

Approved March 25, 1986
Date

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m./~~pm~~ on Friday, March 21, 1986 in room 519-S of the Capitol.

All members were present except:

Senator Bud Burke (Excused)
Senator Robert Frey (Excused)
Senator William Mulich (Excused)

Committee staff present:

Tom Severn, Research Department
Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Carol Hedges, Governor's Office
Senator Robert Talkington
Bud Grant, Kansas Chamber of Commerce and Industry
Belden Daniels, Consultant to the Legislative Economic Development Commission
Senator Wint Winter, Jr.
James Turner, Kansas League of Savings Institutions
Paul Fleener, Kansas Farm Bureau
Philip B. Wolfe, Topeka Chamber of Commerce

S.C.R. 1635 - Constitutional amendment; repeal of section relating to internal improvements

Carol Hedges testified in support of the resolution (Attachment 1). She talked about the importance of economic development and the recommendations of the Redwood report. Chairman Kerr asked her reaction to amending the resolution to require a 2/3 vote on enabling legislation to allow internal works of improvement (see Attachment 2). Ms. Hedges said that the Governor does not support the amendment but he is committed to making a change in the internal improvements prohibition and recognizes the lateness of the hour and the need for educational efforts. She went on to say that, considering this, the Governor is not actively supporting such an amendment but he certainly isn't going to object, because he definitely wants to see progress on the resolution.

Senator Robert Talkington testified in support of the resolution. He stated that his personal feeling is that the resolution in its current form is the best approach; but if it is the desire of a majority of the Committee and/or the Legislature that the resolution contain some safeguards, it is preferable to amend the resolution than to fail to have an internal improvements resolution on the ballot. Senator Thiessen asked whether the resolution in its current form or an amended resolution would have a better chance of approval by the voters. Senator Talkington answered that, in either form, it will be necessary to make a considerable effort to educate the general public. He feels that it is a matter of judgment to be decided by the Legislature which form the resolution should take.

Senator Karr question about possible confusion on the part of voters if there are several constitutional amendments on the ballot. Senator Talkington responded that there are already two to be voted upon and there is a possibility that there could be as many as five or six. He said he has talked to the House leadership and the Governor and it would be their recommendation that the amendments be divided three (on the primary) and three (on the general) or maybe three and two. Senator Karr asked about voter participation in the primary election. Senator Talkington replied that he feels this is another area requiring educational efforts since it would be a special election and any voter can participate without being required to declare party affiliation.

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Bud Grant said that his organization is supportive of the Redwood report and recommendations as well as the recommendations of the Legislative Economic Development Commission. He said the Kansas Chamber of Commerce and Industry's Board of Directors adopted a policy position supporting the elimination of the internal improvements prohibition or its modification to the extent necessary to allow the recommendations of the Redwood report to be implemented. He voiced concerns about the possibility of considerable opposition to S.C.R. 1635. Mr. Grant thinks it is important that the Legislature is successful in making a change to the internal improvements section and suggests that the previously mentioned amendment requiring a two-thirds vote should be considered.

Belden Daniels told the Committee that it is his professional judgment, as a consultant to the Legislature, that a complete elimination of the prohibition is the most appropriate choice from a policy standpoint. He advised that the Legislative Economic Development Commission continues to be unanimous in its support of a total removal of the ban. Mr. Daniels said, however, if it is expedient that S.C.R. 1635 be amended, he believes the amendment being discussed is the most appropriate concept. He noted that it is possible this could cause problems in the future for the state for some of the initiatives recommended by the Commission. He urged that the amendment require a simple majority for economic development projects and all other internal improvements would require a two-thirds vote.

Senator Wint Winter, Jr., a member of the Commission, said they are totally, 100% unanimous in their endorsement of the complete removal of the internal improvements prohibition. He said it is critical that the prohibition be addressed.

James Turner said his organization supports the position taken by KCCI. He has no objection to the amendment as suggested by Mr. Daniels and feels it is important to have legislative oversight of internal improvements projects.

Paul Fleener distributed two proposed amendments to the Committee (Attachments 3 and 4). He stated that Farm Bureau supports amending the internal improvements prohibition but do not support its elimination. He feels the amendment must contain restrictions in order to receive approval by the public.

Philip B. Wolfe testified in support of S.C.R. 1635 (Attachment 5). He discussed the effect the resolution would have on the state's image.

Chairman Kerr asked the Revisor what language might be used to include Mr. Daniel's suggestion for amending the resolution. The Revisor suggested adding a new section (3) after the current section (2) (of the draft amendment) as follows: "(3) it may be a party to primary job creation or economic development initiatives" and renumbering the remaining sections.

Senator Salisbury commented that some of the legislation being proposed by the Commission is very highly sophisticated and she feels it will be equally as difficult to obtain a two-thirds vote for each piece of legislation as for the elimination of the prohibition. She noted that the Commission is not "married to repealing the prohibition but is married to the initiatives".

The Committee discussed the possibility that three of the initiatives might be deemed unconstitutional without a change in the internal improvements prohibition. Revisor Arden Ensley and Senator Winter clarified that all of the proposed bills can be passed this session. The problem is that without amending the internal improvements prohibition, the use of the legislation and its application would not be as broad as what is envisioned. Mr. Ensley mentioned an Attorney General opinion that holds that legislation may be passed that goes beyond the Constitution so long as that legislation is not effective until the Constitution is changed.

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In response to Chairman Kerr's question, Mr. Ensley said he feels there could be borderline situations where there is a question whether a simple majority or a two-thirds majority is required to pass certain legislation.

Senator Allen moved that S.C.R. 1635 be amended to provide that works of internal improvement be allowed in instances when enabling statutes have passed by a two-thirds legislative majority (see draft amendment - Attachment 2). Senator Montgomery seconded the motion. Senator Hayden made a substitute motion that S.C.R. 1635 be amended to provide that the majority vote required by the Legislature be based upon an inverse ratio of the ratification of the constitutional amendment by the voters. His amendment provides for a range of percentages of legislative vote needed for enabling legislation from 51% to 66% depending on the percent of popular vote of the citizens on the original amendment. Senator Parrish seconded the substitute motion. Senator Parrish questioned whether the appropriation measure for a project would require a two-thirds vote. Mr. Ensley advised that only the enabling legislation would require a two-thirds vote.

After discussion, the Chairman announced that the pending motions would be left before the Committee until further consideration of S.C.R. 1635 by the Committee.

Senator Karr moved that the minutes of the March 18, 19 and 20, 1986 meetings be approved. Senator Montgomery seconded the motion, and the motion carried.

Meeting adjourned.

One of the main reasons the Redwood-Krider report has received the attention it has is its approach to development in Kansas. The Report focused on the need to maximize our natural advantages and concentrate our efforts on industry that complement these resources.

The Redwood Report will be supplemented by a targeted industry report that will identify business specially suited for regions of Kansas. As a part

(3) it may participate in the development of ~~capital~~ a capital formation system and have a limited partnership role through investment of state funds appropriated in accordance with law to assist with economic development in all areas of the state; ~~and~~ it may be a party to any work of internal improvement not authorized by (1) or (2) if authorized by a separate bill passed by the affirmative vote of not less than two-thirds of all members then elected (or appointed) and qualified to each house, but no general property tax shall ever be laid nor general obligation bonds be issued by the state therefor; and

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Ref - Constitutional Amendment on Internal Improvements

Internal improvements; state highway system; flood control; conservation or development of water resources. The state shall never be a party in carrying on any work of internal improvement except that: (1) It may adopt, construct, reconstruct and maintain a state system of highways, but no general property tax shall ever be laid nor general obligation bonds issued by the state for such highways; (2) it may be a party to flood control works and works for the conservation or development of water resources; (3) it may, ~~whenever~~ be a party to any work of internal improvement not authorized by (1) or (2) ~~is-enee~~ if authorized by a separate bill passed by the affirmative vote of not less than two-thirds of all members then elected (or appointed) and qualified to each house, ~~expend-or-distribute-funds-received-from-the-federal-government-therefor-and-may-participate-with-the-federal-government-therein-by-contributing-any-state-funds-appropriated-in-accordance-with-law-for-such-purpose-in-any-amount-not-exceeding-the-amount-received-from-the-federal-government-for-such-improvement,~~ but no general property tax shall ever be laid nor general obligation bonds be issued by the state therefor; and (4) it may expend funds received from the federal government for any public purpose in accordance with the federal law authorizing the same.

To: Senate Assessment & Taxation Comm.
21 March 1986

From: Paul E. Fleener
Dir., Public Affairs
Kansas Farm Bureau

Testimony 3-21-86

[MADAM] [MISTER] CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS PHILIP B. WOLFE AND MY HOME IS TOPEKA. I AM BEFORE YOU TODAY AS CHAIRMAN OF THE GREATER TOPEKA CHAMBER OF COMMERCE. PROFESSIONALLY, I PRACTICE AS A MUNICIPAL BOND ATTORNEY IN TOPEKA. GIVEN BOTH MY PROFESSIONAL BACKGROUND AND MY RESPONSIBILITIES AS CHAIRMAN OF THE CHAMBER OF OUR STATE'S CAPITOL CITY, I AM HERE TODAY TO TESTIFY IN SUPPORT OF SENATE CONCURRENT RESOLUTION NO. 1635, A PROPOSITION TO REPEAL SECTION 9 OF ARTICLE 11 OF OUR STATE'S CONSTITUTION WHICH RELATES TO INTERNAL IMPROVEMENTS. WHILE OUR SUPPORT FOR THIS PROPOSITION MUST BE TEMPERED BY OUR CONCERNS ABOUT GOVERNMENTAL COMPETITION WITH PRIVATE ENTERPRISE, WE KNOW, AS YOU DO, THAT ECONOMIC DEVELOPMENT, IF IT IS TO OCCUR, MUST HAVE PRIVATE ENTERPRISE AND GOVERNMENT WORKING TOGETHER TO MOVE OUR GREAT STATE AND ITS MANY COMMUNITIES, INCLUDING ITS CAPITAL CITY, FORWARD. IN THESE DIFFICULT ECONOMIC TIMES, REAL CHANGES MUST BE MADE IN OUR STATE. ULTIMATELY, OUR STATE'S IMAGE MUST BE CHANGED. IF WE ARE TO CHANGE OUR IMAGE SO THAT WE CAN GROW, WE MUST TREAT MORE THAN THE

SYMPTOMS OF THE ECONOMIC DISEASE WE ARE EXPERIENCING. KANSAS HAS AN AGING POPULATION. WHILE OUR ELDERLY ARE AN ASSET TO OUR STATE AND ARE VERY IMPORTANT TO US, WE NEED TO RETAIN OUR YOUNG PEOPLE. IF WE ARE TO RETAIN AND ATTRACT YOUNG PEOPLE IN AND TO OUR STATE, WE MUST ALL WORK TO MAKE REAL CHANGES IN OUR STATE'S IMAGE. THE PROPOSITION YOU ARE CONSIDERING WILL DO MUCH TO ENHANCE THIS STATE'S IMAGE. IT WILL NOT ONLY HELP KANSAS PROVIDE FOR PROJECTS SUCH AS A MUCH NEEDED STATE RESORT, BUT PERHAPS MORE IMPORTANTLY, IT WILL SHOW THE PEOPLE OF KANSAS AND ELSEWHERE THAT THE CITIZENS OF THIS STATE ARE PROUD OF THEIR STATE AND THAT THEY WANT IT TO BE THE VERY BEST THAT IT CAN BE. THE PROPOSITION WILL ALLOW KANSANS TO APPROVE THE UTILIZATION OF THE RESOURCES OF NOT MERELY SOME CORPORATE ENTITY-- THE STATE -- BUT RATHER THE RESOURCES OF THE PEOPLE OF THIS GREAT STATE FOR DEVELOPMENT PURPOSES. IN THESE DIFFICULT TIMES, THE PEOPLE OF KANSAS DESERVE THE RIGHT TO MAKE SUCH A DECISION. THEREFORE, I RESPECTFULLY REQUEST YOUR FAVORABLE CONSIDERATION OF SENATE CONCURRENT RESOLUTION NO. 1635. THANK YOU.

PHILIP B. WOLFE