

Approved Feb. 12, 1988
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m./p.m. on February 11, 1988 in room 514-S of the Capitol.

All members were present except:

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 Ross Doyen
Duane Johnson, State Library
Margaret Gates, North central Kansas Library System

SENATE BILL 519

Chairman Kerr called the meeting to order and announced that there would be two meetings on Friday, Feb. 11. The 8:00 a.m. meeting will be in room 526-S and the 11:00 meeting would be in Room 519-S. Bills to have possible action Friday will be S.B. 451, 452, 453, and discussion only on S.B. 450.

Senator Doyen, sponsor of the bill testified. He drew attention to the change on line 39 of the bill, "tax levies authorized pursuant to K.S.A. 75-2551, and amendments thereto." He introduced Duane Johnson.

Duane Johnson testified in support of S.B. 519. (Att. 1) He said that the effect of S.B. 519 would be to allow the regional library systems to continue to be funded under the .75 mill statutory limitation. (K.S.A. 75-2551 is Att. 2) He stated that the regional systems of cooperating libraries are multi-county entities which must certify the annual levy in each county. Current interpretation is that the process and possible elections would have to be undertaken in each separate county participating in the system. If this were required, the process could alter or reduce the funding of the system and cause many problems among local libraries of the various counties. It might become difficult to maintain service from these libraries to rural residents. He said that to avoid these problems, the provisions of S.B. 519 would exclude libraries from the levy administration process and allow them to continue to work with a .75 mill levy as currently prevails.

Sen. Montgomery drew attention to the fact that there would need to be an amendment because some regional libraries would not be included in the bill. In response to a question, Mr. Johnson stated that his main concern regarding the issue was from 1990 on.

Margaret Gates testified in support of the bill. She said she supported the bill because she greatly feared the risk of fragmenting the method of serving the libraries effectiveness. (Att. 1)

Chairman Kerr stated that there seemed to be a number of other entities that would be affected by the tax lid and that consideration of the issue should be postponed until a comprehensive evaluation of the problem can be undertaken in a few weeks.

SENATE BILL 473

COMMITTEE DISCUSSION - Chairman Kerr stated that at the last meeting that S.B. 473 was being discussed, there was a motion pending. The motion awaiting action was made by Senator Hayden and seconded by Senator Mulich and it was to recommend S.B. 473 favorably for passage as amended. Att. 3 is a fiscal note from Dept. of Revenue. The fiscal impace would go from \$325,000 to a maximum exposure of \$1.3 million for 1987. This includes both the funds of the \$10 million lid and the \$24 million lid. Motion carried.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION,
room 514-S, Statehouse, at 11:00 a.m./~~p.m.~~ on February 11, 1988

Sen. Karr and Sen. Frey recorded a NO vote.

Chairman Kerr announced that he was appointing a sub-committee for S.B. 491. Members would be Sen. Salisbury, Chairperson, Sen. Frey and Sen. Parrish.

Sen. Thiessen made a motion to adopt the minutes of the Feb. 10 meeting. Sen. Parrish seconded, requesting that a quote from Sen. Hoferer's testimony, (Att. 1 of Feb. 10 be included in the minutes. The minutes were adopted.

Meeting adjourned.

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
2-11-88	Duane Johnson	Topeka	State Library
"	L M CORNISH	"	Ks Library Assn
"	James Swan	Great Bend	Central Ks Lib. Sys
"	MARK BURGHART	TOPEKA	REVENUE
"	John Blythe	Manhattan	Ks Farm Bureau
"	Beverly Kirsch	Kingman	Friends Ks Lib. Assn
"	Freda Hopkins	St. Marys	Pott. Wab. Reg. Library
"	Don HANSON	Ellsworth	Farm Bureau
"	Jane Hatch	Dodge City	Southwest Ks Library Sys
"	Karen L. McCLAREN	TOPEKA	Ks Assoc. of Refs
"	Melanie Miller	Hays	Ks Library Assn.
"	Leroy M. Bath	Hilcherson	So. Cent. Ks Lib Sys
"	Bruce Bumbalough	Norton	NW Ks Lib Sys
	Hubert Mennert	Kingston	
	Roger Kingler	Ellis	Ks. Farm Bureau
	Sharon M. Pishiezer	Wichita	League of Women Voters
	Martha Prentice	Wichita	"
	Priscilla Dyanap	Leawood	"
	MARJORIE KIRKWOOD	Prairie Village	LWV SC
	Jim Plummer	Leawood	LWV DC
	Beggy Neal	Leawood	League Women Voters
	Jacques Oaks	Topeka	ACK School

Senate Assessment and Taxation Committee

Fred Kerr, Chair
Dan Thiessen, Vice-chair
Bill Mulich, Ranking Minority

Thursday, February 11, 1988

Hearing on Senate Bill 519, introduced by Senator Doyen

Conferees: Duane Johnson, State Library
Margaret Gates, North Central Kansas Library System,
Manhattan

1. The effect of S.B. 519 would be to allow the regional library systems to continue to be funded under the .75 mill statutory limitation specified in K.S.A. 75-2551 (copy attached), rather than to suspend this statutory limitation in accordance with K.S.A. 1987 Supp. 79-5022.
2. The regional systems of cooperating libraries are multi-county municipalities which, according to the wording of K.S.A. 75-2551 - the statute which provides system funding authorization, must certify the annual levy in each participating county.
3. The current interpretation of K.S.A. 1987 Supp 79-5036, which provides for exemption from the levy suspension in 79-5022, as the exemption would be applied to the system levy authorization, is that the exemption process and possible election would have to be undertaken in each separate county participating in the system. This process, if required, could alter, make uneven or reduce the funding pattern of the system and disrupt the networking relationship which must exist among local libraries of the various counties if the extension of service from these libraries to rural residents is to be maintained.

75-2549b STATE DEPARTMENTS; PUBLIC OFFICERS, EMPLOYEES

purposes and may contract, sue and be sued and acquire, hold and convey real and personal property in accordance with law.

History: L. 1968, ch. 214, § 2; March 26.

75-2549b. Same; certain regional systems of cooperating libraries validated. The following regional systems of cooperating libraries are hereby validated and established with names and territory, except territory excluded pursuant to law as specified by the state commission, as follows:

Northwest Kansas Library System, comprised of the counties of Trego, Gove, Logan, Wallace, Graham, Sheridan, Thomas, Sherman, Norton, Decatur, Rawlins, and Cheyenne.

Central Kansas Library System, comprised of the counties of Phillips, Rooks, Ellis, Rush, Pawnee, Smith, Osborne, Russell, Barton, Jewell, Mitchell, Lincoln, Ellsworth, Republic, Cloud, Ottawa, and Saline.

North Central Library System, comprised of the counties of Washington, Clay, Dickinson, Marion, Marshall, Riley, Pottawatomie, Geary, Wabaunsee, Morris, Chase, and Lyon.

Southeast Kansas Library System, comprised of the counties of Greenwood, Elk, Chautauqua, Coffey, Woodson, Wilson, Montgomery, Anderson, Allen, Neosho, Labette, Linn, Bourbon, Crawford, and Cherokee.

South Central Kansas Library System, comprised of the counties of Kiowa, Stafford, Pratt, Barber, Rice, McPherson, Reno, Harvey, Kingman, Harper, Sedgwick, Sumner, Butler, and Cowley.

Northeast Kansas Library System, comprised of the counties of Nemaha, Jackson, Shawnee, Osage, Brown, Doniphan, Atchison, Jefferson, Leavenworth, Wyandotte, Douglas, Johnson, Franklin, and Miami.

Southwest Kansas Library System, comprised of the counties of Greeley, Hamilton, Stanton, Morton, Wichita, Kearny, Grant, Stevens, Scott, Lane, Ness, Finney, Hodge-man, Gray, Ford, Haskell, Seward, Meade, Clark, Edwards, and Comanche.

History: L. 1968, ch. 214, § 4; March 26.

75-2550. Same; system board; membership; powers. The system board shall consist of one or more representatives selected by each of the boards participating in the regional system, and one or more repre-

sentatives appointed by the governor to represent territory not within the district of participating library board but within the territory of the regional system of cooperating libraries. The petition provided for in K.S.A. 75-2549 may propose the number of representatives of each such board, but the determination thereof shall be made by the state commission when approving such petition. The state commission shall consider any petition presented to it as provided in this act and if it approves such petition it shall adopt a resolution officially designating such particular regional system of cooperating libraries and describing the territory thereof which shall include one or more counties but shall exclude the territory of any taxing district which regularly levies one-fourth (1/4) or more mills of tax for the support of a public library upon the request of the governing body of the district making such levy. Any district so excluded may later petition to be added to and included in the regional system of cooperating libraries from which it was excluded and such petition shall be prepared and processed as other petitions provided for by this act. Additional counties may be added to the territory of any regional system of cooperating libraries upon petition by a library board located in such county and such a petition shall be prepared and processed as is provided in this act for initial petitions; except that the prior approval in writing of a petition under this sentence shall be obtained by the petitioning board from the regional board and attached to the petition when submitted to the state commission. Within two (2) weeks after receiving notice of approval of a petition provided for under this act the board of each participating library and the governor shall select the number of representatives determined by the state commission and shall certify the names and addresses of such representatives to the state librarian. The term of each such representative may be proposed in the petition provided under K.S.A. 75-2549, but shall not exceed four years, and the final determination of duration of terms shall be made by the state commission at the time of approval of the petition.

Any taxing district which regularly levies one-fourth mill or more of tax for the support of a public library, and which taxing district has been included in a regional sys-

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tem, may petition to be excluded from the regional system. Such petition shall be made and presented to the state commission. The state commission shall consider any such petition and if such taxing district meets the requirement for making such a petition and if excluding such taxing district from the regional system will do no manifest harm thereto, the state commission may enter its order excluding and detaching such taxing district from the regional system and making such adjustment to the organization of such regional system as may be appropriate to continue the operation of the regional system without interruption.

The system board shall have the authority and power to (1) operate a system of library service to and for participating libraries, (2) the system board may purchase service from a participating library for the benefit of the regional system of cooperating libraries, (3) the system board may contribute to or receive contribution from any participating library, and may receive and utilize any gift of funds or property donated to the regional system of cooperating libraries, (4) the system board may contract with any one or more participating libraries and the board of each participating library is hereby authorized to contract with the system board or with any one or more other boards, but any such contract shall provide that the same shall not take effect until approved by the state librarian, (5) the system board may contract with any other system board or any board, but any such contract shall provide that the same shall not take effect until approved by the state librarian, and (6) employ a system librarian and such other persons as the regional board may find convenient or necessary.

History: L. 1965, ch. 105, § 4; June 30.

75-2550a. Same; selection of an executive board; delegation of legal functions; exception. Subject to rules and regulations of the state commission, any system board may provide for the selection of an executive board to which it may delegate any or all of its legal functions except adoption of annual budget.

History: L. 1968, ch. 214, § 3; March 26.

75-2551. Same; finance; cash basis and budget laws applicable; tax levy authorized. Federal funds for public library service made available to the state which are ad-

ministered by the state librarian or state commission may be used in support of any one or more regional system of cooperating libraries within the provisions of such federal legislation. The use of funds of any regional system of cooperating libraries shall be established by the system board by contracts with boards of participating libraries, or otherwise.

Participating boards shall have the power and are hereby authorized to pay for services purchased from the system board.

Any funds appropriated by the legislature and administered by the state librarian for the promotion of library services may be used to pay all or part of the expenses and equipment of any regional system of cooperating libraries.

The system board shall be subject to the cash basis and budget laws of the state. The budget of the system board shall be prepared, adopted and published as provided by law and hearing shall be held thereon in the first week of the month of August of each year. The tax levy made pursuant to the budget shall be certified to the county clerks of each county in the territory of the regional system of cooperating libraries.

Each system board is hereby authorized to levy not in excess of $\frac{3}{4}$ mill of tax to be used for library purposes on all of the taxable property within the boundaries of the regional system of cooperating libraries that is not within a district supporting a library with funds of the district.

History: L. 1965, ch. 105, § 5; L. 1983, ch. 282, § 1; July 1.

75-2552. Same; establishment of standards by commission. The state commission shall adopt rules and regulations establishing standards for (1) approval of regional system petitions, (2) review and amendment of regional system plans, (3) certification of regional system librarians, and (4) such other matters as the state commission may deem advisable.

History: L. 1965, ch. 105, § 6; June 30.

75-2553. Grants-in-aid to libraries act; citation. This act may be cited as the state grants-in-aid to libraries act.

History: L. 1974, ch. 381, § 1; July 1.

75-2554. Grants-in-aid to libraries; definitions. As used in this act, unless the context clearly indicates a different mean-

FUC

MEMORANDUM

TO: Mr. Michael O'Keefe
Division of Budget

DATE: January 25, 1988

FROM: Kansas Department of Revenue

RE: Senate Bill 473
As Introduced

BRIEF OF BILL:

Senate Bill 473, as introduced, would amend K.S.A. 1987 Supp. 74-8205, 74-8206, 74-8304 and 74-8401, regarding income tax credits allowed taxpayers for investment in Kansas Venture Capital Inc., a certified Kansas venture capital company or certified local seed capital pool.

The bill would permit a taxpayer to claim in one year the entire allowable tax credit to be taken in a single year up to the limit of the taxpayer's liability. Currently, the law allows a credit of 25% of the amount of cash invested but limits the amount which can be deducted in any one year to 25% of the credit amount plus any applicable carry forward amount.

Specific sections amended are:

	<u>Investor</u>
K.S.A. 1987 Supp. 74-8205 -	Financial Institutions (K.V.C., I.)
8206 -	Individuals (K.V.C., I.)
8304 -	Insurance Companies (Cert. KS. Vent. Cap. Co.)

K.S.A. 1987 Supp. 74-8401 would also be amended to remove the 25% deduction restriction applicable to taxpayers investing in a certified local seed capital pool.

The effective date of Senate Bill 357 would be July 1, 1988.

FISCAL IMPACT:

Senate Bill 473 would not directly increase the state's overall liability regarding the total amount of credits to be allowed but would decrease income tax net collections in nearby years by accelerating the amount that can be deducted. It is believed, however, this impact would be minimal.

To date, the Department has received only 14 claims for credit totaling \$16,346. Of these, 5 have been paid, totaling \$6,875, and the remaining 9 are in the process of being paid. Assuming the total of \$16,346 represents only 25% of the total credit allowed, the total credit amount would be \$65,384. It is possible that the taxpayers liability, in addition to the deduction limit of 25% of the amount of the credit, also restricted the amount of credit taken.

The Department cannot predict the growth of these companies or pools or the amount of investment in them. Based on current experience, however, it would appear that the impact for FY 1989 would be less than \$100,000.

Presumably, growth would be accelerated by the simple expedient of repealing the deduction limit of 25%.

ADMINISTRATIVE COST:

Enactment of Senate Bill 473 would cause no significant administrative cost increase to the Department of Revenue.

APPROVED BY:

A handwritten signature in cursive script, appearing to read "H. T. Duncan", written over a horizontal line.

Harley T. Duncan
Secretary of Revenue