing districts. Why not do the same with telegraph, telephone, pipeline or water companies, all of which are assessed by the Director of Property Evaluation and which are subject to the statute which this bill amends. To carry the argument further, why not apportion the assessment valuation of oil refineries according to the amount of gas sold in a particular county. Why not apportion the assessed valuation of shopping centers among those counties from which shoppers come. Why not apportion the value of Western Kansas wheat land according to the amount of bread consumed in each particular county. If the legislature adopts Mr. Smith's concept, then no property in any county will be safe from a possible apportionment by the legislature. This bill in effect disrupts the whole system of property tax distribution in the State of Kansas.

Most of the counties which have spoken in favor of the bill are rural counties. We have received some figures on the effect of the bill on those counties served by Kansas Power & Light. Linn County is served by Kansas City Power & Light Company and the Rural Electric Cooperative Association. Probably a majority of the users in Linn County gets service from the cooperative. The bill, as we read it, does not apportion valuation to a

county based upon electric cooperative lines and those counties which, like Linn County, which have a substantial amount of electric cooperative lines, would not benefit by this bill. Furthermore, we can assume that the increase in taxes to the utilities affected will be passed on to the electric coop and to their customers.

This brings me to my last point. Under this bill, the assessed valuation will be apportioned to counties with a higher mill levy. This means that the electric utilities will be paying higher taxes. This increase in their taxes must be passed to the consumers as increased electrical rates. This would be especially burdensome to those customers of Kansas City Power & Light Company, which serves part of Linn County, who are already looking at a substantial increase when the Wolf Creek Plant goes on the line.

For these reasons, the Board of County Commissioners of Linn County, would recommend that the committee report House Bill 2898 unfavorable for passage.

BOARD OF COUNTY COMMISSIONERS OF
LINN COUNTY, KANSAS

John Rees, Chairman

Bob Haupt, Member

Ron Ware, Member



The Board of County Commissioners
OF DOUGLAS COUNTY

NANCY B. HIEBERT, FIRST DISTRICT
ROBERT NEIS, SECOND DISTRICT
BEVERLY A. BRADLEY, THIRD DISTRICT

PHONE: (913) 841-7700

LAWRENCE, KANSAS
66044

Chairman Braden

Members of the committee

My name is Beverly Bradley. I am chairman of the Board of commissioners in Douglas County. Thank you for allowing me to appear here today and share with you, my concerns about House Bill 2898.

Kansas Power and Light Co. has an electric generating plant in Wakarusa Township, Douglas County, Kansas. The assessed valuation for this plant in Douglas County is \$22,887,165. The Douglas County mill levy is 30.62, which makes the tax \$700,804.99. According to figures distributed yesterday, under this proposal, the valuation would be \$16,984,907. and the tax would be \$520,077.85.

Representative ^{Smith}~~Miller~~ stated in his explanation of the bill, that we should not be caught up with the numbers, but should be concerned with the "concept". Ladies and Gentlemen, it is the "concept" as well as the figures that is frightening. If HB 2898 is passed, where would the "concept" end? Would it include the Goodyear Tire Co? We all buy tires. How about the Iowa Beef Packing Plant in Garden City? Most of us eat beef that we do not raise. I believe the "concept" is most dangerous.

Wakarusa Township in Douglas County provides roads to the KPL generating plant. The County provides bridges and district #497 provides schools for the employee's children. Of course there are the extended services such as fire protection that are only possible because of taxes paid. Wakarusa township KPL valuation is \$19,243,698. and the tax is \$121,437.76.



The Board of County Commissioners
OF DOUGLAS COUNTY

NANCY B. HIEBERT, FIRST DISTRICT
ROBERT NEIS, SECOND DISTRICT
BEVERLY A. BRADLEY, THIRD DISTRICT

PHONE: (913) 841-7700

LAWRENCE, KANSAS
66044

That is 60% of the total tax for Wakarusa Township. They can not maintain services with less.

The Commissioners of Douglas County believe this concept as well as these figures are undesirable and we urge you NOT to pass this bill out of committee.

Thank you for your time. I will respond to questions if there are any.

STATEMENT

Robert Smith, Business Manager/Clerk - Buhler USD #313 - Reno County

1. A Kansas Power and Light Company electric generating plant is located within the boundaries of the Buhler Unified School District #313.
2. The assessed valuation of this power plant, excluding two sub-stations, is \$8,354,175.
3. The total assessed valuation of the Buhler Unified School District #313 is \$43,326,734. The Kansas Power and Light generating plant represents 19.3% of the total assessed valuation of USD #313.
4. Two thousand one hundred and three (2,103) students (full time equivalent) are enrolled in the Buhler USD #313 schools. Including the assessed valuation of the Kansas Power and Light generating plant (\$8,354,175), the per pupil assessed valuation of Buhler USD #313 is the second lowest in Reno County. If 75% of the assessed valuation of this electric generating plant is removed from the tax rolls of USD #313, our assessed valuation per pupil would be at least \$4,000 lower than any other school district in Reno County.
5. The greatest, direct impact of removing approximately 20% of our valuation would be upon the Special Capital Outlay Fund. We are uncertain as to the intent of the bill, as it relates to the payment of existing bond indebtedness. Under the current school finance formula, this bill would have a lesser impact upon the General Fund levy. Nevertheless, the impact would be detrimental.
6. IT IS THE POSITION OF BUHLER USD #313 TO OPPOSE HB No. 2898. Moreover, in our judgment, legislation of this nature should await the real issue which demands your attention - a statewide reappraisal of all property.
7. The Kansas Power and Light generating plant referenced above has been a part of our school district's tax base for 34 years. It would be at once unfair and unjust to the patrons and taxpayers of our district to arbitrarily remove a significant amount of the assessed valuation of our district, after all these years, by legislative action.
8. This proposed bill raises a question regarding payment of present bonded indebtedness. Would Kansas Power and Light be responsible for payment of bonds according to present statutes or, if enacted by the legislature, the 25% - 75% proposal contained in HB 2898?
9. In summary, it is the position of Buhler USD #313 to oppose HB No. 2898 for the following reasons.
 - A. This bill would serve to reduce the assessed valuation of our school by approximately 20%. While resulting in a negative effect upon the general fund of the district, the greatest impact of such reduction would be upon the district's capital outlay fund.
 - B. Arbitrary removal of such property from the tax base after 34 years, assaults the very stability of the School District.
 - C. Failure by this bill to address questions of responsibility for payment of bond obligations create concerns.
10. On behalf of the Board of Education and the patrons of Buhler USD #313, please accept our gratitude for the opportunity to address this committee and express opposition to House Bill No. 2898.

To our Representatives and Friends gathered here this morning:
I am Dorman McGuire, Silver Haired Legislator representing the
Senior Citizens of Pottawatomie County and speaking in their
behalf.

I am very much opposed to sharing our Pottawatomie County tax
dollars with our other counties because; first, this is our
tax money collected from our county evaluation, the same as
other businesses are evaluated and taxed. We, in our county,
I am sure are not going to ask for a share of Wolf Creek tax
or a share of the tax on the Kaw bottom productive rich acres,
or other businesses, such as Goodyear. We are asking to keep
what is rightfully ours and I am sure we do not want to
infringe on the tax rights from other counties. If we share
ours, then it seems we in Pottawatomie County have a right
to ask for a share from taxes in the other counties.

I ask you very sincerely, is this what you are looking for,
swapping tax dollars from other counties?

Industry always creates certain problems of pollution,
transportation and others that the local people have to accept.
Industry taxes helps to justify for the problems it creates.
Speaking for the Senior Citizens of Pottawatomie County, I
ask you to vote NO on House Bill No. 2898

The Coffey County Commission on behalf of its taxpayers wishes to protest H.B. 2898. In order to acquaint the committee on assessment and taxation with the problems this bill would create for Coffey County, we respectfully submit the following information on Coffey County.

Before Wolf Creek became a tax asset Coffey County's total assessed valuation was approximately \$27,366,000 in 1974. Of this figure \$5,750,000 was in state assessed public utilities. Since that time the 1983 total county assessed valuation is approximately \$275,357,000 of which the state assessed valuation is approximately \$249,716,000. Out of this \$249,716,000 the electric power companies have a total assessed valuation of \$207,520,000 which would leave Coffey County a total assessed value (including state assessed) of \$67,837,000. If we are to retain 25% of the electric utility value (~~\$5,886,000~~) our total county assessed value would be \$119,717,000. Presently our county levy is 19.302 mills. By using the new valuation against the budget demand we will necessarily raise the county levy to 44.396 mills. This type of increase is totally unreasonable in any governmental unit.

Another important item of consideration is the fact that the location of Wolf Creek Power Station created a tremendous impact on Coffey County. The following list is by no means complete nor in any order of importance:

1. The requirements by the Nuclear Regulatory Commission and FEMA (Federal Emergency Management Association) upon Coffey County is an economic and physical manpower impact of great significance.

NRC and FEMA demand that Coffey County be able to actually perform an evacuation of all their residents within the 10 mile E.P.Z zone (10 miles in radius of the plant site). In order to do this Coffey County must have an Emergency Operations Center. This center is to be at a below ground level and self contained for a 14 day lock in. Also radiation controls, radio contact, food and lodging for 40 people. This E.O.C. has caused Coffey County to create bonded indebtedness to build such a facility. Practically all the people involved in such an evacuation are volunteers, mainly county employees and elected officials.

2. Since Coffey County was first compelled to write-up their evacuation plans in 1978, we have necessarily expended large sums of budgeted money. The Emergency Preparedness Department will be in charge of the evacuation. To purchase enough radios and communication equipment Coffey County will spend approximately \$300,000 in 1984 alone. This does not include the telephone system, maintenance on new and existing equipment which will have to be budgeted in 1985 and each year thereafter.

3. Prior to Wolf Creek, Coffey County was not a county unit road system. In order to do the evacuation it was necessary that the county endeavor to go into a county unit road system. Since 1979 our road and bridge budget has increased to \$2,420,000 for 1984. We will have to increase this in 1985 to meet our local needs and still keep up with NRC and FEMA. We will have to either reseal or redo the plant access road which we now own. In 1978 the road and bridge department had only 200 miles of roads whereas now we have 1200 miles of roads and 50 old bridges which must be replaced to handle the requirements of an evacuation.

4. The increased problems, services and work load to the various Coffey County departments in the courthouse have increased a minimum of 2 times and in several instances 3 to 4 times. While the plant was under construction we had property changes in the appraisers office, new listings for tax statements, and numerous other changes. All this was on top of our normal county business. The Sheriff's Department has had to increase his staff to take care of additional traffic, thefts, domestic cases, hot checks and many other problems which occur with transient labor movements.

The County Health Department has increased its staff to take care of the additional work load. Their services must include those Wolf Creek families who live in Coffey County. At the same time our County Hospital was forced to pick up a large non-payment of services due primarily to employees at the power plant leaving town without paying.

5. Local impact was probably greatest on the salaried people of the county. Many local (county) people were on low salaries due to us being a poor county. When the high salaries were placed into the local scene, everyone who could get a job at the plant went to work there, many times we were busy trying to train a new employee. The county government turnover in 1977-78 was 40% annually.

Local housing became a severe problem as high rent created real problems for local people who had lower incomes.

A number of other factors which should be considered in this bill are: The depreciation of the plant will not reduce the requirement of NRC and FEMA on an incident or evacuation. Therefore, Coffey County will still be responsible 10 or 20 years

down the road to have the physical and financial responsibility capabilities. The liability insurance risk to the county has increased to an unlimited amount. The protestors, demonstrators and all others who may would claim damage or intended damage due to nuclear power will involve Coffey County in some phase of liability.

We believe that there would be an erosion of our ad valorem tax base if H.B. 2898 were to become law.

In summary we wish to point out that a nuclear power station for electrical generation is a highly technical and complex situation which cannot be measured by the usual tax laws. The Federal regulations and requirements which must be met by Coffey County are such that this power station may be worthy of separate or exceptional legal structures to govern the situation. No other non-nuclear public utility has these kinds of regulations.

In closing we would appreciate the opportunity to answer any questions the committee may wish to ask and we would be most willing to appear, at the committee's request, again with additional information.

Mr. Chairman and Members of the Committee:

I am Viola Dodge, a farm wife from Olsburg, Kansas. Speaking for residents in Pottawatomie County we oppose HB 2898.

This bill reminds me of the story of the Little Red Hen. No county wanted anything to do with these power plants until there was a tax harvest and now everyone wants a piece of the bread. You know the Little Red Hen's solution don't you?

Jeffery is to Pottawatomie county what Goodyear is to Shawnee county. They are both in a business that produces a product for sale with the cost of the product included in the selling price. With the same reasoning used in this bill every county that sells Goodyear tires should share in Goodyear's assessed value.

Today we have 67 counties which have gone to the county road unit system. Of those 67 counties 29 counties have a lower ^{county} levy than I have. My combined county and township road levy is 26.9 mills. In 1983, three counties, Lyon, Johnson and Saline had an average levy of 18.8. This is 8.1 mills less than mine and this bill would give each county an average of over \$5½ million in increased valuation. This does not equalize anything. I believe this bill would create more problems then it would solve.

Living near these power plants is not all roses. Would you like to live near Wolf Creek? Don't you believe there should be some advantages for people living in that county? I do.

The same can be said for Jeffery. A couple years ago a lady from that area was in town, her teeth were all black around the edges. She said she had put out a wash that morning and the wind had come up and the coal dust was blowing so bad that she couldn't rewash the clothes so she had come to town. She added, "You should see my house!" These people have learned to live with Jeffery and they deserve some benefits.

Do you know what impact this bill would have on schools across the state? I know that some of you members on this committee are aware of the fact that when the assessed value of a school district increases this increases that districts wealth which in turn decreases their state aid and it then takes a mill levy increasd in that district to off set it. With approximately 50% of the tax dollar going to schools we should know what effect this bill would have.

Are you willing to legislate the same as 2898 for telegraph, telephone, pipelines and water companies? Because just as sure as night follows day similar bills will be introduced. And after that will be bills to continually change the mix.

With this bill, schools, cities and counties would no longer have a permanent tax base from which to make long range planning. The valuation of a county is sacred property and to change that concept would be disasterous to that form of government.

Members of this Committee, you need not apologize to anyone for voting down this bill. Everyone is looking for a free ride. The necessary home work has not been done on it. You don't know what its impact would be on schools and counties. It would set precedence by taking valuation from one county and giving it to another. It would treat one company unfairly with other companies. I say, this could be a monster, kill it.

TO: MEMBERS OF THE HOUSE ASSESSMENT & TAXATION COMMITTEE
FROM: MORGAN JOHNSON, REPRESENTING THE ONAGA LIONS & THE ONAGA
BUSINESS & COMMUNITY CLUBS OF ONAGA, KANSAS
RE: HOUSE BILL 2898 2-21-84

Dear Mr. Braden:

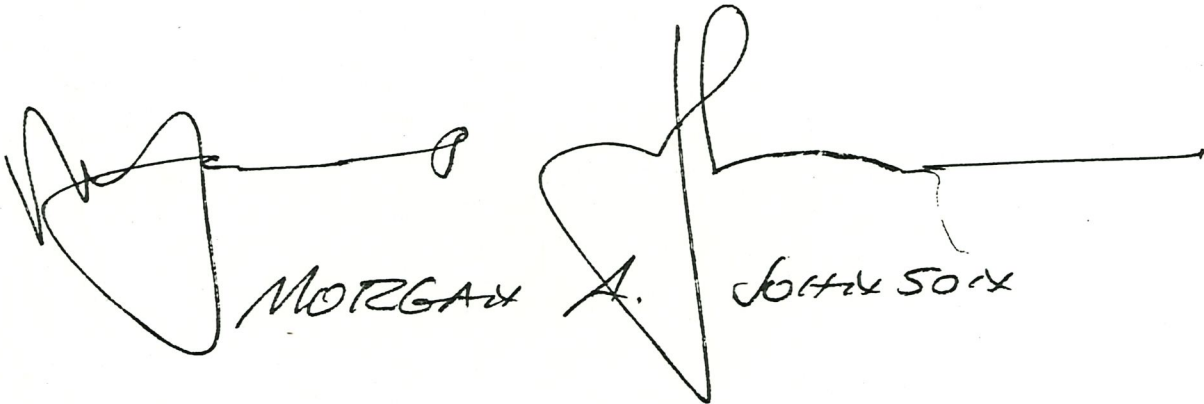
As an Onaga businessman, I am here to ask you members of the committee to recognize HB 2898 as a very deadly precedent. It is a creeping cancer.

I have seen the rise and fall of our town and surrounding communities. Jeffrey Energy Center has given many small towns a security we have not had in years. Our children and grandkids have more jobs.

We have worked hard to get what we have, and it has cost us. Don't just take it away because we do not have the votes. Please recognize the real threat, the real issue:

Those of you from small towns know how it hurts to see people going to larger cities to shop when the same product is available at home, plus without the driving. To remedy this, I might suggest that the taxable value of, say, all Topeka restaurants and shopping centers be awarded by the Legislature to the City Council of Onaga based on the percent of dollars spent there by Onagans. In this way, we would benefit from the fact that these nice establishments are not located at home.

In summary, we ask the wisdom of each member of this committee to see how this bill would hurt small towns like Onaga, Havensville, Wheaton, Emmett, and St. Marys. Thank you.


MORGAN A. JOHNSON

DON M. REZAC
REPRESENTATIVE SIXTY-FIRST DISTRICT
WABAUNSEE COUNTY AND PARTS
OF POTTAWATOMIE AND RILEY COUNTIES



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER AGRICULTURE AND LIVESTOCK
ENERGY AND NATURAL RESOURCES
LOCAL GOVERNMENT

To: House Assessment and Taxation Committee
From: Don Rezac
Re: HB 2898

Thank you, Mr. Chairman and members of the committee.

I am Don Rezac, State Representative from Onaga; representing all of Wabaunsee County and parts of Pottawatomie and Riley County.

It seems that HB 2898 has raised some controversy in my district. As you know, yesterday my county commissioners from Wabaunsee County were here to testify in favor of this bill. Today my commissioners of Pottawatomie County testified in opposition to HB 2898.

Since most all the figures we have seen in the last two days relate to Jeffrey Energy Center, I feel I must testify on this bill.

Many questions have been brought out here for which we do not have answers.

1. How does this bill affect school districts outside of Jeffrey's wealth?
2. How does this bill affect the state school finance formula?

All KP&L consumers, including these in Pottawatomie County are paying for Jeffrey Energy Center.

3. How does this bill affect the rates electric consumers will pay?

Last year we passed legislation that affected the Pottawatomie-Wabaunsee Regional library system. Under this new law, in 1984 Pottawatomie county's share of the library funding is \$144,155.00 and Wabaunsee county's funding share is \$47,885.00.

4. How does this bill affect our library system?

Cross Creek Watershed No. 42, having Jeffrey Energy Center within its boundaries, was organized in 1966. This stream is located in Jackson, Pottawatomie and Shawnee counties. When the watershed is completed, it will reduce flooding of farmland and the cities of Rossville, Emmett and Delia.

5. How does this bill affect Cross Creek Watershed?

I think this bill is a policy matter relating to the assessment of entities in Kansas in addition to electric generating plants. I feel it is a door that should never be opened. If it is opened, will it ever stop?

Thank you,

Don Rezac

POSITION STATEMENT OF TECUMSEH TOWNSHIP AND
TOPEKA-TECUMSEH FIRE DISTRICT CONCERNING
HOUSE BILL 2898

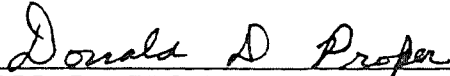
Tecumseh Township and Topeka-Tecumseh Fire District strongly oppose House Bill 2898. Both Tecumseh Township and Topeka-Tecumseh Fire District are situated in Shawnee County, Kansas and are heavily dependent upon the tax base provided by the presence of the Kansas Power and Light plant there.

Half of Tecumseh Township's real estate valuation is derived from the presence of the Kansas Power and Light plant. The loss of tax income of this magnitude, coupled with the existing tax lid, would, as a practical matter, make it impossible for the township to maintain many of its improved roads. Many of the roads currently sealed would have to be reconverted to rock or gravel roads for lack of funds to maintain the existing improvements.

Similarly, the Topeka-Tecumseh Fire District makes fire protection available to the Kansas Power and Light Plant in its district. Kansas Power and Light contributed approximately one-third of the total fire district budget last year, through payment of ad valorem taxes. If House Bill 2898 is passed, this important source of funding for fire protection will be removed, without eliminating the need for the same fire protection services currently provided.

Citizens and taxpayers who live near electrical generation facilities necessarily put up with certain inconveniences caused by the presence of those facilities. For example, there is

increased traffic, there is increased noise, and a certain amount of unavoidable air pollution; there are increased fire risks; and periodically roads must be closed because steam coming off the generators reduces visibility creating traffic hazards. The persons who live in such neighborhoods are entitled to the offsetting benefits that are provided by having taxes from such facilities remain in the neighborhood. For all of these reasons Tecumseh Township and Topeka-Tecumseh Fire District strongly urge against passage of House Bill 2898.



DONALD D. PROPER, Treasurer
TECUMSEH TOWNSHIP and
TOPEKA-TECUMSEH FIRE DISTRICT

Dated February 22, 1984

To Members of the House Committee on Assessment and Taxation:

This written testimony is submitted on behalf of Cross Creek Watershed Joint District No. 42 of Jackson, Pottawatomie and Shawnee Counties, in opposition to HB 2898.

Cross Creek Watershed Joint District No. 42, having Jeffrey Energy Center within its boundaries, was organized in 1966 for purposes of flood control on Cross Creek, a turbulent stream located in Jackson, Pottawatomie and Shawnee Counties. Subsequent to its organization a General Plan was adopted which provided for construction of fifteen (15) water retention structures on tributaries of Cross Creek, the result of which would be reduction of flooding of the farmland and cities of Rossville, Emmett and Delia by approximately 54%. Construction funds are provided by the United States of America through the Soil Conservation Service; however, land acquisition and maintenance costs must be provided by the Watershed District.

Eleven (11) of the planned water retention structures have been built and one (1) is presently under construction. The Watershed's cost thus far for the structure under construction is in excess of \$275,000.00. Land acquisition for the remaining three (3) structures is presently underway with an estimated cost to the Watershed District well in excess of \$300,000.00. The cost of maintenance of the completed structures was \$23,500.00 in 1983 which is an increase over prior years and such costs will continue to increase in the future.

This Watershed's funding is limited to two (2) mills on the assessed valuation of the taxable tangible property within the district, KSA-2419, which in the past has produced annual funds of approximately \$120,000.00 by reason of an assessed valuation of \$53,862,548.00. The assessed valuation contains a valuation of \$24,251,034.00 for the Jeffrey Energy Center principally owned by Kansas Power & Light, located in Emmett Township, Pottawatomie County, Kansas.

The provisions of HB2898 would reduce the assessed valuation of taxable tangible property within the Watershed District to approximately \$30,000,000.00; thus the Watershed's budget would be reduced by approximately 45% to \$54,000.00. Because of the statutory limitation on the Watershed's taxing authority, it would not be able to recover the lost revenue through any increase in taxes or other sources. The effect of

HB2898 on Cross Creek Watershed Joint District #42 would be to effectively eliminate further land acquisition for construction of its remaining three (3) structures, which structures would have provided approximately 40% of the total flood control of the fifteen (15) structures. Since 1970 there has been substantial flooding along Cross Creek which has caused damage to crops, structures, roads, railroads, utilities and other property in the millions of dollars. Without funds lost by reason of HB 2898 it is obvious that the projected flood reduction along Cross Creek will probably not be achieved; therefore continual flood damage is inevitable for which HB 2898 would be indirectly responsible.

Cross Creek Watershed Joint District #42 opposes HB 2898 because of the disastrous effect it will have financially on the District; thereby almost rendering the Watershed District incapable of accomplishing the purpose for which it exists, flood control.

From the standpoint of an electricity consumer in this State, HB 2898 obviously will mean an increase in utility rates. The foregoing allegation can be supported by the following:

Jeffrey Energy Center is located in Emmett Township, Pottawatomie County, Kansas, which township levies a tax of 42.42 mills. That tax contains a levy of 25.14 mills for U.S.D.#321 and 2.0 mills for Cross Creek Watershed Joint District #42. Immediately adjacent to the east is Rossville Township, Shawnee County, Kansas, through which an electric transmission line passes and which township is in the same school district; U.S.D.#321, and Cross Creek Watershed Joint District #42, as Emmett Township. The mill levy for Rossville Township is 91.26 mills. Adjacent east of Rossville Township is Silver Lake Township, Shawnee County, Kansas, which has a tax levy of 113.05, increasing to 139.05 in 1984. Obviously the taxes to be paid by K.P.&L. will more than double in just those two townships, which increase will be passed on to the consumer through higher electric bills.

Furthermore, the loss of the Jeffrey Energy Center assessed valuation will necessitate an

increase in ad valorem taxes within U.S.D.#321, including the taxable portion of Jeffrey Energy Center, which also will be passed onto electricity consumers through an increase in rates.

As a resident of the City of Rossville, my family and I can expect continual flooding of our home by Cross Creek; an increase in ad valorem taxes; and an increase in utility rates all because of HB 2898, if it is passed.

On behalf of Cross Creek Watershed Joint District #42, myself and my family, it is respectfully requested that HB 2898 be "killed" by your committee.

Respectfully submitted,

Dennis G. Hall

DENNIS G. HALL