

Approved On: _____

Minutes of the House Committee on Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on February 22, 1988 in room 519 South at the Capitol of the State of Kansas.

The following members were absent (excused):

Representatives Aylward, Crowell, Lowther and Pottorff

Committee staff present:

Tom Severn, Legislative Research
Chris Courtright, Legislative Research
Don Hayward, Reviser of Statutes
Millie Foose, Committee Secretary

Representative Gatlin moved, second by Representative Smith, to introduce a bill to repeal the transient guest tax. The motion carried.

Mr. Bill Ervin, Chief, Municipal Accounting Section, presented testimony on HB-2904 - AN ACT relating to property taxation; concerning aggregate property tax levy limitations. He listed six undesirable features of SB-164 that he believes HB-2904 would correct. (Attachment 1) It would restore the fund levy limits, in terms of dollars authorized, to amounts in effect in the year prior to reappraisal. He also provided a list of Tax Lid Exemptions under the present law, but would not be exempt unless additional language is added to HB-2904. Mr. Ervin then answered questions from committee members and said that he would be available for further questions. Tom Severn alerted the committee to the fact that he has a policy question concerning new improvements that might be added.

Patsy McDonald, Shawnee County Clerk, said that HB-2904 as drafted alleviates many concerns. She did suggest several changes that she believes are important. She wants to insert the words "authorized to be". She said that unless these words are inserted, next year taxing entities will have to levy exactly what they levied this year. She also said that if the language is inserted, they will levy in 1988 just what they levied in 1987. (Attachment 2) She answered questions from committee members and provided copies of the bill with suggested changes.

Bernie Hayen represented League of Kansas Municipalities and read the testimony of E. A. Mosher, Executive Director. The League opposes in principle any tax lid law as they believe such state-imposed controls are in conflict with the clear intent of constitutional home rule. They support HB-2904 but suggest an amendment to line 167 to include "health care costs" as part of the tax lid exemption for employer contributions for employee benefits. (Attachment 3)

A sub-committee was formed, consisting of Representatives Roe, Smith, Leach, and Vancrum, to meet and discuss HB-2904 further.

Representative Wagnon moved, second by Representative Smith, to introduce a bill that would remove from taxation the personal household property of family day care providers. The motion carried.

There being no further business, the meeting was adjourned.



Ed C. Rolfs, Chairman

Testimony on House Bill No. 2904
by Bill Ervin, Chief, Municipal Accounting Section
February 22, 1988

H.B. 2904 would make substantial changes to a portion of the law--K.S.A. 79-5021 to K.S.A. 79-5035, as amended by 1985 S.B. 164--that is not yet in effect. Unless changed, this portion of the law would be phased into the budget process as other parts of the reappraisal law are also phased in.

Before getting into the specifics of H.B. 2904's changes, I believe it is important to review the concept of the aggregate limit, also known as the tax lid:

Certain levies are statutorily subject to the "aggregate limit." All levies are subject to the aggregate limit unless they have been specifically exempted by law. As part of the budget preparation for cities and counties, all such levies are added up, and the total may not exceed the "aggregate limit" of the base year, as adjusted.

Suppose, for example, that a city established an aggregate limit in the base year 1981 of \$5,000, and that subsequent adjustments (computed on the budget forms each year) have increased this limit to \$5,500 for the city's 1988 budget. We would refer to this city's aggregate limit (tax lid) as \$5,500.

Historically, only cities and counties have been subject to the aggregate limit.

It appears that the main purpose of the 1985 law was to prevent a windfall of taxes due to reappraisal. Suppose, for example, that a city's valuation doubles due to reappraisal. If the same mill levy rates were to be applied to this doubled valuation, the levied taxes would double. To prevent this, the 1985 law stipulated that for the first year new valuations were to be used (1989 for the 1990 budgets), the aggregate limit would be frozen to the amount levied under the aggregate limit in 1988 for the 1989 budgets. Most people are in agreement with this feature of the 1985 law. There are, however, other effects of the 1985 law that are not desirable. Attorney General Opinions 87-158, 87-163, and 87-167 determined that the 1985 law would:

- Impose a limit on the aggregate amount of taxes levied in the reappraisal year and all future years which is the aggregate amount levied the year before reappraisal.
- Impose the tax lid concept on all municipalities rather than just the cities and counties. The tax lid computation is currently a three page computation in the city and county set of budget forms and will complicate the budgets of small municipalities.
- Change the levies that are exempt from the tax lid.
- Require all home rule procedures be repeated because the new tax lid is in a new section of statutes. It does authorize the use of home rule by all taxing subdivision, currently cities and counties only can use home rule, but this would be an awkward and complicated procedure for the smaller municipalities.

- Eliminate the current concept of mill levy rate and dollar limits on individual funds.
- Encourage padding of the levies, as discussed in AGO 87-158, in the year before reappraisal.

H.B. 2904 would eliminate many of these undesirable features.

Section 1:

This section was added to define "reappraisal year" as used in the remainder of the act. If reappraisal is completed according to the statutory deadline (December 31, 1988), the reappraisal year will be 1989, the year in which the 1990 budget will be prepared.

Section 2:

(a) suspends the existing fund mill levy rate limits (for example, one mill for Fund A, two mills for Fund B, etc.) and aggregate limits. (The mill levy rate concept is not restored later in this bill because of the unknown effect of the new valuation system. The aggregate limit concept is restored in Section 2. (b) and (d).)

(b) provides for an aggregate limit for all municipalities in the reappraisal year only. The aggregate limit is the total dollars levied for funds under the tax lid in 1988. This maintains the apparent legislative intent of the 1985 law that levies be limited in the reappraisal year (1989) to what was levied the year before (1988).

In lines 40-44, redundant language has been deleted.

In lines 46-47, the provision for exempting special assessment levies from the aggregate is struck. (The exemption is relocated to K.S.A. 79-5028, via Section 7, where all the other exemptions are listed.)

(c) restores the fund levy limits, in term of dollars authorized, to amounts in effect in the year prior to reappraisal. It also provides for a "multiplier" to enable the fund levy limits to increase as total valuation increases.

We believe the now-in-effect home rule ordinances/resolutions changing the fund levy limits will continue in effect because they set the "authorized aggregate limit" specified in lines 61-62.

We also believe the proposed changes would allow the continuation of the present treatment of LAVTR (local ad valorem tax reduction) moneys to be used to reduce individual fund levies.

(d) restores the aggregate limit for cities and counties similar to the current (pre-1985 law implementation) procedures. The amount will be the authorized amount the year before reappraisal with increases for added personal property, new improvements, and annexed territory. Only cities and counties would be subject to the aggregate limit. (The implementation of the 1985 law would subject all municipalities to the aggregate limit.)

This new language would also allow the now-in-effect home rule ordinances/resolutions which establish aggregate limits (or provide exemptions from aggregate limits) to continue in effect.

Section 3:

The deleted language of lines 77-87 conflicts with the proposed amendment to K.S.A. 79-5022.

Section 4:

(a) provides for adjustment in the aggregate limit for new improvements in the reappraisal year and future years. The increase will be computed by the same procedure as annexed territory in K.S.A. 79-5025. This will enable cities and counties to take advantage of the increased valuation due to new construction.

(b) provides for adjustment to the aggregate limit for added personal property after the reappraisal year. The reappraisal year establishes the base year information from which to calculate increases in personal property. This change would continue the current (pre-1985 law implementation) calculation procedures.

Sections 5 and 6:

The changes are merely to cite the updated supplement year.

Section 7:

(f) maintains the aggregate limit exemption for the district court operations which is now in K.S.A. 79-5011. This exemption was added to K.S.A. 79-5011 in 1986, but this amendment was not carried over to K.S.A. 79-5028 where the other exemptions are listed.

(g) moves the special assessment levy exemption from K.S.A. 79- 5022.

(h) maintains the exemptions for special law enforcement, industrial development, county law enforcement, ambulance, county mental health, economic development, and community college. Some statutes shown in K.S.A. 79-5011 are not shown here because these are employee benefits statutes which would be included in section (e).

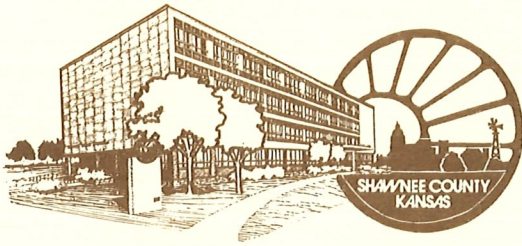
Section 8 and 9:

To avoid having aggregate limit laws in two places, this language repeals certain portions when they become no longer applicable.

AGGREGATE TAX LEVY LIMITATIONS (Tax Lid) EXEMPTIONS

The following list shows funds where the present law specifically exempts the levy from the Tax Lid. However, unless additional language is added to H.B. 2904, the following levies would not be exempted from the aggregate limit.

<u>Authorized by K.S.A.</u>	<u>Name of Fund</u>
2-129i	Fair Associations in Urban Area Counties
2-1318	Noxious Weed
12-110b	Law Enforcement or Purchase of Ambulance Equipment and/or Fire Equipment
1987 Supp. 12-1257	Special Library Building (Urban area counties)
12-1680	Service Programs for the Elderly
12-1686	Historical Museum
12-4803	Child Care Center
13-10,143	Flood Damage Repair
1987 Supp. 13-13a26	Out-District Tuition, Washburn University
13-14,112	Convention Center and Sports Arena Complex Operations and Maintenance
1987 Supp. 19-436	County Appraiser (Exempt only if published annually) IF PUBLISHED, ATTACH COPY TO YOUR BUDGET!
19-15,142	Coliseum Operation and Maintenance (Two year limit)
19-2122	Home for the Aged
1987 Supp. 19-2651	Preservation of Historical Records
1987 Supp. 19-2698	Services for the Physically Handicapped
19-27,156	Golf Course
19-3905	Youth Service Bureau
19-4485	County Law Enforcement Agency
25-2201a	Election Expense - County
65-4060	Special Alcohol and Drug Programs
65-4302	Emergency Medical Services
68-5,100	County Roads
1987 Supp. 75-1122	Costs incurred by 3rd class cities in complying with audit requirements
1987 Supp. 79-1482	Reappraisal
82a-1425	Weather Modification



Shawnee County
Office of County Clerk

PATSY A. "PAT" McDONALD

295-4155 Main
295-4159 Accounting

Courthouse - Room 107
Topeka, Kansas 66603-3963

February 19, 1988

Representative Rolfs, Chairman Taxation Committee
and Committee Members

The County Clerks' Association would like to thank this committee for introducing House Bill 2904 to resolve some of the problems regarding the implementation of the tax administration during and after reappraisal.

Basically, we concur that this bill as drafted alleviates many of our concerns such as the problem of being able to levy what "was levied" for "each year thereafter" is taken care of in K.S.A. 79-5022(b).

K.S.A. 79-5022(d) also treats cities and counties in a manner similar to the current statute and it insures that it applies only to cities and counties and not to all taxing entities; such as townships and drainages. It seemed silly that those taxing subdivisions were expected to complete a tax lid.

This statute also restores the status of being "chartered out" to those cities and counties who had already done so--they will go back to their status to the year prior to reappraisal and we agree that is good.

K.S.A. 79-5028 (Sec. 7) and subsections maintains the exemption status for those funds which were for some reason inadvertently removed in old Senate Bill 164, such as district courts, etc.

There are only two or three changes to this bill that the Clerks' Association really feels is important. In K.S.A. 79-5022 (b), lines 049 & 050, we would propose to add the words "authorized to be" levied.

REASON: Unless those words "authorized to be" are inserted, Next year, in 1989, taxing entities will have to levy exactly what they levied this year. The dollar amounts that can be levied in 1989 will be exactly the same as were levied in 1988 (except, of course, for the exemptions as listed in K.S.A. 79-5028).

We feel by freezing this dollar amount, that you are changing the rules for one year. If we had not had reappraisal at all, what could taxing subdivisions levy? The answer is "what they were authorized to levy". So why is this reappraisal year any different? No one wants to take advantage of the increased value created by reappraisal--people only need to be able to levy what they were authorized to levy prior to reappraisal!

This will stop taxing subdivisions from levying more than needed this year, in 1988, merely to insure a maximum amount in 1989 for the 1990 budgets. If what was authorized to be levied was fair and reasonable before reappraisal--it should be fair and reasonable in the year of reappraisal.

If this wording is not changed from what "was levied" to what was "authorized to be" levied, budgets will be inflated across Kansas in 1988.

There are approximately 3,800 taxing subdivisions across Kansas--who is prepared to tell all of them, such as a small cemetery, that they must levy this year or have to do without money the next year? As an example, Soldier Township could have levied \$53,128 in one fund. They actually only levied about one-half of that amount. What do you think will happen if they realize they will live with the dollar amount they did levy for two years? What about the fire district who levies three mills instead of the authorized amount five mills will raise? I think they will increase the amount in 1988. We believe it will cost the taxpayer more dollars by freezing the amount in 1989 to what was levied in 1988 than if you allow people to simply levy what they were authorized to levy in each year.

Also in K.S.A. 79-5022 (c) line 053, we believe we should change the word "adjusted" to "increased"; and on line 053, we feel the word "authorized" should be inserted before the word dollar. This section would then read--"In each year after the reappraisal year, the fund levy limits shall be increased by multiplying the authorized dollar amount....."

REASON: This section addresses the year after reappraisal--1990 and beyond. This allows taxing subdivisions to increase their authorized dollar limits by their natural economic growth. It cannot always be assumed that the valuation, after reappraisal will increase, so by changing the word "adjusted" to "increased", on line 053; it infers by implication that at least the dollar amount can't drop below the authorized limit. One could also take care of this problem by putting a floor, or by saying--provided no taxing subdivision shall be limited to less than what was authorized the year before reappraisal. EXAMPLE: if you could levy \$50,000 before reappraisal and the valuation drops, you still need to be able to levy that same amount.

Also in Section 8, line 191, this should read K.S.A. 79-5001 to K.S.A. 79-5019. K.S.A. 79-5020 should not be repealed.

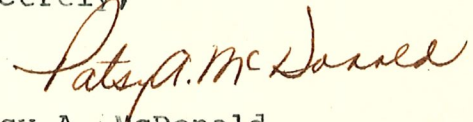
Reason: This is the statute that allows taxing subdivisions to make up from ad valorem tax for the loss of intangible tax when it is repealed by an election. EXAMPLE--if a township gets a petition to do away with the intangible tax and it is put to an election and passes, the revenue lost can be made up by the township through ad valorem taxation.

Lastly, K.S.A. 79-5024, line 097, regarding adjustment of aggregate limitation for new improvements on real estate and added personal property, merely simplifies the language and terminology by providing for a multiplier to derive a levy rate which is then applied to the new improvements on real estate and the personal property increases. The way it is written is acceptable and will work. However, this method of computation seems to be simpler. It makes the computation for both types of increases uniform. We already use that computation for personal property.

In summary, the changes we have suggested do three things:

1. It removes the need to levy more than needed in 1988.
2. It allows taxing entities to increase their limit with natural economic growth.
3. It keeps K.S.A. 79-5020 intact regarding intangible tax.
4. The changes are something we can all live with during and after reappraisal!

Sincerely,



Patsy A. McDonald
Shawnee County Clerk

HOUSE BILL No. 2904

By Committee on Taxation

2-10

0017 AN ACT relating to property taxation; concerning aggregate
0018 property tax levy limitations; amending K.S.A. 1987 Supp.
0019 79-5021 to 79-5026, inclusive, and 79-5028 and repealing the
0020 existing sections; also repealing K.S.A. 79-5001 to 79-5010,
0021 inclusive, and 79-5012 to 79-5018, inclusive, and K.S.A. 1987
0022 Supp. 79-5011 and 79-5020.

0023 *Be it enacted by the Legislature of the State of Kansas:*

0024 Section 1. K.S.A. 1987 Supp. 79-5021 is hereby amended to
0025 read as follows: 79-5021. As used in K.S.A. ~~1985~~ 1987 Supp.
0026 79-5021 to 79-5035, inclusive, *and amendments thereto*, "taxing
0027 subdivision" means every taxing district in the state of Kansas
0028 other than the state *and "reappraisal year" means the year in*
0029 *which the valuations established under the program of state-*
0030 *wide reappraisal are first used as a basis for the levy of taxes.*

0031 Sec. 2. K.S.A. 1987 Supp. 79-5022 is hereby amended to read
0032 as follows: 79-5022. ~~In the year in which the valuations estab-~~
0033 ~~lished under the program of statewide reappraisal are used as a~~
0034 ~~basis for the levy of taxes (a) In the reappraisal year and in each~~
0035 ~~year thereafter, all existing statutory fund mill levy rate and~~
0036 ~~aggregate levy limitations on taxing subdivisions are hereby~~
0037 ~~suspended.~~

0038 (b) Except as otherwise ~~hereinafter~~ provided in K.S.A. 1987
0039 Supp. 79-5024 to 79-5027, inclusive, *and amendments thereto*, in
0040 *the reappraisal year, in such year and in each year thereafter,*
0041 *any taxing subdivision is authorized to levy taxes upon tangible*
0042 *property which in the aggregate produces an amount not in*
0043 *excess of the amount which was authorized to be levied by such*
0044 *taxing subdivision in the next preceding year, but no taxing*
0045 *subdivision shall certify to the county clerk of the county any tax*
0046 *levies upon tangible property, excluding taxes levied as special*

0047 assessments and excluding levies specified in K.S.A. 1985 1987
0048 Supp. 79-5028, and amendments thereto, which in the aggregate
0049 will produce an amount in excess of the amount which was
0050 levied by such taxing subdivision in the next preceding prior
0051 year.

0052 (c) In each year after the reappraisal year, the fund levy
0053 limits shall be adjusted by multiplying the dollar amount pro-
0054 duced by the levy limit for the year prior to the reappraisal year
0055 by the quotient determined by dividing the assessed tangible
0056 valuation amount of the current year by the assessed tangible
0057 valuation amount of the reappraisal year.

0058 (d) Except for adjustments described in K.S.A. 1987 Supp.
0059 79-5024 to 79-5027, inclusive, and amendments thereto, in each
0060 year after the reappraisal year the aggregate levy limit for cities
0061 and counties shall be the authorized aggregate levy limit in
0062 effect for the year prior to the reappraisal year. All tax levies
0063 existing or authorized hereafter by law, except those levies
0064 specifically exempt pursuant to K.S.A. 1987 Supp. 79-5028, and
0065 amendments thereto, or levy authorizations exempted from the
0066 provisions of K.S.A. 1987 Supp. 79-5021 to 79-5027, inclusive,
0067 and amendments thereto, shall be subject to the aggregate limit
0068 prescribed hereunder.

0069 Sec. 3. K.S.A. 1987 Supp. 79-5023 is hereby amended to read
0070 as follows: 79-5023. Whenever any taxing subdivision shall cer-
0071 tify aggregate tangible property tax levies in excess of that
0072 permitted under the provisions of K.S.A. 1985 1987 Supp. 79-
0073 5021 to 79-5035, inclusive, and amendments thereto, the county
0074 clerk shall forthwith adjust the aggregate amount of such levies
0075 to the maximum levy authorized under the provisions of this act
0076 levies to the limitations authorized by law and notify the taxing
0077 subdivision certifying the same. It is the intent of this act to
0078 prescribe a limitation, with specified exceptions, upon the ag-
0079 gregate amount which may be levied upon tangible property by
0080 each of the several taxing subdivisions of the state and not to
0081 prescribe a limitation upon the amount produced by each of the
0082 several levies imposed by such taxing subdivisions for their
0083 various tax supported funds. It shall be the duty of the governing

0049 will produce an amount in excess of the amount
which was authorized to be

0053 limits shall be increased by multiplying the
authorized dollar amount pro-

0084 body of each taxing subdivision to adjust legally authorized
 0085 levies for separate funds or functions of the taxing subdivision
 0086 within the aggregate limitation imposed under the provisions of
 0087 K.S.A. 1985 Supp. 79-5021 to 79-5035, inclusive.

0088 Whenever a county clerk shall disagree with the governing
 0089 body of a taxing subdivision concerning the maximum amount of
 0090 the aggregate tangible property tax levies permitted under K.S.A.
 0091 1985 1987 Supp. 79-5021 to 79-5035, inclusive, and amendments
 0092 thereto, for such taxing subdivision, the disagreement may be
 0093 submitted to the state board of tax appeals by any such the
 0094 county clerk or by the governing body of such taxing subdivision;
 0095 and the disagreement shall thereupon be promptly and conclu-
 0096 sively determined by the state board of tax appeals.

0097 Sec. 4. K.S.A. 1987 Supp. 79-5024 is hereby amended to read
 0098 as follows: 79-5024. (a) In the reappraisal year and in each year
 0099 thereafter, whenever the taxable assessed tangible valuation of
 0100 any taxing subdivision is increased by new improvements on
 0101 real estate and by added personal property in the year in which
 0102 valuations established under the program of statewide reap-
 0103 praisal are used as a basis for the levy of taxes or in any year
 0104 thereafter, the amount which would be produced by the aggre-
 0105 gate tax levy limitation of such taxing subdivision computed in
 0106 accordance with K.S.A. 1985 Supp. 79-5022 shall be divided by
 0107 the taxable assessed tangible valuation of such taxing subdivi-
 0108 sion in the current year, omitting the assessed valuation of such
 0109 new improvements and added personal property, to derive a levy
 0110 rate, the amount which would be produced by the aggregate tax
 0111 levy authorized under K.S.A. 79-5022, and amendments thereto,
 0112 shall be adjusted to increase the amount authorized in the
 0113 proportion that the assessed valuation of the new improvements
 0114 bears to the total taxable assessed tangible valuation of the
 0115 taxing subdivision excluding the assessed valuation of the new
 0116 improvements.

0117 (b) In each year after the reappraisal year, whenever the
 0118 value of personal property increases over such value of the
 0119 reappraisal year, the aggregate limit for the year prior to the
 0120 reappraisal year shall be divided by the taxable assessed tangi-

79-5024, Same; adjustment of aggregate limitation for
 new improvements on real estate and added personal
 property.

(a) The aggregate limit the year prior to the reappraisal year shall be divided by the reappraisal year taxable assessed tangible valuation of such taxing subdivision to derive a levy rate. Once derived, apply the levy rate to the new improvements on real estate and the increased personal property.

(b) Whenever the taxable assessed tangible valuation of any taxing subdivision is increased by new improvements on real estate in the reappraisal year and thereafter, the amount of adjustment shall be computed by multiplying the levy rate determined in (a) above by the amount of new improvements.

0121 ble valuation of the taxing subdivision in the reappraisal year to
 0122 derive a levy rate. The levy rate so computed shall then be
 0123 applied to the assessed valuation of such ~~new improvements and~~
 0124 added personal property; ~~and such.~~

0125 (c) Such taxing subdivision may then levy the amount per-
 0126 mitted under K.S.A. ~~1985~~ 1987 Supp. 79-5022, and amendments
 0127 thereto, and in addition thereto the amount produced by the levy
 0128 on such new improvements and added personal property as
 0129 provided in this section.

0130 Sec. 5. K.S.A. 1987 Supp. 79-5025 is hereby amended to read
 0131 as follows: 79-5025. In the event that any territory is added to an
 0132 existing taxing subdivision, the amount which would be pro-
 0133 duced by the aggregate tax levy otherwise authorized under
 0134 K.S.A. ~~1985~~ 1987 Supp. 79-5022 and 79-5024, and amendments
 0135 thereto, shall be adjusted to increase the amount authorized in
 0136 the proportion that the assessed valuation of the tangible taxable
 0137 property in the territory added bears to the total taxable assessed
 0138 tangible valuation of the taxing subdivision, excluding the prop-
 0139 erty in such added territory.

0140 Sec. 6. K.S.A. 1987 Supp. 79-5026 is hereby amended to read
 0141 as follows: 79-5026. In the event that any taxable tangible prop-
 0142 erty is excluded from the boundaries of any taxing subdivision,
 0143 the amount which would be produced by the aggregate tax levy
 0144 authorized under the provisions of K.S.A. ~~1985~~ 1987 Supp. 79-
 0145 5022 and 79-5024, and amendments thereto, shall be adjusted to
 0146 decrease the amount authorized in the proportion that the as-
 0147 sessed valuation of the tangible property excluded bears to the
 0148 total taxable assessed valuation of the taxing subdivision, in-
 0149 cluding such excluded property.

0150 Sec. 7. K.S.A. 1987 Supp. 79-5028 is hereby amended to read
 0151 as follows: 79-5028. The provisions of K.S.A. ~~1985~~ 1987 Supp.
 0152 79-5021 to 79-5035, inclusive, and amendments thereto, shall not
 0153 apply to or limit the levy of taxes for the payment of:

0154 (a) Principal and interest upon bonds and temporary notes;

0155 (b) no-fund warrants authorized by the state board of tax
 0156 appeals subject to the conditions and requirements of K.S.A.
 0157 79-2938, 79-2939, 79-2941 and 79-2951 and where such board in

(c) In years after the reappraisal year whenever the personal property increases over such value of the reappraisal year the amount of adjustment shall be computed by multiplying the tax levy rate determined in (a) above by the amount of increased value of personal property.

0158 addition specifically has found that an extreme emergency
0159 exists;

0160 (c) judgments rendered against taxing subdivisions;

0161 (d) expenses for legal counsel and defense of legal actions
0162 against officers or employees of taxing subdivisions or premiums
0163 on insurance providing such protection as authorized by article
0164 61 of chapter 75 of the Kansas Statutes Annotated and amend-
0165 ments thereto;

0166 (e) employer contributions for social security, workmen's
0167 compensation, unemployment insurance and employee retire-
0168 ment and pension programs; ~~or~~

0169 (f) *expenses incurred by counties for district court opera-*
0170 *tions under the provisions of K.S.A. 20-348 or 20-349, and*
0171 *amendments thereto,;*

0172 (g) *special assessments;*

0173 (h) *expenses for which tax levies are authorized or required*
0174 *under K.S.A. 12-11a01, 12-1617h, 19-262, 19-4004, 19-4011, 19-*
0175 *4102, 19-4443, 71-301 and 72-4424, and amendments thereto;*

0176 (i) *expenses for which tax levies are authorized or required*
0177 *by law if the act specifically in its provisions exempts such levy*
0178 *from the limitation imposed under the provisions of K.S.A. 1987*
0179 *Supp. 79-5021 et seq., and amendments thereto; or*

0180 ~~(j)~~ added expenditures which are specifically mandated or
0181 required by state or federal law and which are initially incurred
0182 by the taxing subdivision after the effective date of this act, less
0183 any expenditures which were specifically mandated or required
0184 by state or federal law prior to the effective date of this act and
0185 are no longer mandated or required.

0186 Amounts produced from any levy specified in this section shall
0187 not be used in computing any aggregate limitation under the
0188 provisions of this act.

0189 Sec. 8. On and after January 1, 1989, K.S.A. 79-5001 to 79-
0190 5010, inclusive, and 79-5012 to 79-5018, inclusive, and K.S.A.
0191 1987 Supp. 79-5011 and 79-5020 are hereby repealed.

0192 Sec. 9. K.S.A. 1987 Supp. 79-5021 to 79-5026, inclusive, and
0193 79-5028 are hereby repealed.

0194 Sec. 10. This act shall take effect and be in force from and
0195 after its publication in the statute book.

0191 1987 Supp. 79-5011 and 79-5020 are hereby repealed.



League of Kansas Municipalities

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

RE: HB 2904--Tax Lid Revision
TO: House Committee on Taxation
FROM: E.A. Mosher, Executive Director
DATE: February 22, 1988

The League is in support of HB 2904, to revise the reappraisal tax lid law--if we must have a tax lid law.

As members of this Committee are aware, the League has consistently opposed the concept of a property tax lid. Our convention-adopted Statement of Municipal Policy provides: "We continue to oppose in principle any property tax lid law. We believe such state-imposed controls to be in conflict with the clear intent of constitutional home rule, which provides for the determination of local affairs by locally elected governing bodies, directly responsible to the citizens of the affected communities." We simply believe that the legal and political responsibility for levying property taxes should be on locally elected officials, not on state legislators.

In our judgment, HB 2904 helps remove some of the confusion that now exists in the provisions of the lid law which takes effect next January. Further, the amendments found on lines 169 to 179 are advisable, since they include certain levies and purposes which are exempt under the tax lid law now in force.

A substantive amendment we suggest for Committee consideration is an amendment to line 167 to include "health care costs" as part of the tax lid exemption for employer contributions for employee benefits. Health care costs are not now exempt from the existing tax lid law. However, securing an exemption of employer contributions for health care costs has been one of the principal motivations for charter ordinances and charter resolutions which have "amended" the currently applicable lid law. We have approximately 250 cities and 95 counties which now have employee benefits funds, and statutory recognition of the tax levy necessary to finance this fund, including health care costs, would greatly simplify tax lid calculations. More importantly, it would recognize a growing and relatively uncontrollable local government cost.

We support the passage of HB 2904 and urge consideration of this amendment.