

Approved March 22, 1988
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Jayne Aylward, Vice-Chairperson at
Chairperson

3:34 ~~xxx~~/p.m. on Monday, March 14, 1988 in room 423-S of the Capitol.

All members were present except: Representatives Mead, Goossen, Kline, Baker, Barkis, Helgerson, Heinemann, Moomaw and Campbell. - Excused

Committee staff present:

Jim Wilson, Revisor
Lynn Holt, Research
Elaine Johnson, Secretary

Conferees appearing before the committee:

E. A. Mosher, Executive Director, League of Kansas Municipalities

Vice-Chairman Jayne Aylward called the meeting to order and recognized Mr. Ernie Mosher.

Mr. Mosher testified in support of the change in S.B. 512. Clarification is needed to specify that monies in a city industrial tax fund established under K.S.A. 12-1617h may be used for "retaining" existing industries or manufacturing institutions as well as for "securing" such institutions. The principal, substantive changes made by the bill are simply to add the words "or retaining" after the words "securing" and "inducing." (Attachment 1).

Discussion followed.

The meeting adjourned at 3:42 p.m.

Phil Kline



League of Kansas Municipalities

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL/112 WEST SEVENTH ST., TOPEKA, KANSAS 66603/AREA 913-354-9565

RE: SB 512--Use of City Industrial Fund Taxes
TO: House Committee on Economic Development
FROM: E.A. Mosher, Executive Director
DATE: March 14, 1988

Purpose: The purpose of SB 512 is to specify that moneys in a city industrial tax fund established under K.S.A. 12-1617h may be used for "retaining" existing industries or manufacturing institutions as well as for "securing" such institutions.

Background: Questions have been raised as to whether moneys in a city industrial tax fund may be used to assist in retaining existing industries. While it is known that moneys in such a fund, currently used by about 70 Kansas cities, has been used by some cities for promoting, supporting and retaining existing industries, clarification appears advisable. The wording of K.S.A. 12-1617h, "securing industries" (line 26) and the wording of K.S.A. 12-1617i, "inducing industries to locate" (lines 56:57), seems to imply that it may not be used for retaining existing businesses.

Explanation: The principal, substantive changes made by the bill are simply to add the words "or retaining" after the words "securing" and "inducing."

This is an old statute, originally enacted in 1923, and several editorial changes have been made.

The proposed new language at the end of K.S.A. 12-1617h (lines 47:50) is designed to clarify that the use of an industrial tax levy, approved by the voters, is not an exclusive financial means for cities to promote economic development. The existing statute precedes constitutional home rule. Most cities now use their general fund for this purpose. If a city wants to establish a special property tax fund, it could do so by a home rule charter ordinance rather than utilize this statute.

Advantages: Clarifies the existing statutes and recognizes the current emphasis on the retention and expansion of existing businesses as compared to concentrating on securing new industries.

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House Eco Dev

Attachment 1 3/14/88

RESEARCH / INFORMATION BULLETIN

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CITY INDUSTRIAL DEVELOPMENT TAX LEVIES

Under K.S.A. 12-1617h, Kansas cities are authorized to annually levy a property tax "for the purpose of creating a fund to be used in securing industries or manufacturing institutions for such city or near its environs..." The proposed tax levy must be initially approved by the voters at a referendum and may not exceed one mill. The levy is not subject to the property tax lid (K.S.A. 79-5011).

It should be noted that expenditures for general economic development may also be made from the city's general fund. A special fund is not necessary. Further, a special tax levy could be provided for under the city's constitutional home rule authority rather than under this statute.

The listing of cities and mill levies on the next page relates only to those cities which have a separate tax levy and fund for economic development purposes under K.S.A. 12-1617h.

The number of cities with separate industrial fund levies has not changed significantly in recent years. The number levying such taxes for various years has been as follows: 1966--55; 1971--68; 1976--77; 1978--77; 1979--77; 1980--71; 1981--71; 1984--68; 1985--70; and 1987--71. Since a discontinuation of the levy in one year, after the third year, requires another referendum, some cities levy only a small amount to keep their tax authority "alive."

Cities which levied a special industrial development tax in 1980, 1984, 1985 and 1987 are shown on the next page.

Special reference should be made to Research/Information Bulletin No. 368, which notes that many special tax fund levies are unnecessary since there is no longer a levy rate limit on the general fund tax or restrictions as to its purpose. Further, separate and special tax levies are not essential for tax lid purposes where an appropriate home rule charter ordinance has been adopted--see RIB No. 401.

<u>CITY</u>	<u>1987</u> <u>POP.</u>	<u>1980</u> <u>RATE</u>	<u>1984</u> <u>RATE</u>	<u>1985</u> <u>RATE</u>	<u>1987</u> <u>RATE</u>	<u>CITY</u>	<u>1987</u> <u>POP.</u>	<u>1980</u> <u>RATE</u>	<u>1984</u> <u>RATE</u>	<u>1985</u> <u>RATE</u>	<u>1987</u> <u>RATE</u>
Abilene	6,430	.80	.79	.95	1.001	Junction City	19,987	1.00	----	.35	1.00
Anthony	2,743	1.00	1.00	1.00	1.00	LaCrosse	1,526	.53	.10	.10	1.00
Ashland	1,177	1.00	1.00	1.01	1.00	Lakin	2,123	1.00	.51	.51	.51
Atchison	11,402	1.00	----	----	----	Larned	4,875	1.00	1.00	1.00	1.00
Baldwin City	2,798	----	----	1.00	.975	Lindsborg	3,270	.50	.997	1.00	.987
Bartlett	156	.74	1.08	1.36	----	Lucas	522	.50	.50	1.01	1.00
Baxter Springs	4,502	1.00	1.00	1.00	1.00	Lyons	3,964	.50	.50	.50	.496
Balle Plaine	1,721	----	----	----	.98	Manhattan	32,381	1.00	1.00	1.00	.051
Burlington	3,283	1.00	1.00	.98	1.00	Marion	1,901	1.00	1.00	.99	.987
Caney	2,313	.97	.03	.03	.03	Marysville	3,776	.96	1.00	1.00	.999
Canton	869	----	.416	.49	.49	McPherson	12,039	.16	.40	.67	.778
Chanute	10,889	.50	.50	.50	1.00	Medicine Lodge	2,711	----	1.50	1.50	----
Cheney	1,398	.10	.102	.098	1.00	Minneapolis	2,060	.94	1.00	1.00	1.00
Cherryvale	2,631	.45	.10	.10	1.00	Moran	583	1.00	----	----	----
Chetopa	1,620	.50	.50	.50	.50	Mulvane	4,408	----	.496	.498	.926
Clay Center	4,824	.75	.25	1.00	1.00	Natoma	520	1.00	1.06	----	----
Coffeyville	14,590	.01	.50	.01	.50	Neodesha	3,261	1.00	1.00	1.00	1.00
Columbus	3,522	.50	.50	.50	.50	Ness City	1,885	1.00	.99	1.00	.966
Concordia	6,779	.25	1.01	1.02	1.01	Norton	3,277	.50	.50	1.00	1.00
Cottonwood Falls	911	.50	.04	.03	.03	Onaga	684	----	----	----	1.00
Council Grove	2,285	.10	1.00	1.00	1.00	Osage City	2,829	----	1.00	1.00	1.00
Downs	1,287	1.00	1.00	1.00	1.00	Osawatomie	4,576	.50	1.00	1.00	1.00
El Dorado	11,272	1.00	1.00	.997	.99	Osborne	2,005	.50	.55	1.55	1.50
Ellis	2,123	.34	.393	.718	1.00	Oskaloosa	1,112	.60	.60	.60	.60
Ellsworth	2,380	1.00	1.00	1.00	1.00	Oswego	2,158	1.00	1.00	1.00	1.00
Emporia	27,087	.98	1.00	1.00	1.00	Paola	4,387	1.00	1.00	1.00	1.00
Erie	1,467	1.00	1.00	1.00	1.00	Parsons	13,089	1.00	.75	.87	.89
Eureka	3,384	.10	----	.07	----	Phillipsburg	3,123	----	----	----	1.00
Fort Scott	8,746	.50	.50	.493	.494	Pittsburg	18,489	.25	1.00	.994	.986
Fredonia	2,873	1.00	.10	1.00	1.00	Plainville	2,450	1.00	----	.99	1.00
Great Bend	17,637	.772	.51	.973	.897	Russell	5,647	.90	.25	----	1.00
Harper	1,768	.64	.10	.10	1.00	Sabetha	2,268	1.00	----	----	----
Herington	2,893	1.00	1.00	1.04	1.033	St. John	1,569	.50	----	----	----
Hiawatha	3,684	1.00	1.00	1.00	1.00	Sedgwick	1,541	.01	.98	.078	.995
Hillsboro	2,614	.10	1.00	1.00	.986	Seneca	2,334	.02	.92	.897	.914
Hoisington	3,675	.164	.093	.094	.990	Smith Center	2,172	----	.50	1.00	1.00
Holton	2,964	----	.94	.95	.90	Stafford	1,364	.50	----	----	----
Horton	1,960	1.00	1.00	1.00	1.00	Stockton	1,838	1.00	----	.97	.34
Independence	10,997	.10	1.00	.97	1.00	WaKeeney	2,526	.70	.70	.70	.70
Iola	7,025	.15	.49	.47	.50	Wakefield	807	1.00	1.00	----	.10
						Winfield	11,770	.50	.49	.50	.50