

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by Senator Don Montgomery at  
Chairperson

9:00 a.m./~~p.m.~~ on February 27, 1986 in room 531-N of the Capitol.

All members were present except:

Senator Gus Bogina                      who were excused  
Senator Jack Steineger

Committee staff present:

Mike Heim, Legislative Research Department  
Emalene Correll, Legislative Research Department  
Theresa Kiernan, Revisor of Statutes' Office

Conferees appearing before the committee:

Willie Martin, Sedgwick County Board of County Commissioners, Wichita  
Al Nemeć, Mental Health and Retardation Services, Department of Social and Rehabilitation  
Services  
Barbara Beime, Municipal Accounting Section, Department of Administration

SB 505 - Concerning counties; relating to insurance for county officials and employees.

Willie Martin, representing the Sedgwick County Board of County Commissioners, gave a statement (Attachment No.1) in support of the bill which was requested by Sedgwick County. In additional remarks, she said that county commissioners of most counties currently provide compensation and benefits for fire and sewer district employees, but the bill would clarify that these two districts also come under their authority. Senator Allen moved to report SB 505 favorably, seconded by Senator Salisbury. Motion carried.

SB 506 - Concerning fire protection; relating to fire districts in certain counties.

Ms. Martin summarized testimony given in a previous meeting by the Sedgwick County Fire Chief. Her statement is attached (Attachment No.2). The bill, requested by Sedgwick County, would give authority to a fire district to levy taxes as needed when tax money is lost due to annexation. No specific amount of levy is included in the bill. Senator Gaines moved to report the bill favorably, seconded by Senator Mulich. Motion carried.

SB 507 - Concerning the apportionment of moneys derived from the motor vehicles tax.

Ms. Martin gave a statement (Attachment No.3) in support of the bill which was requested by Sedgwick County and gives it the option to distribute motor vehicle tax moneys to funds designated by the taxing entity. She noted previous testimony from the State Librarian in which concern was expressed that funds allocated for libraries could be jeopardized if the bill passed. She said it was not the intent of Sedgwick County to create a problem for libraries regarding state matching funds. She offered an amendment (Attachment No.4) to line 26 which would add the municipal library fund to be credited. Ms. Martin said Duane Johnson, State Librarian, believed the amendment would eliminate his concern.

Al Nemeć, Mental Health and Retardation Services, SRS, said he was not speaking with the approval of mental health groups concerned with funding but wanted to express concerns of SRS regarding negative effects the bill could have on mental health and retardation programs in local areas that rely on local taxes. A copy of a memo from the Chief of Municipal Accounting Section, Department of Administration (Attachment No.5) outlines these effects. He noted the bill could affect these programs in all counties of the state if funds presently allocated to them were given to other programs. If a county had a tax lid, the tax levy could not be increased. Mr. Nemeć said if mental health and retardation programs were credited in the bill similar to libraries, the agency would not object to the bill. Attachment No.6 gives SRS' position regarding the bill.

Barbara Beime, Municipal Accounting Section, verified the negative effect SB 507 could have on mental health programs since motor vehicle tax money could be allocated to any program chosen by commissioners.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT,  
room 531-N, Statehouse, at 9:00 a.m./~~p.m.~~ on February 27, 1986

allocated  
Ms. Martin said it was not the intent of the bill to limit funds to mental health programs but agreed it was possible that moneys to current programs could be changed. There was discussion regarding the possibility of raising the unused portion of authorized mill levies for mental health programs. Mr. Nemecek believed agencies should work with commissioners in getting a portion of local taxes rather than raising the mill levy which local governments are reluctant to do.

It was the consensus of the Committee that additional information and input from counties other than Sedgwick was needed before action was taken on SB 507.

The Chairman announced the schedule for future meetings. He adjourned the meeting at 9:40 a.m.

  
Chairman Don Montgomery





**SEDGWICK COUNTY, KANSAS**  
**BOARD OF COUNTY COMMISSIONERS**

BUD HENTZEN  
 CHAIRMAN  
 THIRD DISTRICT

DONALD E. GRAGG  
 CHAIRMAN PRO-TEM  
 FIRST DISTRICT

TOM SCOTT  
 COMMISSIONER  
 SECOND DISTRICT

COUNTY COURTHOUSE • SUITE 320 • WICHITA, KANSAS 67203-3759 • TELEPHONE (316) 268-7411

Senate Local Government Committee  
 February 27, 1986  
 S.B. 505

Testimony of Willie Martin  
 Sedgwick County, Kansas

K.S.A. 19-212d authorizes the board of county commissioners of any county to provide for group health and life insurance for "its officials and employees or any class or classes thereof." The Board of County Commissioners sit as Governing Board of fire and sewer districts but there is no clear statutory provision defining the fire and sewer district employees as employees of the county. It is apparent that officials and employees of the County Fire District and County Sewer District are officials and employees of the Board of County Commissioners. K.S.A. 19-3601, providing for the organization of county fire districts, states: "The board of county commissioners shall be and constitute the governing body of each fire district within the county". K.S.A. 19-27a02 states, "The board of county commissioners shall be the governing body of any sewer district it creates..." Obviously, no other governing body or jurisdiction can provide for compensation and benefits for fire and sewer district personnel.

The change proposed in S.B.505 would clarify the authority of the Board of County Commissioners to provide compensation and benefits for fire and sewer district employees.

(ATTACHMENT I)

2/27/86

S. LG



## SEDGWICK COUNTY, KANSAS

### BOARD OF COUNTY COMMISSIONERS

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Senate Local Government Committee  
February 14, 1986  
S.B. 506

Testimony of Willie Martin  
Sedgwick County, Kansas

The existing levy limit on Sedgwick County Fire District #1 will make it impossible to continue financing current operations. In addition, the purchase of future major replacement equipment will be impossible under the levy limitation.

As cities annex and valuation is removed from the fire district, the problem is compounded. Although annexed property owners continue to pay on bonded debt incurred prior to annexation, they make no contribution to operation and maintenance.

In the 1982 Session the legislature provided Reno County Fire District No. Two the power to levy a tax in the amount needed for the purpose of the fire district operation. The provision provides for a thirty day protest period for the filling of a petition signed by 5% of the qualified electors. The change proposed in S.B.506 would include Sedgwick County Fire District #1 in the provisions of K.S.A. 19-3612e.

(ATTACHMENT II) S. 46  
2/27/86



## SEDGWICK COUNTY, KANSAS

### BOARD OF COUNTY COMMISSIONERS

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THIRD DISTRICT

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Senate Local Government Committee  
February 27, 1986  
S.B. 507

Testimony of Willie Martin  
Sedgwick County, Kansas

A county or city's general fund must compensate for any anticipated or unanticipated shortfalls in revenue, including the loss of federal revenue sharing funds. In recent years it has become increasingly difficult to forecast either state-shared or locally generated revenues eighteen to twenty-four months in advance of availability. The proposed amendment would provide an option for the distribution of the motor vehicle tax in the same manner as the dealers' stamp tax (K.S.A. 79-1021), afford taxing subdivisions greater flexibility in revenue priorities and provide for simplified accounting transactions. crediting all or more of the motor vehicle tax to a county or city's general fund, budget officials could be assured of a stable source of revenue for general operating expenses, and lessen the very real prospects of underfinanced budgets. Vital county services are provided by the General Fund and the ability to credit any or all motor vehicle tax to the fund would provide a stable revenue.

In some smaller governmental entities, distribution of Motor Vehicle Tax to all tax levying funds can be, in some cases, less than \$50.00. The time and effort to spread these funds by both county and city clerks is not rationally justifiable.

S.B.507 would amend K.S.A. 79-5110 and provide the option of distributing the motor vehicle tax to funds designated by the individual taxing entity.

(ATTACHMENT III) S. LG  
2/27/86

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 Session of 1986
 

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## SENATE BILL No. 507

By Senators Yost, Anderson and Francisco

1-29

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0017 AN ACT concerning the apportionment of moneys derived from  
 0018 the motor vehicles tax; amending K.S.A. 79-5110 and repeal-  
 0019 ing the existing section.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. K.S.A. 79-5110 is hereby amended to read as fol-  
 0022 lows: 79-5110. Moneys received by taxing subdivisions from  
 0023 taxes levied under the provisions of K.S.A. 79-5101 *et seq.*, and  
 0024 amendments thereto, shall be apportioned to each ~~tangible~~  
 0025 ~~property tax levy fund of each~~ taxing subdivision *which shall*  
 0026 *credit the same to one or more tangible property tax levy funds*  
 0027 *of general application* in the proportion that the same was  
 0028 budgeted. In crediting a fund or funds which have been distrib-  
 0029 uted pursuant to this section, the county treasurer shall credit  
 0030 each tangible property tax levy fund of each taxing subdivision at  
 0031 such times as the treasurer makes current tax distributions; ~~and~~.  
 0032 In addition, each county treasurer shall make a distribution in  
 0033 the month of December of any moneys collected from taxes  
 0034 levied under the provisions of this act which have been collected  
 0035 subsequent to the last regular current tax distribution.

0036 Sec. 2. K.S.A. 79-5110 is hereby repealed.

0037 Sec. 3. This act shall take effect and be in force from and  
 0038 after its publication in the statute book.

*the municipal library fund and*

(ATTACHMENT IV)  
 2/27/86

S. 46

To: Mike Heim, Legislative Research

From: William L. Ervin, Chief, Municipal Accounting Section

Subject: Possible Unintended Effect of Senate Bill No. 507

Date: February 17, 1986

Besides the tax lid problem in our memo to Phil Anderson of February 4, there is another potential unintended effect that needs to be addressed. First, some history of the motor vehicle tax (MVT) is appropriate.

History. The taxation of motor vehicles was changed by 1979 House Bill 2605 from collection at the time of paying other ad valorem taxes to collection at the time of registration. The MVT was to be distributed to each tax levy fund in the proportion of the ad valorem tax levies. This was done to compensate each fund for the loss of revenue from the ad valorem tax levies. In fact, there was an adjustment to the aggregate tax limitation (tax lid) until that statute was amended in 1983 to change the base year. Since the current year and base year now treat motor vehicle taxes in the same manner, that adjustment in the tax lid is no longer needed.

Effect of Senate Bill No. 507. This proposed bill would allow the taxing subdivision to distribute the MVT revenue to "...one or more tangible property tax levy funds of general application in the proportion that the same was budgeted."

It appears this provision would give the taxing subdivision discretion as to which fund this revenue was budgeted. S.B. 507 would have little effect if all funds of all taxing subdivisions had rate levy limits and were treated the same for tax lid purposes. However, cities and counties have several funds which have no rate limit by statute or home rule action, and some levies are subject to the tax lid. In these cases the effect could be significant to the total levies and the appropriations to independent boards such as libraries and mental health boards.

Probably the best way to demonstrate the effect is by example. We will use portions of the 1986 Sedgwick County budget to demonstrate the possibilities:

FUND	TAX LEVY	MVT AS DISTRIBUTED	POSSIBLE DISTR UNDER S.B. 507
General	\$5,448,514	1,559,560	2,719,215
County Appraiser	1,167,578	210,930	
Mental Retardation	471,362	147,330	
Mental Health	1,105,868	167,691	
Bond and Interest	<u>4,342,207</u>	<u>633,704</u>	<u>                    </u>
Total	<u>12,535,529</u>	<u>2,719,215</u>	<u>2,719,215</u>



In the example, the General Fund revenues would increase by \$1,159,655 (2,719,215 minus 1,559,560) if all the MVT were distributed to it, and there would not be a required decrease of ad valorem tax to compensate. The County Appraiser and the Bond and Interest Funds ad valorem levies could be increased to make up for the loss of MVT because they are not subject to either a tax levy rate limit or the tax lid. The Mental Health and Mental Retardation Funds may or may not be able to increase their ad valorem tax levies if they lost the MVT. It would depend whether they were at their levy rate limits. In summary, funds that have no available additional levying power--because they are already at their levy rate limit or are restricted by the tax lid--to compensate for the loss of MVT could be seriously hurt.

If you have questions, please call Barbara Beine or me.

cc: Phil Anderson, Division of Budget  
Duane Johnson, State Librarian



## STATE OF KANSAS

JOHN CARLIN, GOVERNOR

## STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

MENTAL HEALTH AND  
RETARDATION SERVICES

ROBERT C. HARDER, SECRETARY

STATE OFFICE BUILDING  
TOPEKA, KANSAS 66612-1570  
(913) 296-3774  
KANS-A-N 561-3774

## TESTIMONY TO SENATE COMMITTEE ON LOCAL GOVERNMENT

## Senate Bill 507

## Apportionment of motor vehicle tax moneys

I appreciate the opportunity to appear before this committee to express a concern in regard to this bill as it is currently written and the possible negative effect that it could have on Community Mental Health and Community Mental Retardation programs.

I have submitted to this membership a copy of a memorandum from William L. Ervin, Chief of the Municipal Accounting Section. This memorandum, dated February 17, 1986, addressed to Mike Heim your Legislative staff person, spells out a possible funding problem for the Community MH and MR Centers.

That possible problem is outlined beginning in paragraph three. I believe the Municipal Accounting Section is represented here today if this Committee would be interested in a further explanation.

Thank you for the opportunity to present this information.

(ATTACHMENT VI)

2/27/86

S. WG

Robert C. Harder, Secretary  
Office of the Secretary  
Social and Rehabilitation Services  
296-3271  
February 27, 1986