

Approved February 25, 1987
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./~~p.m.~~ on February 24, 1987 in room 519-S of the Capitol.

All members were present except:

Senator Nancy Parrish

Committee staff present:

Tom Severn, Research
Chris Courtwright, Research
Don Hayward, Revisor's Office
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

Senator Wint Winter
Dean Harvey, Wakarusa Township Trustee
Representative Nancy Brown
Barbara Butts, Dept. of Administration
Gerry Ray, Johnson County Board of Commissioners
Bud Grant, Kansas Chamber of Commerce and Industry
Vic Miller, Kansas Bonded Warehouse Assoc.
John Wine, Assistant Secretary of State
Fred Weaver, Board of Tax Appeals

Chairman Kerr called the meeting to order and welcomed the visitors who were in the room affiliated with the Association of Townships.

He then stated that the agenda for the day was to have hearings and possible action on Senate Bills 167 and 253.

SENATE BILL 167

Senator Wint Winter, sponsor of the bill, testified in support of S.B. 167. He stated that as originally introduced, the bill amends only one section, intending to increase the mill levy limit for township fire departments from two to three mills. He stated that the Wakarusa Township, (Douglas County) is not able to provide needed fire protection under the current two mill levy. The primary reasons for this are decreases in valuation because of annexation, along with other increases to provide insurance and workman's compensation to the township. He introduced Mr. Dean Harvey, Trustee of Wakarusa Township.

Dean Harvey testified in support of S.B. 167. (Attachment 1) He stated that the township of Wakarusa has lost \$1 million dollars valuation in annexation. He stated that a two mill levy leaves absolutely no funds for fire protection. He also stated that \$14,000 had to be borrowed from the General Fund last year to make ends meet. He said that this could not become a habitual practice, because there would not be money available to do so.

Mr. Harvey stated that he felt it was the responsibility of the township to furnish fire protection. He asked for an increase in the mill levy from two to three in order to be able to provide this protection.

Rep. Nancy Brown, (Attachment 2) testified in support of S.B. 167. She stated that she was appearing as a state representative, and also as the founder and executive director of the Kansas Association of Townships.

She requested an amendment to eliminate the aggregate tax levy limit altogether. (See Attachment 3) She stated that she felt the aggregate levy limit is a confusing concept and does little to limit township levies because there are so many exceptions.

Barbara Butts testified in support of S.B. 167. She stated that she also requests elimination of the aggregate limit in the townships. She said that she

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m. ~~p.m.~~ on February 24, 1987.

felt it would simplify the township budget preparation. (Attachment 3)

Rep. Nancy Brown requested a second amendment to the bill. She asked that K.S.A. 80-1425 be amended to include ambulance service. (See Attachment 4)

Gerry Ray testified in support of S.B. 167. She explained that the township of Lexington has lost \$15,000 through loss of federal revenue sharing. They are very concerned about and do want to keep their ambulance program. She urged support of Rep. Brown's amendments.

SENATE BILL 253

Bud Grant testified in support of S.B. 253. He stated he felt the Board of Tax Appeals decision regarding J.C. Penney's was appropriate and that this bill is proper.

Vic Miller testified in support of S.B. 253. He stated that he felt the Board of Tax Appeals decision regarding the J.C. Penney decision determines that businesses do not need a license to receive an exemption under K.S.A. 79-201f (b) if they do not store goods of others. (Attachment 5)

He asked that an amendment be made concerning line 71 remaining as December 31, 1983 instead of 1986. This will make the statute clear that a license was not a requirement in any of the previous three years for any taxpayer who was denied an exemption on this basis.

John Wine testified in support of S.B. 253. (Attachment 6) He stated that although the recent Kansas Board of Tax Appeals ruling may have taken care of the warehouse storing only their own property, this bill is still necessary to protect the business whose goods are stores in their warehouse, but the warehouse has inadvertently failed to renew its license.

Fred Weaver testified in favor of S.B. 253. He stated that many of the bonded warehouses for hire did not have a license and now have a problem. He stated that he urged passage of this bill to protect the warehouses that inadvertently failed to obtain a license.

There was committee discussion on S.B. 253. Senator Karr made a motion to change the effective date of 1986 back to 1983 on line 71. Senator Salisbury seconded. Motion carried.

Chairman Kerr asked the revisor if any technical changes were needed. The revisor noted "assessor" should be changed to "appraiser".

Senator Mulich made a motion to favorably pass S.B. 253 as amended. Senator Montgomery seconded. Motion carried.

COMMITTEE DISCUSSION ON S.B. 167

Senator Montgomery made a motion to amend the bill to include ambulance services brought to the committee's attention by Rep. Nancy Brown. (Att. 3) Senator Burke seconded. Motion carried.

There was a motion by Senator Salisbury to further amend the "ambulance amendment" to clarify that the ambulance levy will not be subject to the aggregate limit. This would be consistent with current law. Senator Montgomery seconded. Motion carried.

Senator Salisbury made a motion to recommend S.B. 167 favorably for passage as amended. Motion carried.

Senator Hayden made a motion to accept the minutes of February 20th and 23rd meetings. Senator Frey seconded. Motion carried.

Meeting adjourned.

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
2/24	Bill Waters	Topeka	PVD
2/24	Lyle Clark	Topeka	"
2-24	Va Miller	Topeka	Ks Banded U.S. House District
2-24	Tom Stanton	TOPEKA	ENRON/World Gas delegate for Reno Co. Summer township
2-24	Jenkins Art	Mt. Hope Kans.	delegate for Reno Co. Summer township
2-24	Thelma Art	Mt. Hope, Kans.	delegate for Reno Co. Summer township
2-24	Mary Jo Seiler	Mt. Hope, Mo.	Reno County Summer township
2-24	Gilbert Seiler	Mt Hope Ks.	Reno County Summer township
2-24	RICHARD W PHILLIPS	NICKERSON, Ks	RENOCO GRANITE
2-24	Mr M Phillips	Nickerson Ks	Reno Co
2-24	Matilda Paney	Mt. Hope, Kansas	Reno Co. Summer Supp.
2-24	Nathalie Zogman	Cheney Kansas	Reno Co. Summer Supp.
2-24	Henry Zogman	Cheney Kan.	Reno Co. Summer Supp.
2-24	John P Paney	Mt Hope, Kansas	Reno Co Summer Supp.
2-24	Ken Krauss	Sedgwick Ks	Harvey Co. Lakin Twp.
" "	Carroll Clark	Halstead Ks	"
2/24	Alvin Harbers	Rose Hill, Ks	Butler Co. Richland
2-24	John Linot	Douglas Kansas	Butler Co. Richland
2-24	Mary E. Baty	RR#2 Box 55 Pretty Prairie	Reno Co. Minnescah Twp.
2-24	Leo Hansen	RR#2 Box 149 Mulvane, Ks	SALEM Township Sedg. Co.
2-24	Alfred M Kerschner	Gasland Ks	Garden Plain Sedg. Co.
2-24	Lawrence A. Welen	Goddard Ks	Garden Plain Twp. Sedg. Co.
2/24	Denton B. Rice	Topeka	Secretary of State
2-24	John King	Topeka	Sec. of State
2-24	Tom Ewens	Topeka	Soldier Township
2-24	Mary M. Suter	Cheney Ks	Reno Co. Union TWP
2-24	Pauline Bartenbach	Pretty Prairie, Ks.	Pauline Minnescah "
"	Robert Bartenbach	"	Reno - Minnescah
2-24 82	Marshall F Suter	MAILING Cheney KANSAS	LIVE IN RENO COUNTY - Minnescah TWP
	Ray Foltz	Butler Ks	Soldier Twp Sedgwick Co

Wakarusa Township Road and Fire Department

R.R. 2, BOX 2
913 - 843-0051
LAWRENCE, KANSAS 66044

38

	Actual 1985 Tax Levied	Less Allowance For Delinquency	Available in 1986
Fire	62,001.93	1,860.06	60,141.87

Financial Statement and Adopted Budget
FIRE FUND

	Code	1985 Actual	1986 Budget or Estimate	BUDGET 1987
Township Unreserved Fund Bal Jan 1		6,589.70	2,782.42	4,270.00
County Treas Bal Jan 1		523.20	.00	xxxxxxxxxxxxxxx
Ad Valorem Tax	T01	62,124.88	60,142.00	xxxxxxxxxxxxxxx
Delinquent Tax	T01	151.58	930.58	930.00
Motor Vehicle Tax	T01	4,476.59	3,764.00	3,959.00
Motor Vehicle Stamp Tax	T99	150.53	112.00	112.00
Local Ad Valorem Tax Reduction	C28	3,047.02	3,019.00	3,180.00
Feed October Tax Transfer from General	T01	.00	3,000.00	14,000.00
Charges for services	A89			
Interest on Idle Funds	U20			
Other- Refunds Soc Sec B C & B S & Equip	U99	1,593.52		
RESOURCES AVAILABLE		78,657.02	73,750.00	26,451.00
Expenditures: Insurance 6,451.68 + 6,938.54		13,390.22		
Fire Contract Wages & Mileage	E24	55,613.49		
Fire Operations	E24		69,480.00	86,962.00
Fire Equipment	F24	3,673.03		
Other Fuel 1,200.00 Misc 1,997.86	E24	3,197.86		
TOTAL EXPENDITURES		75,874.60	69,480.00	86,962.00
County Treas Bal Dec 31	W61	.00	xxxxxxxxxxxxxxx	xxxxxxxxxxxxxxx
Township Unreserved Fund Bal Dec 31	W61	2,782.42	4,270.00	xxxxxxxxxxxxxxx
TAX REQUIRED				60,511.00
Delinquency Computation (See Instructions and Form T-B1)				97%
Amount of 86 Tax to be Levied				62,326.00

NANCY BROWN
REPRESENTATIVE, 27TH DISTRICT
15429 OVERBROOK LANE
STANLEY, KANSAS 66224-9744



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: GOVERNMENTAL ORGANIZATION
INSURANCE
TRANSPORTATION

TESTIMONY ON SB 167

An Act concerning townships; relating to the limitation on certain tax levies

Mr. Chairman and members of the Committee:

Thank you for the opportunity to appear before you today on SB 167, regarding township tax levies. I appear before you wearing two hats, one as a state representative and the other as the founder and executive director (volunteer) of the Kansas Association of Townships (KAT).

As you know, the Kansas Association of Townships has undertaken a rather extensive review of township statutes to last over a two-year period. It was not our intention to introduce any township statute amendments this year. Instead our thought was to alert individuals, agencies and organizations acquainted with township governments to our project and provide adequate time for them to make some recommendations for change.

Letters have been sent to township officials, legislators, county clerks, engineers, public works directors, commissioners, plus state departments dealing with township governments. The Department of Administration (and others) have already sent written recommendations for amendments, one which speaks to the tax levy limits the committee is dealing with today.

Although I had not intended to make any statutory recommendations this year, the introduction of SB 167 provided a timely opportunity to request one specific recommendation now instead of waiting until next year.

The request is to eliminate the aggregate tax levy limit altogether (see the attached draft amendment). The aggregate levy limit is a confusing concept and realistically does little to limit township levies. Township officials generally limit themselves and, to my knowledge, do not abuse taxing authority. In addition, there are numerous safeguards in the statutes already.

Speaking to this recommendation, I have with me Barbara Butts, from the Department of Administration. Barbara deals with the township budgets at the state level and is one of the few experts on township mill levies in the state.

I would like to have her present testimony now and then we are both available to answer any questions you may have.

Thank you!

Nancy Brown

2/24/87

Proposed Amendment to SB 167

On page 2, in line 104, by striking all after "(b)"; by striking all of lines 105 to 117, inclusive;

I am Barbara Butts. I work for the Municipal Accounting Section of the Department of Administration. Rep. Brown requested I testify on the effect of eliminating the aggregate limit in the townships as she proposes in her amendment to S.B. No. 167.

The aggregate limit is intended to limit the overall levy amount for certain purposes. Several levies are exempted as you can see in S.B. No. 167.

The aggregate limit is two and one-half mills for a township not in a unit road county and one-half mill for townships in unit-road counties. Under current legislation I know of no townships that have a problem with these limits, however, during our budget reviews we note numerous errors in showing funds under the aggregate.

Under current law (see attached) there are three funds under the aggregate for all townships: General, Employee Benefits, and Prairie Dog Extermination. Sometimes fire protection is under the aggregate and sometimes it is not. The Hall Fund is under the aggregate for unit road counties. This non-uniform application of the aggregate is confusing to even the knowledgeable township budget preparers.

Another reason for eliminating the aggregate for townships might be because it is often confused with the aggregate that controls levies in counties and cities as found in K.S.A. 79-5001 to 5016.

We feel it would simplify the township budget preparation by eliminating the aggregate and the individual fund limits would continue to limit the levying authority. As stated before, we know of no township that has difficulty with the aggregate but with the increased fire levy it could become a problem unless S.B. 167 is amended.

Township Authorized Levies

Fund	K.S.A.	Authorized Levy	Comments
Noxious Weed	2-1318	1.00	
Deficiency levy for chemicals	2-1318	.50	
Library	12-1220	1.00	By election only
Library	12-1230	1.00	Contractual services
Cemetery	12-1403	1.00	Land purchases
Cemetery	12-1405	1.00	
Employee Benefits	*12-16,102	No Limit	
ct Fire Protection and Street Lights	19-2717	3.00,6.00	
Social Security	40-2305	No Limit	
Workmen's Compensation	44-505c	No Limit	
Special Highway Improvement (includes Machinery)	68-141g	None	Transfer by resolution
Road	68-518c	5.00-8.00	
Spec. Liab. Expense	75-6110	No Limit	
Parks/Cemetery Acquisition	79-1962	1.00	
Parks/Cemetery Maintenance	79-1962	1.00	
Fire Protection	79-1962	1.00	See AGO Page 697 Vol VI
General	*79-1962	.50	
Library	79-1962	1.00-2.50	
ct Prairie Dog Extermination	*79-1962	1.00	Real Estate value
No-Fund Warrants (Shortages in Revenue)	79-2938	No Limit	
No-Fund Warrants (Emergencies)	79-2939	No Limit	BTA approval required
Township Hall	80-115	2.00	1986 HB 2680
ct Park & Cemeteries			Purchase only--
Maintenance	80-903	2.00	election required
Cemeteries	80-932	.10	
Transfer Authorization	80-1406b		Transfers of GF surplus
Special Road	80-1413	10.00	By election only
Ambulance Fund	80-1425	2.00	
ct Fire Protection	80-1503	1.00-2.00	In addition to 79-1962
ct Fire Department	80-1537	3.00	
ct Fire Department	80-1903	2.00,4.00	
ct Fire Department	80-1916	3.00	
ct Fire Department	80-1921	2.00	
ct Fire Department	80-1546	7.00	Resolution required if levy exceeds 3 mills

ct - certain townships: check statutes

* - subject to aggregate limit

Each statutory reference should be verified. This listing is only to be used as a reference in locating statutes and is not intended to be all-inclusive.

Proposed Amendment to Senate Bill No. 167

On page 1, after line 27, by inserting a new provision as follows:

"Ambulance service: As authorized by K.S.A. 80-1425 3 mills";

On page 3, after line 138, by inserting a new section to read as follows:

"Sec. 2. K.S.A. 80-1425 is hereby amended to read as follows: 80-1425. The township board of such township is authorized to levy taxes for ambulance service purposes but shall not fix a rate of levy in any one year exceeding ~~two-mills~~ the limitation prescribed by K.S.A. 79-1962, and amendments thereto.

No levy shall be made under the provisions of this act until a resolution authorizing the making of such levies be passed by the township board by publication for three successive issues in a newspaper of general circulation within the township, whereupon such levies may be made unless a petition in opposition to the same, signed by not less than 10% of the registered voters of such township as determined by the vote for secretary of state in the last preceding election, is filed with the township clerk of such township within 30 days following the last publication of the resolution.

In the event such petition is filed it shall be the duty of the township board to submit the question to the voters at an election called for such purpose or at the next general election. The levy herein authorized for ambulance purposes shall be in addition to all other tax levies authorized or limited by law and ~~shall--not--be--subject--to--or--within--the--aggregate--tax--levy--limit prescribed--by--K.S.A.--79-1962,--and--amendments--thereto.~~";

Also on page 3, in line 139, before "K.S.A." by inserting "K.S.A. 80-1425 and"; also in line 139, by striking "is" and inserting "are"; by renumbering sections 2 and 3 as 3 and 4,

respectively;

In the title, in line 18, after "amending" by inserting "K.S.A. 80-1425 and"; in line 19, by striking "section" and inserting "sections";

Kansas Bonded Warehouse Association

P.O. Box 1966 • Topeka, KS 66601 • (913) 232-3452

February 24, 1987

Mr. Chairman and members of the committee, my name is Vic Miller and I represent the Kansas Bonded Warehouse Association, a group of businesses seeking to avail themselves of the freeport exemption. We support the passage of SB 253, with one small but important amendment.

We believe the J.C. Penney decision of the Board of Tax Appeals appropriately determines that businesses do not need a license to receive an exemption under K.S.A. 79-201f(b) if they do not store goods of others. SB 253 is an attempt to codify that decision. To do so, we believe the language on line 71 should remain as December 31, 1983. This will make the statute clear that a license was not a requirement in any of the previous three years for any taxpayer who was denied an exemption on this basis or who did not apply for an exemption because of the license requirement.

Without the amendment, some taxpayers may enjoy the benefit of the exemption while others remain denied for reasons that have now been determined to be inapplicable. Likewise, without passage of SB 253 with the suggested amendment, cases similar to J.C. Penney remain subject to possible judicial scrutiny and reversal.

In summary, SB 253 is consistent with recent decisions of the Board of Tax Appeals, consistent with what we believe to be the original intent of the freeport exemption and consistent with this State's attitude of attracting and maintaining businesses within our borders. With the suggested amendment, we support the bill's passage.

Bill Graves
Secretary of State



2nd Floor, State Capitol
Topeka, KS 66612-1594
(913) 296-2236

STATE OF KANSAS

TESTIMONY BEFORE THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION
ON SB 253

JOHN WINE, ASSISTANT SECRETARY OF STATE

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

The Secretary of State supports Senate Bill 253.

Our office, pursuant to K.S.A. 82-161 to 82-171, issues licenses on a yearly basis to over 500 bonded warehouses in the state. All licenses for bonded warehouses expire on December 31st of each year and require the submission of an application, fee, and bond on a yearly basis.

The fee to become a bonded warehouse is \$25 and the amount of the bond required is at least one-fourth of the value of the goods stored by the applicant up to the maximum bond of \$50,000. If the applicant stores only his own goods, the minimum \$5,000 bond is required.

The vast majority of the 500 warehouses licensed by this office do not store property other than their own. They report that the only reason that they obtain the license is for the property tax exemption. We receive approximately 100 complaints annually from businesses who do not understand the connection between the freeport law and obtaining a bonded warehouse license. We agree with them.

Although the recent Kansas Board of Tax Appeals ruling may have taken care of the warehouses storing only their own property, this bill is still necessary to protect the business whose goods are store in a warehouse, but the warehouse has inadvertently failed to renew its license.

I am available if there are any questions.