

Approved

Date

4-23-86

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntin at
Chairperson

8:00 a.m./p.m. on Tuesday, April 8, 19 86 room 514-S of the Capitol.

All members were present except:

Committee staff present: Jim Wilson, Revisor's Office
Gloria Timmer, Research
Laura Howard, Research
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Bill Fuller, Kansas Farm Bureau
Jim Sullins, Kansas Motor Carriers
Charles Belt, Wichita Chamber of Commerce
Wayne Parker, City of Merriam
Scott Lambers, City of Overland Park
Ernie Mosher, League of Municipalities
Alan Alderson, County Treasurers Association.
Others present (Attachment A)

Chairman Buntin called the meeting to order at 8:05 a.m.

First order of business was final action on HB 2721 -- concerning water;
relating to the state water plan storage act.

Shriver moved that the bill be reported favorable for passage. Representative
Duncan seconded. Motion carried.

HB 2641 -- an act relating to local retailers' sales and compensating use
taxes; concerning the taxation of certain motor vehicles thereunder;
amending K.S.A. 12-190 and 12-198 and repealing the existing sections.

Jim Sullins, Kansas Motor Car Dealers Association testified in support of
the bill, speaking for franchised new car and truck dealers. (Attachment B)

Bill Fuller provided testimony in support of the bill. He spoke on behalf
of farmers and ranchers who are members of the Farm Bureau. (Attachment C)

Charles Belt appeared for Wichita Chamber of Commerce and they are in support
of the bill.

Alan Alderson appeared for the County Treasurers Association. He said they
are not opposed to the bill in the bill form, but do oppose the amendment.
He believes it will make for a bad check problem for the county treasurers.

Wayne Parker, City Administrator for City of Merriam opposed the bill. He said
that by changing the tax situs to place of residence of the purchaser, creates
a serious consumer problem and will result in great loss of revenue for his
city. (Attachment D)

Scott Lambers appeared in opposition to the bill, speaking for City of
Overland Park. It would cause loss of revenue and as a result, would
probably have to increase property taxes. (Attachment E)

Ernie Mosher, League of Municipalities, testified in opposition to the bill.

INTRODUCTION OF BILL

Representative Acheson appeared in request for introduction of a bill dealing
with zoning. Representative Heinemann moved for introduction and Represent-
ative Dyck seconded. Motion carried.

Meeting adjourned until 12 Noon.

Unless specifically noted, the individual remarks recorded herein have not
been transcribed verbatim. Individual remarks as reported herein have not
been submitted to the individuals appearing before the committee for
editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514, Statehouse, at _____ a.m./p.m. on Tuesday, April 8, 19 86

SB 736 -- an act repealing K.S.A. 48-306, relating to armories. This bill takes off the statutory limitation of \$50,000 on building an armory.

Testimony was provided by Major General Ralph Tice (Attachment F). On a motion by Representative Ott and a second by Representative Turnquist, the bill was reported favorable for passage.

HB 3144 -- concerning insurance; relating to actuarial evaluation of certain filings of rates and rate information; amending K.S.A. 40-928 and 40-1113 and repealing the existing sections.

Representative Louis explained the bill -- if passed, the Insurance Commissioner may obtain an evaluation of an insurance company rate increase request by an independent actuary and the charge will be borne by the insurance company. Representative Rolfs moved that the bill be reported favorable for passage. Representative Louis seconded. Motion carried.

HB 3146 -- an act concerning the uniform commercial code; relating to fees for information regarding financing or related statements; amending K.S.A. 1985 Supp. 84-9-407 and repealing the existing section.

Representative Chronister explained the bill, which is the result of Secretary of State's budget. This will simplify bookkeeping matters and the fiscal impact is minimal. Representative Heinemann moved that HB 3146 be reported favorable for passage. Seconded by Representative Mainey. Motion carried.

SB 643 -- concerning the university of Kansas; relating to the university press; providing exemptions for certain contracts for services; amending K.S.A. 75-1005 and repealing the existing section.

Jim Bibb addressed the committee and explained the provisions. The bill was requested by the Board of Regents to allow the University Press of Kansas to go to the commercial market instead of the state printing plant on a contract basis for competitive bids. Representative Miller moved that the bill be reported favorable for passage. Representative King seconded. Motion carried.

SB 640 -- concerning state educational institutions under the control and supervision of the state board of regents. SB 640 was requested by Board of Regents and would place health care professionals, approved by Secretary of Administration, to be placed in the unclassified services. This falls in with Ways and Means policy for nursing and pharmacists at KUMC. Representative Chronister moved that SB 640 be reported favorable for passage. It was seconded by Representative King. Motion carried.

SB 503 -- concerning counties; relating to mental health and mental retardation services; amending K.S.A. 19-4002 and repealing the existing section. This bill adds a new statute to allow Sedgwick County Board of Commissioners to act as the governing board of the community mental health and mental retardation centers.

Kim Dewey, Sedgwick County Board of Commissioners, appeared in support of the legislation (Attachment G). The primary reason for the bill is for better financial control and accountability.

Paul Klotz also appeared on SB 503. He suggested amending the bill to make sure it is localized to Sedgwick County. Representative Solbach offered a motion that the bill be amended to this effect. Representative Duncan seconded. Representative Hoy offered a substitute motion to allow Johnson County the same, provided they felt it would be a good policy for them. Representative Miller seconded. On a show of hands vote, the motion carried. On the bill, Representative Duncan moved that SB 503, as amended, be recommended favorable for passage. Representative Hoy seconded. On a show of hands vote, the motion carried.

SB 498 -- an act concerning criminal procedure; relating to violations of fish and game laws.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at _____ a.m./p.m. on Tuesday, April 8, 1986

SB 498 (continued)

Representative Ron Fox explained the bill, which was requested by Fish and Game. It clarifies that a notice to appear by law enforcement officers in fish and game violations in lieu of appearing to swear out a complaint. A recent state district court decision interpreted current law to require a sworn complaint - the State presently does not require appearance to swear a complaint in traffic violations for law enforcement officers.

Representative Heinemann moved to make the law effective on publication of the Kansas Register. Seconded by Representative Guldner. Motion carried. On the bill, Representative Wisdom moved that SB 498, as amended, be reported favorable for passage. Seconded by Representative Heinemann. Motion carried.

Turning back to HB 2641, Representative Shriver moved to remove the amendment that was added by House Assessment & Taxation. Seconded by Representative Rolfs. Motion carried. On the bill, Representative Shriver moved that HB 2641, as amended, be recommended favorable for passage. Seconded by Representative Lowther. Representative Hoy attempted to amend the bill by exempting the City of Mission, Representative Louis seconded and the motion failed. Representative Louis moved to amend the bill by exempting City of Merriman, it was seconded by Representative Hoy and the motion failed. Back to the original motion to report the bill favorable, the motion carried. Representatives Louis and Hoy asked to be recorded as voting NO on HB 2641.

Sub for SB 347 -- would permit state banks, national banking associations, and production credit associations, which extend or renew agricultural production loans to eligible agricultural borrowers under certain conditions, to claim a tax credit.

Bill Fuller appeared in support of the bill, representing Kansas Farm Bureau. He suggested an amendment to reduce the interest rate by 3% and to move the sunset provision back. He estimates cost of the program to be about \$15M over a 5-year period. He also suggested that the qualifications be considered very closely.

Representative Polson appeared in favor of the bill. He suggested going for 2% instead of 3%; also that 50% of buydown should go to small businesses.

Jim Maag, KBA appeared briefly and suggested that the word "resident" needed further clarification.

Chairman Bunten appointed a subcommittee, headed by Representative King, to study the bill further and report back to this committee. Those appointed were Representatives King, Miller, Teagarden, Lowther and Solbach.

Meeting adjourned at 12:05 p.m.

Statement Before The
HOUSE COMMITTEE ON WAYS & MEANS

by the
KANSAS MOTOR CAR DEALERS ASSOCIATION

Tuesday, April 8, 1986

RE: House Bill 2641

Mr. Chairman and Members of the Committee. I am Jim Sullins, Executive Vice President of the 392 member Kansas Motor Car Dealers Association, representing the franchised new car and new truck dealers of Kansas. We come before you today in support of House Bill 2641.

The concept found within HB 2641 is not new to this Legislature. For several years, KMCDCA has been working in the local sales tax situs area in an attempt to correct what we see as an inequity in competition which is based solely on a tax imposed by local taxing jurisdictions. During the 1983 and 1984 sessions, House Bills 2338 and 2339 would have changed not only the collection and situs on local sales tax but on state sales tax as well. During the 1985 session, House Bill 2210 was introduced by Representative Rolfs, and similar legislation was introduced in the Senate by Senator Warren.

During last session, House Bill 2210 was heard and passed by the House Assessment and Taxation Committee, but at the deadline for bills to pass their house of origin, was rereferred to this Committee where it still sits. With HB 2210 in this Committee, an interim study was authorized for the 1985 interim and Proposal #7 was the charge given to the Interim Committee on Assessment and Taxation. That Committee

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took testimony during the summer months, and in conclusion voted to recommend legislation be introduced and that the legislature enact the measure which you have before you, HB 2641. In their Committee Report it was concluded that, "different local sales tax rates inject an unequal and inequitable element into the competition among the state's motor vehicle dealers, and (the Committee) recommends that motor vehicles be subject to local compensating use tax based upon the place where they are registered rather than where they are purchased."

HB 2641 was heard several weeks ago by the House Assessment and Taxation Committee, was amended slightly, and then recommended favorable for passage. Again, the house of origin deadline prevented the bill from being acted upon, and the bill was referred to this Committee.

We come before you today with two requests. First, we would ask the Committee to further amend the bill to delete provisions which were added by the House Assessment and Taxation Committee. Secondly, we would ask that the Committee recommend the bill favorable to the full House.

In its original form, HB 2641 would have exempted the retail sales of vehicles from the local sales tax, and in lieu thereof, impose a compensating use tax due in the city or county where the vehicle is registered and domiciled. This compensating tax would have been collected by the county treasurer in the county of residence when the vehicle is registered.

The reason KMCDA is asking for this change is fairness. Currently there are over 150 different taxing jurisdictions in Kansas. The tax rates imposed vary from one-half of one percent to a full two percent depending on the city/county mix of tax rates. Neighboring dealers are

forced to compete with one another not based on their cost and overhead, but based on a difference in tax rates between neighboring cities and counties. Dealers selling the exact same car for the exact same price find that one has an advantage over another by as much as \$200 simply because one dealer has no local sales tax while the other dealer has to charge his customers up to 2% of the sale price in sales tax. Dealers welcome good, clean competition, but in our opinion when the competition comes from a locally imposed tax authorized by state statute, something is drastically wrong.

We also feel this is a fairness issue concerning the cities and counties where these vehicles are domiciled. It is quite possible for a resident of a city or county with a local tax to drive to a nearby city and purchase a vehicle from a dealership where there is no tax or where the tax is lower than at home. Also, it is very possible that a resident will be forced to go outside his/her hometown to purchase their cars because there is no hometown dealer. In either case, when that vehicle is brought back to be registered, the city or county receives absolutely no sales tax revenue. We question whether it is fair for that city or county to have to provide all of the services such as fire and police protection, good roads, and other services, yet not be adequately compensated through the sales tax.

Mr. Chairman and Members of the Committee, it is our opinion that the buying public will drive several miles if they can realize a savings of \$100 or more on the price of a new or used vehicle. You have possibly done so yourself or at the very least know someone who has. Recently an acquaintance of mine mentioned that he had gone from Topeka to Lawrence to buy a new car, one he could have just as easily purchased

here in Topeka. When I questioned him as to why he went to Lawrence, he said it was simple -- Lawrence only has a $\frac{1}{2}\%$ sales tax and Topeka's sales tax is 1%.

To further show you that people will go outside the taxing jurisdiction to buy, we have attached an exhibit from Joe Self Chevrolet in Wichita which shows the effect the 1% Sedgwick County tax has had on local car sales since the tax took effect in October, 1985. The figures shown here were taken from figures supplied by R.L. Polk and Company, a nationally recognized firm which collects automobile registration data along with other types of data.

You will see that prior to the enactment of the tax, using Pontiac cars as an example, there was a pump-out in June of 87 cars and in September of 131 vehicles. This means that in those months, more Pontiacs were sold by Wichita dealers to non-Sedgwick County residents than Sedgwick County residents bought from non-Wichita dealers. Now, look at the sales reports for November, just one month after the 1% sales tax took effect. In this month there was a pump-in of 23 cars, which means that 23 more cars were sold to Sedgwick County residents by non-Wichita dealers than Wichita dealers sold to non-residents. Carrying it one step further, from September to November it is a swing of 153 units per month as in September the Wichita Pontiac dealers were selling more vehicles out-of-county. If you take a look at the Chevrolet cars column across the top, you will see that even prior to the sales tax implementation cars were being pumped-in to Wichita, and that figure dramatically increases in November by some 180 cars. On all those vehicles being pumped-in, Sedgwick County doesn't collect one penny.

What it also means is that while Sedgwick County did collect all the sales tax on the vehicles sold by Wichita dealers, they would have collected even more tax had this system been in effect. Sedgwick County residents, 180 of them in the Chevrolet case for November, intentionally or unintentionally avoided paying sales tax to the county. We would propose that for the most part this was intentional as Sedgwick County is bordered on two sides by counties with no sales tax, those being Harvey and Butler counties with the cities of Newton, Augusta and El Dorado, all of which have a high concentration of dealers.

We said at the outset that we would ask you to remove the amendment added by the House Assessment and Taxation Committee. This amendment would change the situs of the sale to the residence of the purchaser, but would require the selling dealer to collect the applicable tax and remit it to the state. KMCDA adamantly opposes this amendment as we feel it is totally unworkable. How is it possible for a dealer in Goodland to know if I live inside or outside the city limits of Topeka. As we've stated, there are over 150 tax jurisdictions, and it would be impossible for the dealers to keep track of the changes in rates as well as the addition of new tax jurisdictions. Under the original bill, the tax would have been collected by the county treasurer which is the simple solution. The county treasurer knows where the tax jurisdictions are in their county. They know if I live inside or outside the city limits of Topeka as the county treasurer is in Topeka and Shawnee county. In our opinion, the amendment was only offered and added in an attempt to kill the bill in the Assessment and Taxation Committee; an attempt that obviously failed. If this system even has a chance to work, the only way it is workable is by removing the amendment which can be found on lines 55-57 of the bill. Otherwise, you will have a system which dealers

will be unable to comply with, which consumers will be able to use to avoid paying sales tax, and which the Department of Revenue will be unable to enforce.

Mr. Chairman and Members of the Committee, there are many other areas which I wish I had time to discuss with you and which were discussed before the House Assessment and Taxation Committee. I know time is short and that I have probably taken more time than you wanted me to, so we would close with the same request we made earlier. We respectfully request that the Committee remove the amendment we have just discussed, and that HB 2641 be recommended favorable for passage as further amended.

Thank you for your time, and if there are any questions I would be happy to respond.

* * * * *

ADVERTISE

CHEVROLET

Sedgwick County Sales Vs Registrations

June 85 YTD

Chevrolet Cars
1037 Sales
1075 Registrations
38 Pump In
96% Sales to Registrations

Chevrolet Trucks
833 Sales
851 Registrations
18 Pump In
98% Sales to Registrations

Pontiac Cars
723 Sales
636 Registrations
87 Pump Out
113% Sales to Registrations

Oldsmobile Cars
980 Sales
934 Registrations
46 Pump Out
104% Sales to Registrations

Buick Cars
610 Sales
632 Registrations
22 Pump Out
96% Sales to Registrations

Lincoln-Mercury
384 Sales
430 Registrations
46 Pump In
89% Sales to Registrations

Sept. 85 YTD

1625 Sales
1647 Registrations
22 Pump In
98% Sales to Registrations

1323 Sales
1433 Registrations
110 Pump In
92% Sales to Registrations

1158 Sales
1027 Registrations
131 Pump Out
113% Sales to Registrations

1566 Sales
1496 Registrations
70 Pump Out
104% Sales to Registrations

912 Sales
907 Registrations
5 Pump Out
101% Sales to Registrations

655 Sales
725 Registrations
70 Pump In
90% Sales to Registrations

Nov. 85 YTD

1881 Sales
2083 Registrations
202 Pump In
90% Sales to Reg.

1610 Sales
1796 Registrations
186 Pump In
89% Sales to Reg.

1282 Sales
1305 Registrations
23 Pump In
98% Sales to Reg.

1777 Sales
1845 Registrations
68 Pump In
94% Sales to Reg.

1038 Sales
1101 Registrations
63 Pump In
94% Sales To Reg.

692 Sales
877 Registrations
85 Pump In
79% Sales to Reg.

4-8-86



PUBLIC POLICY STATEMENT

HOUSE WAYS AND MEANS COMMITTEE
Rep. Bill Buntten, Chairman
April 8, 1986

RE: H.B. 2641 - Establishes sales tax situs on motor vehicles as the place they are registered, rather than where they are purchased.

Presented by:
Bill R. Fuller, Assistant Director
Public Affairs Division
KANSAS FARM BUREAU

* * * * *

Mr. Chairman and Members of the Committee:

I am Bill Fuller, Assistant Director of the Public Affairs Division of Kansas Farm Bureau. I am speaking on behalf of the farmers and ranchers who are members of Kansas Farm Bureau. We are PROPONENTS of H.B. 2641 ... Establishing sales tax situs on motor vehicles as the place they are registered, rather than where they are purchased.

The Delegates representing the 105 County Farm Bureaus at the 67th Annual Meeting of Kansas Farm Bureau adopted this Resolution:

Local Sales Tax Situs

We will support an amendment to the local retailer's sales tax statute as it relates to motor vehicles. The local sales tax on motor vehicles should be collected by the county treasurer at the time of registration of the vehicle, and situs for the local sales tax should be the residence or business location of the registrant.

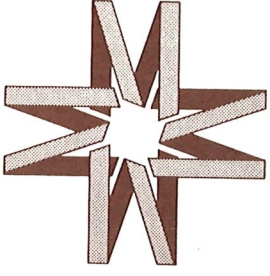
We believe the tax situs should be at the residence or business location since most long-term expenses ... road and

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street construction and maintenance, police protection, etc. ... resulting from the use of that vehicle occur where the vehicle is operated - not where purchased. Additionally, we consider the effect any local sales tax has on the price of the vehicle to be unfair. We believe H.B. 2641 will treat taxpayers and dealers more equitably.

We support H.B. 2641 and encourage its passage. I will attempt to respond to any questions from the Committee. Thank You!

4-8-81



THE CITY OF MERRIAM

9000 WEST 62nd TERRACE
MERRIAM, KANSAS 66202

(913) 722-3330

WAYNE C. PARKER
City Administrator

BEFORE THE WAYS AND MEANS COMMITTEE
OF THE KANSAS STATE HOUSE OF REPRESENTATIVES
REGARDING HB 2641

Mr. Chairman and Members of the Ways and Means Committee, I am Wayne Parker, City Administrator of the City of Merriam. The Mayor and City Council of Merriam are most concerned about House Bill 2641 currently being debated by the Ways and Means Committee. House Bill 2641 would effectively change the situs of local sales tax collection from the point of sale to the point of registration of the vehicles purchased by Kansans. The City has carefully estimated the impact of such a policy change on its citizens and on city operations, and I would like to briefly comment on those impacts in my testimony today.

The most significant impact to the City directly is in terms of lost revenue generating capability. The City of Merriam has been active in attracting automobile dealerships and we have been successful in our efforts. The largest Chevrolet dealership in the Midwest, Van Chevrolet, has its home in Merriam, and the City has been instrumental in helping Van achieve that status through Industrial Revenue Bond financing of a recent expansion. In addition to Van Chevrolet, Merriam is the home of three other large automobile dealerships, who together will produce approximately \$350,000 in retail sales tax to the City in 1986. This figure represents close to 20% of our anticipated sales tax revenue. Loss of this revenue would be devastating to our capital improvement program which is used each year to fund badly needed street and drainage improvements.

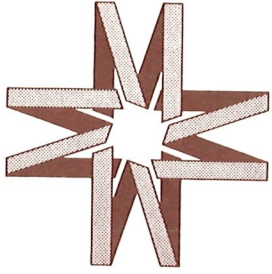
The City also believes that there are other very serious problems with this proposed change in the sales tax situs of automobile purchases. By changing the tax situs to place of residence of the purchaser, the State will have to establish the point of collection of the tax. If, as the bill is currently structured, the dealer collects the tax, the dealer will face an enormous burden in determining the taxing jurisdictions involved. Record keeping requirements for the Department of Revenue to audit the propriety of sales tax collections by the dealer will be cumbersome and expensive for both the individual dealer and the state. Even if the point of collection is changed to the County Treasurer as an earlier version of the bill read, a serious consumer problem is generated. Under this

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scheme, the dealer would collect the state sales tax at the point of sale, which would be for the average car \$330, then the purchaser goes to register the car, where an additional \$50 to \$220 sales tax would be collected, in addition to local personal property taxes.

The City of Merriam believes that it has made a significant investment to attract automobile dealers with the express understanding that there would be a return on that investment. HB 2641 takes away that return. We believe that those hardest hit by HB 2641 would be local governments, consumers, businessmen, and the State of Kansas. We join with the Johnson County Council of Mayors, the League of Kansas Municipalities, the Kansas County Treasurers' Association, several other cities from across the State, the State Department of Revenue, and a number of automobile dealers in opposing this legislation. Thank you.



THE CITY OF MERRIAM

9000 WEST 62nd TERRACE
MERRIAM, KANSAS 66202

(913) 722-3330

WAYNE C. PARKER
City Administrator

April 8, 1986

Members of the House Ways and Means Committee
c/o Representative Bill Bunten
State Capitol
Topeka, Kansas 66061

Ladies and Gentlemen:

I wanted to express my gratitude for the cordial reception I experienced before the committee this morning in my testimony on House Bill 2641. Questions posed by members of the Committee illustrated your depth of concern on this issue.

One question raised by the Committee had to do with the total mill levy in Merriam from all sources. In attempting to respond, I tried to do quick math in my head, knowing that Merriam's portion of the total mill levy was about 9%. Doing quick math in one's head before the House Ways and Means Committee is not advisable. The actual total mill levy is approximately 160 mills.

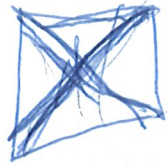
One additional point on the history of this bill. The bill was, as the Motor Car Dealers pointed out, passed out of the Assessment and Taxation Committee favorably. It was not mentioned, however, that the vote was 11-9, hardly a universal voice in favor of the bill.

Once again, let me urge your opposition to House Bill 2641 as bad tax policy for Kansas and as unfair to local governments, automobile dealers, and consumers. If you have any additional questions, please feel free to contact me.

Sincerely,

THE CITY OF MERRIAM, KANSAS

Wayne C. Parker
City Administrator



Overland Park

April 7, 1986

The Honorable William W. Bunten, Chairman
and Members of the House Ways and Means Committee
State Capitol
Topeka, Kansas 66612

Dear Chairman Bunten and Members of the Committee:

On behalf of the Governing Body of Overland Park, I would like to express our strong opposition to House Bill 2641, which would exempt the sale of all registered motor vehicles from countywide and city retailers' sales tax and impose a compensating use tax based upon the residence or place of business of the purchaser of the vehicle.

One severe problem with House Bill 2641 is that the exact financial impact is unknown. Given the significance of the policy change being considered, it would seem imperative that the Committee's decision be made with the knowledge of the fiscal result on the cities and counties statewide.

Despite the absence of empirical evidence, it would appear that this bill would have a negative impact on cities and counties which have strong motor vehicle retail activity. Any loss of revenue would have to be replaced; and the most likely, if not only, recourse would be through increased property taxes. In effect, then, this bill would penalize those cities and counties which have undertaken local economic development efforts to broaden their tax base and decrease their reliance on property taxes. It would also decrease the amount of revenue available for future local economic development efforts.

Another problem with this bill is that it would create a visible inducement for abuse by making it profitable for persons to register their vehicles in counties and cities without local sales taxes instead of where they legally reside.

One potential area for abuse could also be in the area of annexation. As you are probably aware, annexation has emerged as one of the more publicized issues of the 1986 session as the Legislature, cities and non-city residents attempt to work out an acceptable compromise to provide for the orderly growth of cities. This bill would only add fuel to the annexation fires, as passage would provide cities with a direct dollar incentive to include more land area and people within their boundaries.

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The Honorable William W. Bunten, Chairman
and Members of the House Ways and Means Committee
April 7, 1986
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Finally, if this bill were to become law, one practical result would be to discourage cities from allowing new motor vehicle retail centers from being developed because there would be no financial benefit to be derived to offset the additional costs of providing municipal services to such retail centers. While the existing retailers may find this to be to their advantage, I would submit to you that this would curtail the further economic development potential in this area; and consequently, cities, counties and the state as a whole would suffer.

Therefore, I would urge the Committee to recommend this bill as not favorable for passage, and I thank you for your consideration in this regard.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ed Eilert".

Ed Eilert
Mayor

EE:jm

STATEMENT OF THE
ADJUTANT GENERAL OF KANSAS
MAJOR GENERAL RALPH T. TICE
TO THE
HOUSE WAYS AND MEANS COMMITTEE
REPRESENTATIVE BILL BUNTEN, CHAIRMAN
IN SUPPORT OF
SB 736

Mr. Chairman and members of the committee: I am Major General Ralph T. Tice, the Adjutant General of Kansas, and I am here to voice my support for the passage of Senate Bill 736, which repeals K.S.A. 48-306.

Over the last number of years, the Department of Defense has increased the mission and size of the National Guard nationwide. The State of Kansas has experienced a large increase in manning, equipment, and missions. As a result of this increase, construction in the Army and Air National Guard has been dramatic. The majority of the construction on the Army side has been because of the activation of the 35th Division Headquarters at Fort Leavenworth, Kansas. This has demanded that we add units in the State of Kansas, which also results in building armories, supply buildings, and training areas.

I have been before the Legislature this year explaining our programs and making the Legislature aware of our growth.

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K.S.A. 48-306 effectively limits the State's ability to fund the necessary cost of today's armory structures. This is particularly painful when the Federal Government is in a position to fund 75 percent of our construction costs. Unfortunately, the statute limits our contribution to no more than \$50,000, which is consistently less than the required minimum percentage of construction cost.

The statute further addresses the municipal option of unilaterally funding armories under certain conditions. This procedure, although considered many years ago a viable alternative for armory funding, appears obsolete and unwieldy. I cannot foresee a situation in which this provision would present an acceptable financing alternative; or one that I could in good conscience recommend.

Further, K.S.A. 48-306 mandates a community contribution "of at least one-half of the amount expended by the military board." This serves only to limit our flexibility to finance armories unnecessarily and for no particular present purpose.

The provisions of K.S.A. 48-306 have long since served their useful purpose. The State is in a much different and better posture to finance armory construction with significant Federal contribution returned to the communities today than ever before. A repeal of this statute is in my judgment in the best interest of the National Guard and the State of Kansas. I, therefore, respectfully urge this committee to recommend Senate Bill 736 for full Senate consideration.

Testimony of Kim C. Dewey
House Ways and Means Committee
Senate Bill 503
April 8, 1986

Senate Bill 503 provides changes to the Statutes regarding community mental health centers and facilities for the mentally retarded which would allow the Board of Sedgwick County Commissioners to act as the governing body in lieu of the appointed, non-elected governing body currently prescribed by statute. Many reasons exist for requesting this change in the governance of the Sedgwick County CMHC and MRF, but primary among them is concern with financial control and accountability. The Sedgwick County CMHC and MRF receives funding from a variety of sources including charges for services, federal funding through grants and medicaid payments, State funding through "649" monies, and property tax dollars through one mill levies authorized by statute. Direct County appropriations represent 29.76% of the total CMHC operating fund and 32.14% of the MRF operating fund. This does not include \$785,028 which Sedgwick County levies for fringe benefits for CMHC personnel and \$7,267 for MRF personnel. Although not the single largest source of funding, County appropriations

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certainly represent a very significant source of support for the CMHC and MRF.

The Board of Sedgwick County Commissioners approve the annual budget of the CMHC and MRF, but the actual day to day fiscal and financial control is the responsibility of the appointed governing board. This situation, where non-elected, appointed individuals are responsible for the expenditure of public funds has long been a source of concern to the County Commission.

We do not argue that the services provided by the CMHC and MRF need the oversight and input of professionals and others concerned with these services, but this can be provided through an advisory board. SB 503 requires that the Board of Sedgwick County Commissioners appoint an advisory board which would be structured in a manner similar to the existing governing board.

We appreciate your consideration of this legislation and ask that you act favorably on it. The actual governance of public services, funded through public sources must be through elected officials, since only they can be directly accountable to the public and the taxpayers.