

Approved February 19, 1986
Date

JOINT
MINUTES OF THE SENATE COMMITTEE ON EDUCATION AND ASSESSMENT AND TAXATION

The meeting was called to order by SENATOR FRED KERR at
Chairperson

2:30 ~~xxx~~/p.m. on MONDAY, FEBRUARY 17, 1986 in room 254-E of the Capitol.

All members were present except:

Education: Senators Harder, Allen, Anderson, Arasmith (excused)

Assessment

and Taxation: Senators Allen and Burke (excused)

Committee staff present:

Mr. Ben Barrett, Legislative Research Department

Ms. Avis Swartzman, Legislative Revisor's Office

Mrs. Millie Randell, Secretary

Conferees appearing before the committee:

HB - School district finance, income and privilege tax, sales and use tax, 2585 state ad valorem tax on state assessed property, determination and distribution of state aid. (Education)

Proponents:

Mr. Paul Fleener, Director, Public Affairs Division, Kansas Farm Bureau; member of the Ad Hoc Committee on School Finance

Dr. Jim Yonally, USD 512, Shawnee Mission; member of the Ad Hoc Committee on School Finance; also speaking on behalf of himself

Dr. Bill Curtis, Asst. Executive Director, Kansas Association of School Boards

Ms. Kay Coles, Director of Communications, Kansas-National Education Association

Mr. Ken Rogg, Legislative Representative, Schools for Quality Education

Opponents:

Mr. Ron Calbert, Director, Kansas State Legislative Board, United Transportation Union

After calling the Joint Committee meeting to order, Chairman Fred Kerr told the Committee that the concept contained in HB 2585 had been developed by members of an Ad Hoc Committee on School Finance. He said that although the Ad Hoc Committee's first plan for school finance had been developed several years ago, revisions had been made in it since that time. The Chair noted that with school finance and sales tax increases being timely subjects, members or representatives of the Ad Hoc Committee were present to explain this plan, the main ingredients of which are embodied in HB 2585. He then called upon Mr. Paul Fleener, an Ad Hoc Committee member.

Mr. Fleener stressed that the Ad Hoc Plan is a consensus proposal that was developed by members of the Committee after general agreement that a new direction for school finance is an absolute necessity. He informed the Committee that HB 2585 was drafted during the 1985 session at the direction of the House Education Committee. (Attachment 1) In response to questions, Mr. Fleener answered that a one cent sales tax is one ingredient of the Ad Hoc proposal as indicated in Goal #4 on page 2 of his testimony.

Dr. Jim Yonally, also a member of the Ad Hoc Committee, gave additional background information regarding the Committee and its work. He also stated that the Committee had reached a general agreement on two points: 1. Inequities have developed in the current school finance formula; and these need to be addressed, and 2. an alternative method for raising taxes for funding education was a necessity so as to relieve the property tax burden. Further testimony by Dr. Yonally is found in Attachment 2.

Dr. Bill Curtis of the Kansas Association of School Boards reinforced the recommendations made by both Mr. Paul Fleener and Dr. Jim Yonally by stating that the time has come for restructuring the current school finance formula,

CONTINUATION SHEET

JOINT
MINUTES OF THE SENATE COMMITTEE ON EDUCATION AND ASSESSMENT AND TAXATION
room 254-E, Statehouse, at 2:30 ~~a.m.~~p.m. on MONDAY, FEBRUARY 17, 1986

and he urged the Committee to give favorable consideration to passage of HB 2585 in his testimony found in Attachment 3.

Ms. Kay Coles, representing Kansas-NEA, stated that she, too, supports the concept contained in HB 2585 for changing the school finance formula and urged the Committee to give favorable consideration to HB 2585. (Attachment 4)

Mr. Ken Rogg, representing Schools for Quality Education, also requested the Committee to give full consideration to the concept contained in HB 2585 as a means of equalizing dependence on local property taxes in the revenue mix. (Attachment 5)

Mr. Ron Calbert of the United Transportation Union, an opponent of HB 2585, stated that the bill impacts squarely on the middle-income taxpayer who pays the highest ratio of taxation to income in his testimony found in Attachment 6.

When responding to questions, Mr. Calbert referred a question regarding the Kansas Chamber of Commerce and Industry's position on HB 2585 to Mr. Dave Litwin, a representative of that organization, who was in attendance. Mr. Litwin replied that the KCCI had not discussed HB 2585 and said he could not give an opinion at this time. He recommended, however, that the concept of HB 2585 be studied by an interim committee.

Following Mr. Calbert's testimony, the Chair announced that the hearing on HB 2585 was concluded, and he adjourned the meeting.

SENATE EDUCATION COMMITTEE

TIME: 2:30 p.m. PLACE: 254-E DATE: Monday, February 17, 1986

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
<i>Paul Adams</i>	<i>Topeka</i>	<i>KCCF</i>
<i>Bill Curtis</i>	<i>Topeka</i>	<i>KASB</i>
<i>Melinda Hanson</i>	<i>545-N</i>	<i>Legislative Research</i>
<i>Jim Yonally</i>	<i>Durand Park</i>	<i>USD #512</i>
<i>Ken Ragg</i>	<i>Paola</i>	<i>SCE</i>
<i>Oran Caldwell</i>	<i>Topeka</i>	<i>USD 501 #</i>
<i>Mike Germano</i>	<i>"</i>	<i>Ks Railroad Ass'n</i>
<i>TRWA POTTER</i>	<i>"</i>	<i>NORTHERN NAT GAS</i>
<i>Keten Stephens</i>	<i>"</i>	<i>Counselor</i>
<i>Cheryl Sanders</i>	<i>"</i>	
<i>JEAN SANDERS</i>	<i>"</i>	<i>USD 450 Topeka</i>
<i>Walter McKinley</i>	<i>UPEN</i>	
<i>Gov. Cobble</i>	<i>Topeka</i>	<i>Gov Office</i>
<i>Mona Daniels</i>	<i>Topeka</i>	<i>Senator</i>
<i>Jama Richardson</i>	<i>Topeka</i>	<i>KIN</i>

SENATE EDUCATION COMMITTEE

TIME: 2:30 p.m. PLACE: 154-E DATE: Monday, February 17, 1986

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Jay Coles	Topeka	Kansas - NEA
BARBARA GIRARD	Topeka	SENATOR SALISBURY
Merle Hice	Topeka	KACL
Harold Pitty	Topeka	TAWHA
Gerald Muderer	Topeka	USA
Joe DWIGANJ	K. City	KCP
Bruce Wilber	Topeka	AAJP
Ron Colbert	Newton	U. J. U.
Leroy Jones	Overland Park	B. L. E.



PUBLIC POLICY STATEMENT

SENATE ASSESSMENT AND TAXATION COMMITTEE

and

SENATE EDUCATION COMMITTEE

RE: School Finance Plan Contained in HB 2585

Topeka, Kansas
February 17, 1986

Presented By:

Paul E. Fleener, Director
Public Affairs Division
Kansas Farm Bureau

Chairman Kerr, Chairman Harder, and Committee Members:

We appreciate very much your willingness to conduct a hearing on the School Finance concept contained in HB 2585. In our view it is a proposal which merits serious consideration AND ENACTMENT in this, the 1986 Session of the Kansas Legislature. We recognize it is a concept which has had limited exposure among legislators. You are helping overcome that problem by conducting this hearing today.

HB 2585 embodies the School Finance proposal which was developed by the "Ad Hoc School Finance Committee." The membership of the Ad Hoc Committee is shown as an attachment to this statement.

The Ad Hoc Plan is a CONSENSUS PROPOSAL developed after countless hours of study, discussion, debate, and general agreement that a NEW DIRECTION FOR SCHOOL FINANCE is not only desirable but absolutely necessary. The concept of the Ad Hoc Committee proposal was the subject of one (1) hearing in the 1985 Session. HB 2585 was drafted later in that session at the direction of the House Education Committee.

GOALS OF THE AD HOC PROPOSAL DESCRIBED

In the early meetings of 1984, members of the Ad Hoc Committee began by listing strengths and weaknesses of the SDEA. Discussion led to the establishment of FOUR MAJOR GOALS for any new plan for school finance in Kansas. Those goals are:

1. A balance in revenue sources....property, sales & income taxes,
2. Significant reduction in property taxes,
3. Recognition of and accomodation for differing expenditure levels among school districts of various sizes, and
4. State financial assistance for support of a "basic" educational program FOR EVERY DISTRICT.

The first and second goals are inseparably linked. As you know better than most, the discussion within - and outside of - the legislative halls indicates the importance of using some source OTHER THAN the property tax as the major source of funding elementary and secondary schools in Kansas.

The range of expenditure per pupil - low to high - is large. Generally, the higher expenditures are in the lower enrollment categories. Some of the largest school districts, though, have per pupil expenditures significantly higher than districts in the mid-level enrollment categories. The Ad Hoc Committee recognized but did not attempt to justify levels of expenditure per pupil. You may want to examine the WHY of such spending.

Goal #4 is addressed by the Ad Hoc proposal by seeking to modestly fund a portion of the basic education program for every district in the state by means of an "Initial State Aid" entitlement funded by an increased sales tax. In this proposal there are NO "no-aid" districts.

The basic ingredients of the Ad Hoc Committee proposal, contained in HB 2585, are these:

1. A UNIFORM property tax levy of 15 mills against urban and rural real and personal property at its assessed value.

2. A 1.5% tax on taxable income of every resident individual in each school district. State collected and returned to the district of origin.
3. Every school district would receive a flat grant "initial state aid" payment of \$400 per pupil.
4. A "state-shared budget" for every district, based on per pupil guarantee by enrollment category TIMES district enrollment.
5. Revenues to fund the state's portion of the Ad Hoc proposal (HB 2585) would come from:
 - A. Legislative appropriations, including....
 - B. Proceeds from a UNIFORM 15 mill property tax levy against State Assessed property,
 - C. A 1.5% tax on taxable income of corporations, banks, savings and loans, insurance companies, and, to the extent taxable in Kansas, non-resident individuals who file a Kansas return.

Dollar figures for these revenue sources will be found on an attachment to our statement.

Below you will find the School Finance policy position of Kansas Farm Bureau, adopted by farmers and ranchers who were voting delegates to the KFB Annual Meeting on Nov. 24-26, 1985, and who were representing the views of farmers in the 105 counties. The Ad Hoc proposal speaks to our major concerns, and WE SUPPORT HB 2585 and ask you to give favorable consideration to this concept in the 1986 Session.

School Finance

We believe the Kansas Legislature should develop a school finance formula to assist in the delivery of and funding for a "basic education" for every child enrolled in public schools in each unified school district in the state.

We continue to believe that there should be minimal reliance on the property tax for support of our elementary and secondary schools. As long as property is used as a measure of wealth, then intangible property should be a part of such measurement of wealth.

We support legislation to create a school district income tax to be collected by the state from every resident individual and returned by the state to the school district of residence of the individual taxpayer.

We will support legislation to increase the state sales tax by one cent, PROVIDED the revenues from such increase are used for financing elementary and secondary schools and to reduce property taxes now levied for school finance.

State General Fund revenues should be enhanced for school finance purposes by increasing the rates of income and privilege taxes imposed on corporations, financial institutions, insurance companies, and non-resident individuals.

We believe that federally and state-mandated programs should be fully funded by the federal or state government, whichever mandates a given program.

We have opposed in the past, and we will continue to oppose efforts to establish a statewide property tax levy.

MEMBERS OF THE AD HOC COMMITTEE ON SCHOOL FINANCE

John Koepke, Kansas Association of School Boards
Jim Yonally, Shawnee Mission Schools
Craig Grant, Kansas National Education Association
Jim Edwards, Kansas Chamber of Commerce and Industry
Dee Likes, Kansas Livestock Association
Jim Maag, Kansas Bankers Association
Onan Burnett, Topeka USD 501
Rep. Don Crumbaker
Representative Denise Apt
Senator Joseph Harder
Senator Nancy Parrish
Representative Max Moomaw
Bill Dirks, Wichita USD 259
Mike Rooney, Superintendent, Copeland, representing Schools for Quality Education
Chuck Stuart, Superintendent, Clay Center, representing United School Administration
Paul E. Fleener, Kansas Farm Bureau

AD HOC COMMITTEE
SCHOOL FINANCE PROPOSAL
Revenue Sources for Funding Proposal

NET TAXABLE INCOME

Returns Processed in 1983

Corporations	\$1,854,137,623
Financial Institutions	
Banks	247,817,021
S & L's	1,820,165
Domestic Ins. Cos. (FY 83 receipts)	6,868,820

STATE REVENUES FROM ABOVE SOURCES (Estimated)

Income Taxes

Corps.	\$27,812,064
Banks.	3,717,255
S & L's.	27,302
Ins. Cos	<u>103,033</u>
Sub	\$31,659,654
Non-res. Individ	<u>3,730,812</u>
TOTAL	\$35,390,466

Property Taxes

P.S.C. (State Assessed)	\$30,941,450
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Sales & Use Taxes

@ 1%	\$195.0 million
Minus 8% for LAVTRF and co. revenue sharing & 3.28% for highway fund	<u>22.0 million</u>
Net Available Annualized	\$173.0 million

# of Dist. Per Category	District Taxable Income Per Pupil	Index	District Assessed Valuation Per Pupil	# of Dist Per Category
6	Under \$10,000	.80	Under \$10,000	6
9	\$10,000	.78	\$10,000	10
10	11,900	.76	12,000	10
9	13,100	.74	13,400	10
10	13,800	.72	14,300	10
9	14,100	.70	15,800	11
11	14,500	.68	17,500	9
11	15,300	.66	18,000	11
12	15,700	.64	19,000	10
12	16,200	.62	20,000	9
8	16,800	.60	21,000	11
11	17,100	.58	23,500	11
9	17,400	.56	25,250	10
9	17,800	.54	26,800	9
10	18,200	.52	29,000	6
12	18,600	.50	30,000	17
13	19,300	.48	32,000	10
10	20,000	.46	34,000	10
8	20,200	.44	36,000	8
9	20,500	.42	38,000	11
9	21,000	.40	41,000	12
9	21,500	.38	45,000	9
10	21,900	.36	48,000	7
13	22,400	.34	54,000	10
9	22,800	.32	61,000	10
9	23,300	.30	68,000	10
10	24,000	.28	82,000	10
11	25,300	.26	93,000	11
10	27,000	.24	112,000	9
10	28,400	.22	136,000	11
6	33,000 and over	.20	\$200,000 and over	6

304 Taxable Income/Pupil
Median - \$18,944

304 Assessed Valuation/Pupil
Median - \$31,057

AD HOC COMMITTEE
SCHOOL FINANCE PROPOSAL

Column Explanation of Printout

Column Number

1. Enrollment - September 15, 1983

2. Per Pupil Guarantee, determined as follows:

<u>Enrollment of the District</u>	<u>Guarantee Per Pupil</u>	<u>Adjustment</u>
Under 200	\$3,800	None
200 to 399	\$3,450	None
400 to 1,999	\$3,450	Minus \$0.71875 (E-400)
2,000 to 9,999	\$2,300	None
10,000 and over	\$2,550	None

3. State Shared Budget (SSB) = Col. 1 x Col. 2

4. Local Effort Property (LEP) = .015 (1.5% or 15 mills) x the sum of District's Assessed Valuation of Urban and Rural Real and Personal Property.

5. Local Effort Income (LEI) = .015 (1.5%) x the District's Taxable Income.

6. Initial State Aid (ISA) = Col. 1 (Enrollment) x \$400.

7. Sum of Columns 4, 5 and 6.

8. Composite Wealth Factor (CWF) = Add Index for District Taxable Income per Pupil and Index for District Assessed Valuation per Pupil, divide that sum by two (2). Product is CWF. (see attached)

9. State Shared Guarantee (SSG) = Multiply Col. 3 (SSB) x Col. 8 (CWF). Product is SSG.

9a. Adjusted Shared Guarantee (ASG) = Deduction of PL 874 money from SSG (Col. 9)

10. State Shared Budget minus Adjusted Shared Guarantee (Col. 3 - Col. 9a).

11. Additional State Shared Budget = Col. 3 (SSB) minus (Col. 4, LEP + Col. 5, LEI + Col. 6, ISA + Col. 9a, ASG).

12. Additional Budget Guarantee = Col. 11 x Col. 8

13. Additional Local Effort = Col. 11 minus Col. 12

14. District's ACTUAL Budget for the school year 1983-84.

15. Net Difference = the amount by which this formula exceeds or is less than (-) the district's ACTUAL budget for 83-84.

16. Additional LEVY (property tax), against district's TOTAL assessed valuation, which would have been required to fully fund the formula, assuming district has authority to expend at level of Col. 3 (SSB).

17. Additional LEVY (property tax), against district's TOTAL assessed valuation, which would have been required to fully fund district's ACTUAL 83-84 budget (Col. 14).

18. Total State Aid = Sum of Columns 6, 9a and 12.

TESTIMONY ON HB 2585 BEFORE THE SENATE COMMITTEES ON EDUCATION
AND ASSESSMENT AND TAXATION
FEBRUARY 17, 1986

Mister Chairmen, and members of the committees on education and assessment and taxation, my name is Jim Yonally, and I am pleased to have this opportunity to speak to you today in support of HB 2585. I will be sharing with you the views of two organizations and close with some personal thoughts of my own.

The Board of Education of the Shawnee Mission School District has adopted the following position regarding school finance: "The board supports legislation which would provide for a new plan for school finance in the state of Kansas. The new plan must provide for a balance in revenue sources, a reduction in property taxes, a recognition of differing expenditure levels among school districts of various sizes, and state assistance for support of a basic educational program for every school district." The provisions of HB 2585 meet the qualifications outlined in that statement.

As you know, I also serve as the Director of Governmental Relations for the Kansas Chapter of the National Federation of Independent Business. This organization of nearly 8,000 small and independent businesses in Kansas develops its legislative program solely on the basis of a vote of the membership. On the 1986 ballot, members were asked, "Should the legislature increase state taxes as a means of increasing state funding for public education, thereby reducing the local property tax?" The vote was 51% "yes" and 41% "no", with 8% undecided.

Furthermore, on the 1984 NFIB/Kansas ballot, members were asked to name the most burdensome tax for their business operation. The tax most often chosen (by 28% of those voting) was the local property tax. The least chosen among a list of six taxes, was the state corporate income tax (8%). A complete table follows:

Local property tax	28%
State unemployment compensation tax	27
State workers compensation tax	12
State individual income tax	12
State sales and use taxes	10
State corporate income tax	8
Other	3

My remaining remarks should be interpreted as personal and not necessarily representing the views of either of the groups mentioned above.

First of all, I hope that the committees will begin looking at HB 2585 as not just a proposal for a new system of distributing state aid to schools, or a proposal to increase the state's sales and income taxes, but look at it with equal interest as a proposal to reduce property taxes. It will, unquestionably, do that. Based on some information which I have sought from qualified people, I believe that the proposal which you have before you today will, when adopted, raise sufficient funds to provide 100 million dollars for the state general fund, allow school district budget limits of 5 and 15 percent and provide property tax relief in the neighborhood of 300 million dollars. Obviously, if budgets limits were less than that, the property tax reduction would be even greater. It is apparent to me that if you want to do something that will really help the beleaguered farm economy in Kansas, and also be of help to small businesses, you should consider a plan that will reduce property taxes, and this is a bill to do just that.

The second point I would like to make is that HB 2585 was patterned after a plan developed by an "Ad Hoc Committee on School Finance" with representation from a broad range of state interests. It is a plan developed not in a few hours, or even a few days, but over many days. We argued, debated, harangued, begged, pleaded, and perhaps, under our breath, even swore a little. But, most importantly, in the end we compromised. Parts of the bill are somewhat objectionable to most of us who participated in the development of this proposal. But we all remember, in some cases all too vividly, the battles which have been waged in the past over the issue of dividing the state's "pie" in terms of school finance, and the bill you have before you represents our best effort to avoid returning to those times.

Again, I thank the committees for the opportunity to appear on this measure, and would be happy to try to answer any questions.

MEMO

From: Jim Yonally

Topic: ROUGH Estimates of property tax relief at differing levels of state taxation and school district budget limits.

	Sales Tax Increase	Income Tax Increase	Budget Limits	Property Tax Relief
I.	1%	1.5%	5 - 15%	300 Million
II.	1	1	5 - 15	185 "
III.	1	1	4 - 8	220 "
IV.	.5	1	4 - 8	98 "
V.	1	.5	4 - 8	105 "
VI.	1	1	3 - 7	238 "

IMPORTANT NOTE: In ALL of the above calculations, there is the assumption that an additional 100 Million dollars has been set aside for use by the state on non-educational purposes. In other words, the taxes described raise enough money to fund education at the levels listed AND leave 100 Million in the state general fund for other purposes.

Further note: Assuming you put in the same amount of state money, you change local property taxes by about 18 million dollars for each full percent that you change the budget limits. (Example, compare No. III and VI)

Also, the "income tax" portion is as provided in HB 2585. That is, a tax on all categories of entities. (Resident individual, Non-resident individual, corporation, fudiciary institutions, insurance companies, etc.)

Obviously, there is an almost endless number of combinations of taxation levels and budget limits which one could consider. However, if the level of increase of state taxes is too low, then there will not be sufficient additional revenue to make it politically feasible to change the school finance formula as planned in HB 2585.

I would be happy to discuss this with you further, if you have any questions.



Testimony on H.B. 2585

before the

Joint Meeting of the
Senate Assessment and Taxation Committee
and
Senate Education Committee

by

Bill Curtis, Assistant Executive Director
Kansas Association of School Boards

February 17, 1986

Mr. Chairman and members of the Committee, we appreciate the opportunity to appear before you on behalf of the 303 unified district boards of education which are members of the Kansas Association of School Boards. We are delighted to appear to express our strong support for H.B. 2585, which represents a new approach to the funding of public education in Kansas.

The Delegate Assembly of KASB, meeting this past November, expressed overwhelming support for the idea of restructuring public education funding for elementary and secondary schools along the lines of H.B. 2585. Our members believe that now is the time to begin serious consideration of this new approach. Attached to my testimony you will find the explanation of the new finance plan on which our members based their endorsement.

The School District Equalization Act, which has been the basis for funding elementary and secondary education in Kansas since its adoption in 1973 has

served our state well. It gave recognition for the first time to concept of equalization in education funding. That concept must remain an integral part of any plan which replaces the SDEA.

In recent years, it has become more difficult to convince legislators of the viability of the SDEA due to the number of school districts who feel disadvantaged by the distribution formula. At least partly for this reason, the proportion of state funding for elementary and secondary education has been declining.

We believe that H.B. 2585 would eliminate many of the objections which have arisen around the SDEA. Which retaining many of the favorable features of the SDEA, H.B. 2585 would dramatically reduce the reliance on the property tax for funding public education and would provide sources of revenue which are more responsive to the economy and inflationary factors.

We believe that H.B. 2585 represents an approach to funding for public education which would carry this state into the 21st century. It would demonstrate the continued commitment which the Legislature has always shown toward quality public education in our state. We would urge the Committee to give favorable consideration to its passage.

THE AD HOC COMMITTEE ON SCHOOL FINANCE

PLAN SUMMARY

The Ad Hoc Committee on School Finance was created informally and grew to include lobbyists, legislators and administrators who had a vital interest in school finance. The plan developed by the group evolved over a five-year period from 1979 to 1984. From the start, the group established four basic goals for any plan they endorsed. Those goals were designed to meet political as well as philosophical concerns. As stated to the 1985 Legislature, those goals are:

1. A balance in revenue sources to fund education
2. A significant reduction in property taxes to fund education
3. Recognition of differing expenditure levels among school districts of various sizes
4. State assistance for support of a basic educational program for every district.

The Ad Hoc Committee, in seeking to reach its first goal, regarded three major sources of revenue as being involved in education funding: property taxes, income taxes and sales taxes. In the Committee's view each should bear approximately the same proportion of the burden for funding public education. Realization of this component also achieves the second goal of significantly reducing property taxes because that source now bears nearly half of the burden of education funding. To achieve the third goal would require a continuation of the enrollment category principle found in the existing School District Equalization Act.

It should also be recognized that the Ad Hoc Committee assumed continuation of state endorsement for the concept of equalization. Above the minimal level of state support called for in the Ad Hoc Committee plan, all state aid would be distributed to local school districts on an equalized basis using a district wealth computation.

The Ad Hoc Committee Plan endorses the concept that district wealth should only include those areas in which a district has taxation authority. For that reason, the plan calls for using assessed valuation rather than adjusted assessed valuation as the measure of property wealth and provides for discretionary use of the income tax at the local level.

Finally, the distribution formula for the Ad Hoc plan calls for a flat grant distribution to every school district in Kansas as evidence of the state's commitment to every child. It would be essential that this grant be funded from new revenue if the concept of equalization is not to be destroyed. The Committee chose the amount of \$400 per pupil because that would use the amount of money raised by a one-cent increase in the state sales tax.

In order to fund the tremendous changes this plan contemplates, in addition to the one-cent sales tax increase, the plan calls for a 1.5 percent levy on all taxable income in the state, both personal and corporate. In addition, a uniform levy of 15 mills would be levied against all state assessed property (power plants, pipelines, railroads, etc.) and remitted to the state for distribution through the formula.

While none of these figures or percentages are sacred, it is also true that the Committee would not endorse the distribution formula, particularly the flat grant portion, without significant new state revenue. Attempts to compare this distribution formula with the existing formula by using the same dollars ignores the major aspect of the Ad Hoc Committee proposal, which is the balancing of revenue sources. For that reason, many aspects of the Ad Hoc Committee plan cannot be considered in isolation or for grafting on the present formula.

The Ad Hoc Committee's proposal is being presented to the 1985 KASB Delegate Assembly as a separate policy statement. It is seen as an alternative to the existing Kansas school financing plan that must be considered in total and not on a piecemeal basis. If some form of it is to be adopted, it must meet the four goals established as well as meet the test of equalization.

A list of the people who were meeting with the Ad Hoc Committee when it concluded its deliberations is printed below for your information:

John Koepke, Kansas Association of School Boards

Jim Yonally, Shawnee Mission Schools

Craig Grant, Kansas-National Education Association

Jim Edwards, Kansas Chamber of Commerce and Industry

Dee Likes, Kansas Livestock Association

Jim Maag, Kansas Bankers Association

Onan Burnett, Topeka, USD 501

Rep. Don Crumbaker

Representative Denise Apt

Senator Joseph Harder

Representative Bill Reardon

Senator Nancy Parrish

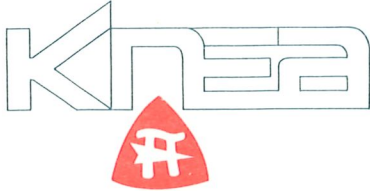
Representative Max Moomaw

Bill Dirks, Wichita, USD 259

Mike Rooney, Superintendent, Copeland, representing Schools for Quality Education

Chuck Stuart, Superintendent, Clay Center, representing United School Administrators

Paul E. Fleener, Kansas Farm Bureau



K-NEA Testimony Before The
Senate Assessment and Taxation Committee
and Senate Education Committee
February 17, 1986

Thank you, Mr Chairman. Members of the committees, my name is Kay Coles and I am here today representing the 22,000 members of Kansas-NEA. I appreciate this opportunity to speak with you about HB 2585.

Kansas-NEA was part of the ad hoc committee which put together this concept of changing the school finance formula. Craig Grant, our chief lobbyist, served on the committee during the second series of meetings in 1984.

We have long been a proponent of equity in school finance and have sought a fair tax mix that would provide adequate funding for our public schools. Kansas-NEA believes that HB 2585 is a significant attempt to accomplish these goals.

Increasingly school finance has been the target of volatile debates in this Legislature due to the distribution of funds and the concerns many share about the ever-increasing property tax burden in Kansas. HB 2585 is a proposal that could temper those debates, and provide a means toward a goal I believe we all share -- to provide the best possible education to the students of Kansas.

This concensus report is one which Kansas-NEA supports and we would ask you to give favorable consideration to HB 2585.

Thank you Mr. Chairman and members of the committees for listening to our concerns.



Schools for Quality Education

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.

ATTACHMENT 5

Statement to
Committee of
Assessment and taxation
and
Education
Regarding
HB 2585
by
Kenneth Rogg, Legislative Representative
Schools for Quality Education

February 17, 1986

“Rural is Quality”

Senate Education
Attachment V 2/17/86

Early in 1985, Schools for Quality Education became the first organization to officially endorse the concepts of HB 2585, which we see as a means of equalizing the demands on the local property tax in financing educational opportunity in the state of Kansas. Our current finance formula served us well during the 1970s in accomplishing that objective and has become a model throughout the nation in financing elementary and secondary education. Previously unforeseen events; decreasing economic opportunity, decreasing property values, and greatly reduced income, have returned us full-circle so that now the deviation in tax rates is as great as it was in the beginning.

We realize that 1986 is a difficult year to enact a new finance formula and implement HB 2585 in toto. We do, however, respectfully request that you give full consideration to the concept of equalizing dependence on local property taxes in the revenue mix.

 SOUTH CENTRAL REGION

DIST. NO.	SCHOOL NAME
245	LeRoy-Gridley
252	South Lyon Co. - Hartford
256	Marmaton Valley - Morain
258	Humboldt
283	Elk Valley - Longton
285	Cedarvale
286	Chautauqua County - Sedan
362	Prairie View - LaCygne
366	Yates Center
386	Madison
387	Altoona - Midway
390	Hamilton
397	Centre
462	Burden
471	Dexter
479	Crest - Kincaid
492	Flinthills - Rosalia

~~SOUTHEAST AREA~~

221	North Central - Haddam
222	Washington
329	Alma
335	Jackson Heights - Holton
417	Council Grove
449	Easton

~~NORTHEAST REGION~~

209	Moscow
214	Ulysses
216	Deerfield
217	Rolla
219	Minneola
220	Ashland
225	Fowler
227	Jetmore
228	Hanston
363	Holcomb
371	Montezuma
374	Sublette
476	Copeland
477	Ingalls
507	Satanta

SCHOOLS FOR QUALITY EDUCATION

MEMBERSHIP LIST

1985 - 86

DIST. NO.	SCHOOL NAME
104	White Rock - Esbon
269	Palco
278	Mankato
307	Ell-Saline-Brookville
324	Eastern Heights-Agra
326	Logan
395	LaCrosse
399	Paradise-Natoma
403	Otis-Bison
426	Pike Valley-Scandia
427	Belleville

~~NORTH CENTRAL REGION~~

254	Medicine Lodge
311	Pretty Prairie
327	Ellsworth
328	Lorraine
332	Cunningham
354	Clafin
358	Oxford
359	Argonia
360	Caldwell
418	McPherson
422	Greensburg
424	Mullinville
438	Skyline-Pratt
444	Little River
455	Cuba
474	Haviland
496	Pawnee Heights-Rozel
502	Lewis
509	South Haven
511	Attica

DIST. NO. SCHOOL NAME

~~SOUTHWEST REGION~~

241	Sharon Springs
242	Weskan
275	Triplains - Winona
280	West Graham - Morland
291	Grinnell
292	Grainfield
293	Quinter
295	Prairie Heights - Jennings
301	Utica
302	Smokey Hill - Ransom
304	Bazine
314	Brewster
316	Golden Plains - Rexford
468	Healy



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R. E. (RON) CALBERT
DIRECTOR CHAIRMAN

KANSAS STATE LEGISLATIVE BOARD

STATEMENT OF

RON E. CALBERT, DIRECTOR

KANSAS STATE LEGISLATIVE BOARD
UNITED TRANSPORTATION UNION

REGARDING HOUSE BILL NO. 2585

February 1986

Mr. Chairman and members of the Joint Committee, thank you for the opportunity to appear before you today on House Bill No. 2585. I am Ron E. Calbert, Director, Kansas State Legislative Board - UNITED TRANSPORTATION UNION. I am authorized to speak for our some seven thousand (7,000) active and retired members and their families who reside in Kansas.

For several reasons, Mr. Chairman, we rise in opposition to H.B. 2585, one of which proposes authorization for imposing a school district finance tax upon Kansas taxable income of individuals, Section 36, lines 425 through 431.

Mr. Chairman, while looking at the membership of this Ad Hoc Committee which drafted H.B. 2585 - which is very impressive - I did not see any members from my organization.

The federal tax code has squeezed out the average payday-to-payday wage earner and forced him to standard deductions and short form 1040. He's already lost the gasoline and medical expense deductions and interest and insurance deductions are in jeopardy. In 1985 and 1986 he has had an increase in his Social Security and Railroad Retirement tax. Meanwhile, he looks at all the wonderful tax benefits enacted by the 97th Congress such as the \$2,000 exemption if he had \$16,000 to invest in an All-Savers and the \$2,000 to \$4,000 adjustment if he could afford to invest in an Individual Retirement Account. Finally, he looks at the record and discovers that he pays more federal and state income tax than the Boeing Corporation, Dow Chemical Company, and Westinghouse Electric Corporation.

We are also opposed to the fifteen percent (15%) tangibles personal property tax. As a representative of employees in one of Kansas' largest industries, I have long been convinced that their automobiles are necessities, not luxuries. Therefore, I have always been an opponent of over-taxing the automobile in Kansas and I strongly believe that the working men and women in our state whose job transportation needs require them to have one or more automobiles are just as entitled

to tax credits and tax exemptions as the farmer's machinery and the professional's office equipment.

The proponents have testified to a 40 mill property tax relief; however, does this include the property tax levy of 15 mills against urban and rural real and personal property at its assessed value, as stated in H.B. 2585?

Why not repeal the retail sales tax on food for people and raise the rate statewide to increase general revenue? Our Sales Revenue Act responds to the needs of low income taxpayers. Certainly we have an excellent Homestead Tax Refund Act to benefit those taxpayers who are truly hurt by property taxes.

H.B. 2585 impacts squarely on the middle-income taxpayer who pays the highest ratio of taxation to income. I urge you to reject the proposition of H.B. 2585.

Mr. Chairman, I appreciate the opportunity to express my views on this most important and controversial subject. I would attempt to respond to any questions.