

Approved February 10, 1988
Date

MINUTES OF THE Senate COMMITTEE ON Local Government

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

9:11 a.m./~~p.m.~~ on February 3, 1988 in room 531-N of the Capitol.

All members were present except:

Committee staff present: Mike Heim, Theresa Kiernan, Emalene Correll and Lila
McClaflin

Conferees appearing before the committee: Jim Kaup, League of Kansas Municipalities

The Chairman referred to S.B.486. He called on Jim Kaup to clarify some questions concerning the amendment adopted on January 28, 1988.

Senator Allen moved to report S.B. 486 as amended, favorably for passage. The motion was seconded by Senator Ehrlich. The motion carried.

Senator Allen moved to adopt the proposed amendment to S.B. 510. The motion was seconded by Senator Langworthy. The motion carried. The proposed amendment to S.B. 510 is (Attachment I) of these minutes.

Senator Langworthy moved to report S.B. 510 as amended, favorably for passage. Senator Allen seconded the motion. The motion carried.

The Chairman opened the hearing on S.B. 512 - concerning cities, relating to industrial funds and taxes. Senator Montgomery stated he had requested the League introduce this bill to clarify the existing statutes. The current statute seems to imply that funds may not be used for retaining existing businesses. The City of Marysville, in his district had asked for clarification.

Jim Kaup spoke in support of the bill. He stated they have had several cities ask for clarification. The principal changes made by S.B. 512 are simply to add the words "or retaining" after the words "securing" and "inducing." (Attachment II)

Senator Langworthy moved to report S.B. 512 favorably for passage. The motion was seconded by Senator Salisbury. The motion carried.

The next meeting will be at 9:00 a.m., February 4. The Chairman announced if any members of the Committee wished to have bills introduced, the committee would be happy to look at their request. The meeting adjourned.



Senator Don Montgomery

Proposed Amendment to SB 510

On page 1, in line 29, by striking "10" and inserting "five";

On page 2, in line 54, following the period, by inserting "One bond of each issue shall be retained permanently or shall be offered to the state historical society."; by striking all in line 60 and inserting:

"Sec. 2. K.S.A. 45-412 is hereby amended to read as follows: 45-412. (a) The state archivist shall prepare recommendations, to be approved by the state records board, based on the current standards of the federal government and the American national standards institute, for the quality of film, proper arrangement of materials, suitable filming techniques and equipment, quality of photographic images, film processing results, and film storage conditions which should be achieved or utilized by state and local agencies in making microphotographic copies of government records with enduring value pursuant to K.S.A. 12-122, 19-250 or 75-3506, and amendments thereto. Whenever microphotographic copies of records with enduring value fail to meet the standards recommended by the state archivist and approved by the state records board, the state archivist shall urge state and local agencies to retain the original records.

(b) Whenever photographs, microphotographs or other reproductions on film have been prepared pursuant to K.S.A. 75-3506, and amendments thereto, and have been placed in conveniently accessible files and provisions made for preserving, examining and using the same, and when a negative copy of the film has been deposited in a secure place where it will not be subject to use except in making additional positive copies, any state agency, with the approval of the state records board or as authorized by the retention and disposition schedules, may cause the original records from which the photographs, microphotographs or other reproductions on film have been made, or any part

thereof, to be destroyed. Such records shall not be destroyed and shall be retained by the agency or transferred to the state archives or temporarily to another suitable place designated by the board, if the board judges such materials to have enduring value in their original form.

(c) Except as provided by subsection (b) of K.S.A. 12-120, and amendments thereto, whenever photographs, microphotographs or other reproductions on film have been prepared as provided in K.S.A. 12-122 or 19-250, and amendments thereto, and have been placed in conveniently accessible files and provisions made for preserving, examining and using the same, and when a negative copy of the film has been deposited in a secure place where it will not be subject to use except in making additional positive copies, a local agency may retain the original records in its custody at any suitable location, may deposit them in collections established pursuant to K.S.A. 12-1658 and 12-1660, and amendments thereto, or K.S.A. 19-2648 and 19-2649, and amendments thereto, or may dispose of the original records as provided in the retention and disposition schedules. If there are no relevant provisions in the retention and disposition schedules, the original records shall be offered to the state historical society prior to other disposition of them.

(d) The state historical society may prepare and deposit in the state archives a microfilm or other copy of any noncurrent government record which is retained by a state or local agency, unless public access to the record is restricted by statute or by administrative regulation authorized by statute.

Sec. 3. K.S.A. 45-412 and K.S.A. 1987 Supp. 12-120 are hereby repealed."

By renumbering section 3 as section 4;

In the title, in line 17, following "amending" by inserting "K.S.A. 45-412 and"; in line 18, by striking "section" and inserting "sections";



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: Senate Committee on Local Government
FROM: E.A. Mosher, Executive Director
DATE: February 3, 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 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.

= (Attachment II) Local Go 2/3/88

A II
2/3

SENATE BILL No. 512

By Committee on Local Government

1-22

0016 AN ACT concerning cities; relating to industrial funds and taxes
0017 therefor; amending K.S.A. 12-1617h and 12-1617i and repeal-
0018 ing the existing sections.

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. K.S.A. 12-1617h is hereby amended to read as
0021 follows: 12-1617h. ~~Incorporated~~ Cities are hereby authorized to
0022 levy annually upon all the taxable tangible property within ~~said~~
0023 ~~the~~ city a tax not to exceed the limitation prescribed by K.S.A.
0024 79-1948, 79-1949, 79-1950, 79-1951, 79-1952 and 79-1953, ~~and~~
0025 ~~amendments thereto~~, for the purpose of creating a fund to be
0026 used in securing ~~or retaining~~ industries or manufacturing insti-
0027 tutions for such city or near its environs and to pay a portion of
0028 the principal and interest on bonds issued by such city under the
0029 authority of K.S.A. 12-1774, and amendments thereto. No such
0030 levy shall be made until the ~~city commissioners or~~ governing
0031 ~~body shall be~~ is instructed to do so by a majority of all the votes
0032 cast on this proposition at an election held ~~in such city or cities~~
0033 ~~for such purpose, or by submitting the proposition above men-~~
0034 ~~tioned to the voters of such city or cities~~ at any city or general
0035 election.

0036 Such election shall be held as provided by law for bond
0037 elections; ~~and any one such election shall authorize above men-~~
0038 ~~tioned cities to levy said taxes~~. If any such city shall not make
0039 such tax levy in any year, after the third year following the
0040 approval of such tax levy by the voters, then it shall be necessary
0041 to resubmit the issue to the voters before any such tax levy shall
0042 be imposed again. The tax levy herein authorized shall be in
0043 addition to all other levies authorized by law and shall not be
0044 subject to any of the limitations prescribed by article 19 of

0045 chapter 79 of the Kansas Statutes Annotated or acts amendatory
0046 thereof and supplemental thereto.

0047 *Nothing in this section shall be construed as restricting the*
0048 *authority of cities to utilize the general fund or other revenue*
0049 *sources for the purpose of promoting or securing the location or*
0050 *expansion of business and industry.*

0051 Sec. 2. K.S.A. 12-1617i is hereby amended to read as follows:
0052 12-1617i. All moneys collected by virtue of the tax ~~hereinbefore~~
0053 ~~authorized by K.S.A. 12-1617h, and amendments thereto~~, shall
0054 ~~be replaced~~ placed in ~~the~~ a fund known as an "industrial devel-
0055 ~~opment~~ fund," and shall ~~only~~ be used ~~by ordinance duly adopted~~
0056 by the governing body of such city for the purpose of inducing
0057 industries to locate ~~or remain~~ within the ~~said~~ city or near its
0058 environs; ~~and said ordinance may be passed only after submit-~~
0059 ~~ting the proposition to the voter as provided for in K.S.A. 12-~~
0060 ~~1617h.~~

0061 Sec. 3. K.S.A. 12-1617h and 12-1617i are hereby repealed.
0062 Sec. 4. This act shall take effect and be in force from and
0063 after its publication in the Kansas register.

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.

(A II) Local Gov
2/3/88

CITY	1987 POP.	1980 RATE	1984 RATE	1985 RATE	1987 RATE	CITY	1987 POP.	1980 RATE	1984 RATE	1985 RATE	1987 RATE
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