

Approved February 27, 1989

Date

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by REPRESENTATIVE ROBERT D. "BOB" MILLER at
Chairperson

1:37 a.m./p.m. on FEBRUARY 21, 1989 in room 521-S of the Capitol.

All members were present except:

Representative Vern Willliams, excused

Representative Kerry Patrick, absent

Representative Tom Sawyer, absent

Committee staff present:

Mike Heim, Legislative Research Dept.

Theresa Kiernan, Revisor of Statutes' Office

Connie Smith, Committee Secretary

Conferees appearing before the committee:

Representative Joan Adam

Representative Artie Lucas

Phil Lacey, attorney for Watershed Dist.

Ron Cousino, Johnson County Director of Finance

Representative Al Lane

Ed Peterson, attorney representing Kansans for Cultural Progress

David Wolfram, Vice President of Yellow Freight Foundation

Pam Eglinski, Director of Arts Partners, Kansas City Chapter of Young Audiences

Doug Alpert, Chairman of the Cultural Alliance of Greater Kansas City

David Barrier, Chairman of Kansas State Affairs, Chamber of Commerce of Greater Kansas City

Walt Vernon, Executive Director, Kansas City Consensus

Brenda Manske, Executive Director, Southeast Tourism Region

Dorothy Elgin, Kansas Arts Commission

John Luttjohann, Director of Taxation, Kansas Department of Revenue

Chairman Miller called for hearings on the following House Bills:

HB 2273 - Act directing the secretary of state to convey in Atchison county to certain persons claiming such lands under color of title.

Representative Adam, a sponsor of HB 2273, presented written testimony and introduced Phil Lacey, attorney for watershed district. (Attach. I)

Representative Lucas, a sponsor of HB 2273, testified in support and offered an amendment to include Doniphan on lines 16 and 22.

A motion was made by Representative McClure and seconded by Representative Lane to add Doniphan county into the bill. The motion carried.

Representative Adam presented the Committee with a balloon copy of some technical changes on HB 2273. (Attach. II)

Phil Lacey gave background and intent of HB 2273.

Discussion followed.

Hearing closed on HB 2273.

HB 2390 - Act concerning the sale of municipal bonds.

Ron Cousino testified in favor of HB 2390 and also stated he would like to amend section 10-106 so they can have 7 to 30 days "window of opportunity" for flexibility to achieve in their bond sale. (Attach. III)

Beverly Bradley, Legislative Coordinator, Kansas Association of Counties presented written testimony on HB 2390. (Attach. IV)

Hearing closed on HB 2390.

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 HOUSE COMMITTEE ON LOCAL GOVERNMENT

room 521-g, Statehouse, at 1:37 a./m./p.m. on FEBRUARY 21, 1989.

HB 2281 - Act entering into the Kansas and Missouri metropolitan culture and recreation district compact.

Representative Lane, a sponsor of HB 2281, gave intent of the bill and a proposed amendment which would mandate an annual audit and report to be submitted to the elected body or person that appointed the commission as well as the governor of each state. (Attach. V)

Ed Peterson stated 3 reasons for adopting the bill or creating the funding district. 1. Improved amenities, 2. Economic Development and 3. Metropolitan solution to a metropolitan problem. Mr. Peterson hopes this Committee will agree that steps they are proposing are reasonable, are adequate safeguards to assure that each area will benefit fully from contribution, and that this is a necessity in the Kansas City area. He hopes that Committee will agree in this concept of the bill. (Attach. VI)

David Wolfram, Vice President and trustee of Yellow Frt. Foundation stated that private corporation in the Kansas City area cannot support the arts alone. (Attach. VI-A)

Pam Eglinski would like to extend programs into Johnson county, but without some extensive metropolitan corporate base, they are left searching for a new funding source. This bill would provide funding to extend into Johnson county. (Attach. VII)

Doug Alpert expressed concern that cultural arts are crucial to the economic growth and stability, and for the arts to thrive and survive in Kansas there must be a bi-state approach for funding the arts for Kansas counties in the metropolitan Kansas City area. (Attach. VIII)

David Barrier, chairman of Kansas State Affairs, Chamber of Commerce of Greater Kansas City, testified in support of HB 2281 which would authorize up to a 1/4¢ increase in sales tax subject to prior voter approval. He stated the bi-state district proposed by this legislation is a sensible, effective and realistic approach to developing outstanding cultural offerings in our community. The Chamber of Commerce of Greater Kansas City wholeheartedly endorses this enabling legislation.

Walt Vernon testified in support of HB 2281 and asked Committee to favorably vote out of Committee. (Attach. IX)

Brenda Manske stated SE Kansas Tourism supported the bill conceptually and if the legislation passed would like to see the concept extended elsewhere, specially SE Kansas. (Attach. X)

Dorothy Elgin stated they are neither proponents or opponents for the legislation but are a proponent for increased funding at the local level. (Attach. XI)

John Luttjohann expressed his concerns over administrative provisions on HB 2281. (Attach. XII)

Written testimony was provided by Gerry Ray, Johnson County Board of Commissioners; Nick Jordan, President, Overland Park Convention & Visitors Bureau; and Greg Smucker, Managing Director, Theatre for Young America. (Attachments XIII, XIV, and XV respectively)

Discussion followed.

Hearing closed on HB 2281.

A motion was made by Representative Bowden and seconded by Representative Mollenkamp to approve the minutes of February 14, 16, and 20th. The motion carried.

Meeting adjourned at 2:46 p.m.

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

JOAN ADAM
REPRESENTATIVE, FORTY-EIGHTH DISTRICT
305 NORTH TERRACE
ATCHISON, KANSAS 66002-2526

COMMITTEE ASSIGNMENTS
MEMBER: ASSESSMENT AND TAXATION
JUDICIARY
TRANSPORTATION
RANKING MINORITY MEMBER: LEGISLATIVE, JUDICIAL,
AND CONGRESSIONAL APPORTIONMENT

Mr. Chairman and Committee Members:

Thank you for the opportunity to appear before you today on HB2273.

The need for this bill became obvious during the reappraisal process in Atchison County. It was discovered that the Secretary of State had a right to survey and sell property under a statute which had been passed to address a problem with land that had accreted to Kansas because of a change in the river channel. In the 30's and 40's the land in question in Atchison County was purchased by several individuals and has been held by them or their heirs for the last 5 or 6 decades. This bill will allow this property to pass by quit claim deed to those who have owned it over the years.

The person most familiar with this problem in Atchison County is Mr. Phil Lacey who is the attorney for the watershed district in the affected area. I have asked him to provide you more on the background and reasons for this bill.

2-21-89
Atchison
I

HOUSE BILL No. 2273

By Representatives Adam and Lucas

2-10

2-21-89
1-2

15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

AN ACT directing the secretary of state to convey ~~in Atchison county~~ certain lands
to certain persons claiming such lands under color of title.

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

Section 1. The secretary of state is hereby authorized and directed to cause to be conveyed by quitclaim deed, without consideration, any title of the state of Kansas in any tract of land located in Atchison county between the west Missouri river meander line established by the Kansas survey of 1872 and the east Missouri river meander line established by the Missouri survey of 1862 to the person or ~~person~~ claiming such tract under color of title. persons

Sec. 2. This act shall take effect and be in force from and after its publication in the Kansas register.

House Local Government Committee

Hearing on HB 2390

Date of Testimony: February 21, 1989

Testimony of Ron Cousino, Johnson County Director of Finance, on behalf of the Board of Commissioners of Johnson County.

Mr. Chairman, members of the Committee, I wish to express my gratitude for extending me the opportunity to speak on behalf of these revisions regarding the sale date of bonds.

The change to the current statutes that we are suggesting, would allow for a period of from 7 to 30 days to issue bonds. The current law calls for publication of the specific day bids will be opened and bonds sold. The only recourse in the case of a bad market is withdrawing the bid opening and republishing.

The purpose of this change is to create a "window of opportunity" to view an ever changing market, and to decide within that window the most favorable time to sell bonds. With the flexibility to issue bonds within a period of time versus a single date, the outcome would likely be lower costs to the tax payers.

Our procedure for implementing this "window of opportunity" would follow something like this:

1. Publication of Sale. The publication procedures would not change. (See "Attachment 1") The only change will be a section which will announce the intent to sell within a stated 30 day period. There would be an identification of a beginning and ending date for the sale period. The publication would also describe the process for remitting the "Statement of Interest" form (described later in this testimony).
2. "Notice of Sale" and the "Preliminary Official Statement". The standard information concerning the issue is unchanged. (See "Attachment 2") Again the only change would be a section describing the "sale period" and the manner in which the "Statement of Interest" must be filed with the Finance Director. There would also be a copy of the "Statement of Interest" (see "Attachment 3") for the prospective bidders to fill out and forward to the County by the time stated within the notice. At the time of filing the "Statement of Interest", the prospective bidders would also submit the "good faith" check for 2% of the bond issue.

2-21-89
Attachment III

3. Collection and Recording of "Statement of Interest" forms. The County would collect all "Statement of Interest" form and create a "list of bidders" for the sale.
4. Establishing the date of sale and Notification of sale date. Within the "sale period", the County would determine the best market condition and time for the public sale. Once this is decided, the County would than notify the bidders on the "list" through FAX or telephonic means. The bidders would receive notification of the date and time of cutoff for receiving bids. (See "Attachment 4"). From this point, the public sale would be conducted in the manner prescribed by existing statute with "Proposals for the Purchase..." (attachment 5) being sent in, evaluated and subsequently sold by the Board of County Commissioners.

In essence, the only change in the bond sale procedure would be the addition of the submittal of the "Statement of Interest". This change will give the County added flexibility in its effort to achieve the sale of bonds in the most favorable market possible within a certain time frame. The effect of this change could allow for lower taxes due to lower interest cost.

Thank you for your consideration of these proposals and allowing the time for the discussion.

and is. Three of each of these symbols appear on the front of each ticket. Various combinations of symbols, or three of all symbols, appear under each tab on the back of each ticket.

(c) "Play symbol captions" are the words or portions of words printed beneath each play symbol under each tab and are used to repeat or explain the play symbol. For pull-tab game No. 2 and game No. 98, "Supreme Cherry Bell," the captions are: crown, bar, bell, orange, plum, cherry and lemon.

(d) "Carton" means a box of pull-tab tickets containing 984 tickets.

(e) "Carton serial number" is the 9-digit number appearing on the front of the ticket.

(f) "Winner protection code" means the small letter or combination of a letter and a number concealed within the two-ply ticket. These are used to verify and validate winning tickets. In this pull-tab game the codes and their meanings are as follows:

L	Indicates	_____	All Non-Winners
W1	Indicates	_____	3 Crowns \$50.00 Winners
W2	Indicates	_____	3 Gold Bars \$20.00 Winners
W3	Indicates	_____	3 Bells \$10.00 Winners
W4	Indicates	_____	3 Oranges \$5.00 Winners
W5	Indicates	_____	3 Plums \$2.00 Winners
W6	Indicates	_____	3 Cherries \$1.00 Winners
W7	Indicates	_____	3 Lemons 50¢ Winners

(Authorized by and implementing K.S.A. 1987 Supp. 74-8710 as amended by L. 1988, Ch. 366, § 23; effective T-111-9-30-88, Sept. 30, 1988.)

111-9-9. Determination of Instant Prize Winners. Each tab on the back of the ticket is to be pulled open. If three matching symbols appear under any one tab, the player wins the prize which corresponds to each set of three matching symbols. The prize attributable to each set of three matching symbols is shown on the front of the ticket. The prize amounts are as follows:

3 Crowns	\$50
3 Gold Bars	\$20
3 Bells	\$10
3 Oranges	\$ 5
3 Plums	\$ 2
3 Cherries	\$ 1
3 Lemons	50¢

Only the highest prize amount won will be paid for any single ticket. (Authorized by K.S.A. 1987 Supp. 74-8710(b), (c) and (i) as amended by L. 1988, Ch. 366, § 23; implementing K.S.A. 1987 Supp. 74-8710(b), (c) and (i) as amended by L. 1988, Ch. 366, § 23, and K.S.A. 1987 Supp. 74-8720(b) and (d) as amended by L. 1988, Ch. 314, § 7; effective T-111-9-30-88, Sept. 30, 1988.)

111-9-10. Number and Value of Prizes Per Carton of Tickets. The prize structure for each carton of Supreme Cherry Bell instant pull-tab tickets is as follows:

Prize	Number of Winners	Prize Payout in Dollars
\$50	2	\$100
\$20	2	\$ 40
\$10	2	\$ 20
\$ 5	4	\$ 20
\$ 2	8	\$ 16
\$ 1	36	\$ 36
50¢	126	\$ 63
	180	\$295

Overall odds estimated by K.S.A. 1987 amended by L. 1988, 74-8720 as amended by L. 1988, Ch. 314, § 7; effective T-111-9-30-88, Sept. 30, 1988.)

ATTACHMENT # 1

111-9-11. Validation Requirements. The following validation requirements shall apply to all instant pull-tab tickets:

(a) Exactly three matching symbols must appear under a single tab on the back of the ticket.

(b) Each of the matching symbols must be correctly identified by a caption.

(c) The first of the captions under the tab and on the left side identifying one of the symbols must be printed in red ink and the other two must be printed in black ink.

(d) The "winner protection code" defined at K.A.R. 111-9-8(f), and concealed between the two plies of the ticket identifies winning and non-winning tickets.

(e) The ticket must pass all validation requirements as specified in K.A.R. 111-8-6. (Authorized by and implementing K.S.A. 1987 Supp. 74-8710 as amended by L. 1988, Ch. 366, § 23; effective T-111-9-30-88, Sept. 30, 1988.)

111-9-12. Price. The retail price of the tickets is 50¢ per ticket. (Authorized by K.S.A. 1987 Supp. 74-8710 as amended by L. 1988, Ch. 366, § 23; effective T-111-9-30-88, Sept. 30, 1988.)

LARRY MONTGOMERY
Executive Director

Doc. No. 007088

(Published in the Kansas Register, October 13, 1988.)

NOTICE OF BOND SALE
Johnson County, Kansas
\$15,095,000

Internal Improvement Bonds, Series A 1988
(general obligations payable from unlimited ad valorem taxes) and
\$775,000

Library Bonds, Series B 1988
(special obligations payable from ad valorem taxes)

Sealed Bids

Separate sealed bids will be received by the undersigned, finance director of Johnson County, Kansas, on behalf of the Board of County Commissioners at the Johnson County Courthouse, 2nd Floor, Room 206, Cherry Street at Park, Olathe, until 10 a.m. C.D.T. on Thursday, October 20, 1988, for the purchase of an issue of Internal Improvement Bonds, Series A 1988, in the principal amount of \$15,095,000, and an issue of Library Bonds, Series B 1988, in the principal amount of \$775,000 (collectively, the bonds), of the county hereinafter described. All bids for each series of bonds will be publicly opened and read at said time and place and will be acted upon by the governing body immediately thereafter. No oral or auction bids will be considered.

Interested bidders may arrange to deliver their bids in

2-3

at the Courthouse location or they may arrange to transmit their bids by telephone or telefax to the county finance director, prior to the said time and date. Bidders who choose to transmit their bids by telephone or telefax must undertake the following: (A) send a blank copy of the official proposal form for each of the bond issues for which a bid will be offered to be received by the office of the finance director no less than two business days prior to the date stated herein as the date of sale; (B) this bid form should provide the name and telephone number of the authorized representative of the lead manager of each account, should be signed by that representative, and must list the members of the account on the back of the official proposal forms as indicated; and (C) be accompanied by the good faith deposit checks as referred to herein. On the day of the sale, at least 15 minutes prior to the time of sale indicated herein, the authorized representative of the account may transmit to the finance director, by telephone or telefax, the bid for each respective bond issue, by indicating the interest rate per maturity, the purchase price, and the manager's calculation of the net interest cost and net interest rate, for each issue. The finance director will confirm by independent computation the calculation of the net interest cost and net interest rate, after which the finance director will transfer the bid information to the blank, signed official proposal form. Telephone bids must be phoned in to the following telephone number: 913-791-5554. Telefax transmissions are to be sent to: 913-791-5284. The county will not accept any responsibility for bids submitted through telephonic or telefax methods, including garbled transmissions, or the inability of a bidder to access the telephone or telefax number prior to the indicated sale time.

Bond Details

The bonds will consist of fully registered bonds in denominations of \$5,000 or any integral multiple thereof, dated November 1, 1988, and becoming due serially on September 1 in the years as follows:

\$15,095,000
Internal Improvement Bonds
Series A 1988

Maturity September 1	Principal Amount	Maturity September 1	Principal Amount
1989	\$1,200,000	1999	\$310,000
1990	1,200,000	2000	310,000
1991	1,200,000	2001	310,000
1992	1,200,000	2002	310,000
1993	1,200,000	2003	310,000
1994	1,200,000	2004	310,000
1995	1,200,000	2005	310,000
1996	1,200,000	2006	310,000
1997	1,200,000	2007	310,000
1998	1,185,000	2008	320,000

\$775,000
Library Bonds
Series B 1988

Maturity September 1	Principal Amount	Maturity September 1	Principal Amount
1989	\$75,000	1994	\$80,000
1990	75,000	1995	80,000
1991	75,000	1996	80,000
1992	75,000	1997	80,000
1993	75,000	1998	80,000

The bonds will bear interest from the date thereof at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 1989.

Place of Payment and Bond Registration

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar), to the registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day of the month preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the county and the Kansas Attorney General. The bonds will be registered as either fully registered certificated bonds or uncertificated (book entry) bonds.

The county will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondowners.

The number and denominations of the bonds and the names, addresses and Social Security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the county and bond registrar no more than 10 days after the sale date. In the absence of such information, the county will deliver one bond per maturity registered in the name of the manager of the successful bidder. The initial reoffering price to the public by the original purchaser shall be furnished to the county at least one week prior to the closing date. A certificate in a format provided by and acceptable to bond counsel setting forth such initial reoffering price to the public shall be furnished to the county by the original purchaser at closing.

Redemption of Bonds Prior to Maturity

Series A bonds maturing in the years 1989 to 1998 inclusive, shall become due without option of prior payment. At the option of the county, Series A bonds maturing in the years 1999, and thereafter, may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of Series A bonds within the same maturity to be by lot by the county in such equitable manner as it may determine) on September 1, 1998, or on any interest payment date thereafter at par, plus accrued interest to the redemption date.

(continued)

Where the county is to select Series A bonds for the purpose of redemption, it will, in the case of Series A bonds in denominations greater than \$5,000, if less than all of the Series A bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered Series A bond as though it were a separate Series A bond of the denomination of \$5,000.

If the county elects to call any Series A bonds for redemption and payment prior to the maturity thereof, the county will give written notice of its intention to call and pay said bonds on a specified date, said notice to be mailed by first class United States mail addressed to the registered owners of said bonds and to the Kansas State Treasurer, Topeka, Kansas, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. If any Series A bond be called for redemption and payment as aforesaid, all interest on such Series A bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

The Series B bonds shall not be redeemable prior to their stated maturity.

Conditions of Bids

Bidders may bid either on the Internal Improvement Bonds, Series A, or the Library Bonds, Series B, or on both series, at the bidder's option, but bids for the bonds will be accepted and considered separately.

Proposals will be received on the bonds bearing such rate or rates of interest, as may be specified by the bidders, subject to the following conditions and separately applicable to each series of bonds: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1 percent. No interest rate may exceed a rate equal to the index of treasury bonds published by the weekly *Credit Markets* in New York, New York, on the Monday preceding the day on which the bonds are sold, plus 2 percent. No rate specified may be lower than any rate specified for an earlier maturity of the bonds. No bid of less than the par value of each series of the bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid must specify the total interest cost to the county during the life of the bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the county on the basis of such bid, all certified by the bidder to be correct. The county will be entitled to rely on the certificate of correctness of the bidder. Each bid must also specify the net interest rate to the county on the basis of such bid.

Basis of Award

The award of each series of the bonds will be made on the basis of the lowest net interest cost to the county, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the county. If there is any discrepancy between the net interest cost and the net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body will determine which bid or bids, if any, shall be

accepted, and its determination will be final. The county reserves the right to reject any and all bids and to waive any irregularities in a submitted bid.

Authority, Purpose and Security

The bonds are being issued pursuant to and in full compliance with the constitution and statutes of the state of Kansas, including K.S.A. 10-101 to 10-125, inclusive; 3-301, *et seq.*; 12-1257; 19-101a; 65-211 to 65-215, inclusive; 68-580 to 68-585, inclusive; 68-728, all as may be amended; and the county's Charter Resolution No. 18-84, for the purpose of paying the cost of certain road, bridge and sewer improvements, renovating the Johnson County Nursing Center located in Olathe, Kansas, to serve as a combined mental health clinic and intermediate care facility for the mentally ill, constructing, repairing, remodeling and furnishing buildings, streets, street lighting and transportation facilities for the Industrial Airport and building and other improvements to the library.

The Series A bonds constitute general obligations of the county and are payable as to both principal and interest from ad valorem taxes which may be levied upon all the taxable tangible property, real and personal, within the territorial limits of the county. The wastewater portion is payable from special assessments levied upon property benefited by the improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the county.

The Series B bonds constitute an obligation of the county payable from ad valorem taxes levied upon all the taxable tangible property, real and personal, within the county *except* that contained within the city limits of the city of Olathe, Kansas.

Legal Opinion and Tax Exemption

In the opinion of Burke, Williams, Sorensen & Gaar, Overland Park, Kansas, bond counsel, assuming continued compliance by the county with the terms of the bond ordinance, under existing law, the interest on the bonds: (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the bonds.

The Internal Revenue Code of 1986, as amended, imposes certain requirements which must be met subsequent to the issuance of the bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the bonds to be so included in federal gross income retroactive to the date of issue of the bonds. These requirements include, but are not limited to, limitations on the use of bond proceeds and restrictions on the yield which may be earned on the investment of bond proceeds and other amounts. In the

re on authorizing the issuance of the bonds, the county will covenant to comply with the provisions of the code relating to the exclusion of the interest on the bonds from gross income for federal income tax purposes.

The interest on the bonds is excludable from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

The county has not designated the bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the code.

Prospective purchasers of the bonds should be aware that: (1) Section 265 of the code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the bonds or, in the case of a financial institution (within the meaning of Section 265(b)(5) of the code), that portion of an owner's interest expense allocable to interest on the bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the code for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the bonds; (3) for taxable years beginning after December 31, 1986, and before January 1, 1992, interest on the bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the code; (4) for taxable years beginning after December 31, 1986, interest on the bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the code; (5) passive investment income, including interest on the bonds, may be subject to federal income taxation under Section 1375 of the code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income; and (6) Section 86 of the code requires recipients of certain Social Security and certain railroad retirement benefits to take into account in determining gross income, receipts or accruals of interest on the bonds. These categories of bondowners should consult their own tax advisers as to the applicability of these consequences.

Delivery and Payment

The county will pay for printing the bonds and the expense of all legal services rendered to the county in connection with issuance of the bonds, and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company in the continental United States as may be specified by the successful bidder and is acceptable to the county. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing proofs, which will include a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in Federal Reserve funds or other funds, immediately subject to use by the county.

The number, type and denominations of the bonds and the names, addresses and Social Security or taxpayer identification numbers of the registered owners must be sub-

mitted in writing by the successful bidder to the county and bond registrar no more than 10 days after the sale date. In the absence of such information, the county will deliver the bonds in the denominations of each maturity registered in the name of the successful bidder. The successful bidder shall make a bona fide public offering of the bonds, and, as a condition to the county's obligation to deliver the bonds, the successful bidder must furnish to the county, at least one week prior to the closing date, the initial reoffering price to the public and at closing a certificate in a format provided by and acceptable to bond counsel: (a) specifying the reoffering price at which a substantial amount (at least 10 percent of the bonds of each maturity) of the bonds was sold to the public (excluding bond houses, brokers and other intermediaries), and (b) certifying as to the accuracy of such reoffering prices.

Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check payable to the county's order drawn on a bank located in the United States of America equal to 2 percent of the total amount of the bonds. If a bid is accepted, said check, or the proceeds thereof, will be held by the county until the bidder has complied with all of the terms and conditions of this notice. If a bid is accepted but the county shall fail to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check, or the proceeds thereof, will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this notice, the proceeds of such check will be retained by the county as and for liquidated damages. No interest will be paid upon the successful bidder's good faith check.

CUSIP Numbers

It is anticipated that separate CUSIP identification numbers will be printed on each series of certificated bonds or assigned to uncertificated bonds, but neither the failure to print such number on or assign such number to any bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the county.

Bond Rating

The outstanding general obligation bonds of the county are rated "Aa" by Moody's Investors Service, Inc. and the county has applied for rating on the bonds herein offered for sale.

Bid Forms

All bids must be made on forms which may be procured from the finance director. No additions or alterations in such forms may be made and any erasures may cause rejection of any bid. The county reserves the right to waive irregularities and to reject any and all bids.

Submission of Bids

Bids for each series of bonds must be submitted in separate sealed envelopes addressed to the undersigned finance director, and marked either "Series A Bond Bid" or "Series B Bond Bid," as the case may be. Bids may be submitted by mail or delivered in person to the un-

(continued)

ders: at the Johnson County Courthouse, Room 206, Cherry at Park, Olathe, KS 66061, and must be received by the undersigned prior to 10 a.m. C.D.T on October 20, 1988.

Interested bidders may arrange to deliver their bids in person at the Courthouse location, or they may arrange to transmit their bids by telephone or telefax to the county's finance director prior to the said time and date. Bidders who choose to transmit their bids by telephone or telefax must undertake the following steps given earlier in this notice.

Official Statement

The county has prepared a preliminary official statement dated October 7, 1988, copies of which may be obtained from the finance director. Upon the sale of the bonds, the county will adopt the final official statement and, upon request, will furnish the successful bidder with a reasonable number of copies thereof without additional cost. Additional copies may be ordered at the successful bidder's expense.

Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the county as of November 1, 1987, is as follows:

Equalized assessed valuation of taxable tangible property	\$1,243,363,527
Tangible value of motor vehicles	\$ 370,995.357
Equalized assessed tangible valuation for computation of bonded debt limitations	\$1,614,358,884

The total general obligation indebtedness of the county as of the date of the bonds, including the bonds being sold, is \$126,850,000. Virtually all of such indebtedness is exempt from the county's statutory debt limit. Temporary notes in the principal amount of \$1,470,945 will be retired out of proceeds of the bonds and other available funds.

Additional Information

Additional information regarding the bonds may be obtained from the finance director, Johnson County Courthouse, Olathe, KS 66061, Attention: Ronald F. Cousino, (913) 791-5534).

Dated October 7, 1988.

JOHNSON COUNTY, KANSAS
Ronald F. Cousino
Finance Director
Johnson County Courthouse
Olathe, KS 66061
(913) 791-5534

Doc. No. 007087

(Published in the Kansas Register, October 13, 1988.)

**CORRECTED
NOTICE OF BOND SALE
\$420,000**

Dickinson County, Kansas
General Obligation Bonds
Series B, 1988
(Sanitary Landfill Project)

Sealed Bids

Sealed bids for the purchase of \$420,000 principal amount of general obligation bonds, Series B, 1988 (sanitary landfill project), of the county hereinafter described, will be received by the undersigned, county clerk of Dickinson County, Kansas, on behalf of the governing body of the county at Dickinson County Courthouse, Abilene, Kansas, until 2 p.m. C.D.T. on Monday, October 17, 1988. All bids will be publicly opened and read at said time and place and will be acted upon by the county immediately thereafter. No oral or auction bids will be considered.

Bond Details

The bonds will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. The bonds will be dated November 1, 1988, and will become due serially on August 1 in the years as follows:

Year	Principal Amount
1989	\$35,000
1990	35,000
1991	35,000
1992	35,000
1993	40,000
1994	40,000
1995	45,000
1996	50,000
1997	50,000
1998	55,000

The bonds will bear interest at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on February 1 and August 1 in each year, beginning on February 1, 1989.

Place of Payment and Bond Registration

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar). The principal of the bonds will be payable at maturity or upon earlier redemption to the registered owners upon presentation and surrender of the bonds at the office of the paying agent. Interest on the bonds will be paid by check or draft mailed by the paying agent to the persons in whose names the bonds are registered on the registration books maintained by the bond registrar at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding each interest payment date.

The county will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondholders.

3-7

NOTICE OF BOND SALE

JOHNSON COUNTY, KANSAS
\$15,095,000
INTERNAL IMPROVEMENT BONDS, SERIES A 1988
(GENERAL OBLIGATIONS PAYABLE FROM
UNLIMITED AD VALOREM TAXES)
AND
\$775,000
LIBRARY BONDS, SERIES B 1988
(SPECIAL OBLIGATIONS PAYABLE FROM AD VALOREM TAXES)

Sealed Bids. Separate sealed bids will be received by the undersigned, Finance Director of Johnson County, Kansas (the "County"), on behalf of the Board of County Commissioners at the Johnson County Courthouse, Second Floor, Room 206, Cherry Street at Park, Olathe, Kansas, until 10:00 o'clock A.M., Central Daylight Time, on

Thursday, October 20, 1988

for the purchase of an issue of Internal Improvement Bonds, Series A 1988 in the principal amount of \$15,095,000 (the "Series A Bonds"), and an issue of Library Bonds, Series B 1988 in the principal amount of \$775,000 (the "Series B Bonds") (collectively, the "Bonds"), of the County hereinafter described. All bids for each series of Bonds will be publicly opened and read at said time and place and will be acted upon by the governing body immediately thereafter. No oral or auction bids will be considered.

Interested bidders may arrange to deliver their bids in person at the Courthouse location, or they may arrange to transmit their bids by telephone or telefax to the County's Finance Director, prior to the said time and date. Bidders who choose to transmit their bids by telephone or telefax must undertake the following: (A) send a blank copy of the Official Proposal Form for each of the Bond issues for which a bid will be offered to be received by the Office of the Finance Director no less than two (2) Business Days prior to the date stated herein as the date of Sale; (B) this bid form should provide the name and telephone number of the authorized representative of the lead manager of each account, and should be signed by that representative, and must list the members of the account on the back of the Official Proposal Forms as indicated; and (C) be accompanied by the good faith deposit checks as referred to herein. On the day of the sale, at least 15 minutes prior to the time of sale indicated herein, the authorized representative of the account may transmit to the Finance Director, by telephone or telefax, the bid for each respective bond issue, by indicating the interest rate per maturity, the purchase price, and the manager's calculation of the Net Interest Cost and Net Interest Rate, for each issue. The Finance Director will confirm by independent computation the calculation of the Net Interest Cost and Net Interest Rate, after which the Finance Director will transfer the bid information to the blank, signed Official Proposal Form. Telephone bids must be phoned in to the following telephone number: 913-791-5554. Telefax transmissions are to be sent to: 913-791-5284. The County will not accept any responsibility for bids submitted through telephonic or telefax methods, including garbled transmissions, or the inability of a bidder to access the telephone or telefax number prior to the indicated sale time.

Bond Details. The Bonds will consist of fully registered bonds in denominations of \$5,000 or any integral multiple thereof, dated November 1, 1988, and becoming due serially on September 1 in the years as follows:

\$15,095,000
INTERNAL IMPROVEMENT BONDS
SERIES A 1988

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>
1989	\$1,200,000	1999	\$310,000
1990	1,200,000	2000	310,000
1991	1,200,000	2001	310,000
1992	1,200,000	2002	310,000
1993	1,200,000	2003	310,000
1994	1,200,000	2004	310,000
1995	1,200,000	2005	310,000
1996	1,200,000	2006	310,000
1997	1,200,000	2007	310,000
1998	1,185,000	2008	320,000

\$775,000
LIBRARY BONDS
SERIES B 1988

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>
1989	\$75,000	1994	\$80,000
1990	75,000	1995	80,000
1991	75,000	1996	80,000
1992	75,000	1997	80,000
1993	75,000	1998	80,000

The Bonds will bear interest from the date thereof at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 1989.

Place of Payment and Bond Registration. The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"), to the registered owners thereof whose names are on the registration books of the Bond Registrar as of the fifteenth day of the month preceding each interest payment date. The Bonds will be registered pursuant to a plan of registration approved by the County and the Attorney General of the State of Kansas. The Bonds will be registered as either fully registered certificated bonds or uncertificated (book entry) bonds.

The County will pay for the fees of the Bond Registrar for registration and transfer of the Bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, will be the responsibility of the bondowners.

THE NUMBER AND DENOMINATIONS OF THE BONDS AND THE NAMES, ADDRESSES AND SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBERS OF THE REGISTERED OWNERS SHALL BE SUBMITTED IN WRITING BY THE SUCCESSFUL BIDDER TO THE COUNTY AND BOND REGISTRAR NO MORE THAN 10 DAYS AFTER THE SALE DATE. In the absence of such information, the County will deliver one Bond per maturity registered in the name of the manager of the successful bidder. The initial reoffering price to the public by the original purchaser shall be furnished to the County at least one week prior to the closing date. A Certificate in a format provided by and acceptable to Bond Counsel setting forth such initial reoffering price to the public shall be furnished to the County by the original purchaser at closing.

Redemption of Bonds Prior to Maturity. Series A Bonds maturing in the years 1989 to 1998 inclusive, shall become due without option of prior payment. At the option of the County, Series A Bonds maturing in the years 1999, and thereafter, may be called for redemption and payment prior to maturity in whole or in part in inverse order of maturity (selection of Series A Bonds within the same maturity to be by lot by the County in such equitable manner as it may determine) on September 1, 1998, or on any interest payment date thereafter at par, plus accrued interest to the redemption date.

Whenever the County is to select Series A Bonds for the purpose of redemption, it will, in the case of Series A Bonds in denominations greater than \$5,000, if less than all of the Series A Bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered Series A Bond as though it were a separate Series A Bond of the denomination of \$5,000.

If the County elects to call any Series A Bonds for redemption and payment prior to the maturity thereof, the County will give written notice of its intention to call and pay said Bonds on a specified date, said notice to be mailed by first class United States mail addressed to the registered owners of said Bonds and to the Treasurer of the State of Kansas, Topeka, Kansas, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. If any Series A Bond be called for redemption and payment as aforesaid, all interest on such Series A Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

The Series B Bonds shall not be redeemable prior to their stated maturity.

Conditions of Bids. Bidders may bid either on the Internal Improvement Bonds, Series A 1988, or the Library Bonds, Series B 1988, or on both Series, at the bidder's option, but bids for the Bonds will be accepted and considered separately. Proposals will be received on the Bonds bearing such rate or rates of interest, as may be specified by the bidders, subject to the following conditions, separately applicable to each series of Bonds: The same rate shall apply to all Bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1%. No interest rate may exceed a rate equal to the index of treasury bonds published by the weekly Credit Markets in New York, New York, on the Monday preceding the day on which the Bonds are sold, plus 2%. No rate specified may be lower than any rate specified for an earlier maturity of the Bonds. No bid of less than the par value of each series of the Bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be authorized. Each bid must specify the total interest cost to the County during the life of the Bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the County on the basis of such bid, all certified by the bidder to be correct. The County will be entitled to rely on the certificate of

correctness of the bidder. Each bid must also specify the net interest rate to the County on the basis of such bid.

Basis of Award. The award of each series of the Bonds will be made on the basis of the lowest net interest cost to the County, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the County. If there is any discrepancy between the net interest cost and the net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body will determine which bid or bids, if any, shall be accepted, and its determination will be final. The County reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid.

Authority, Purpose and Security. The Bonds are being issued pursuant to and in full compliance with the Constitution and Statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, 3-301, et seq., 12-1257, 19-101a, 65-211 to 65-215, inclusive, 68-580 to 68-585, inclusive, 68-728, all as may be amended, and the County's Charter Resolution No. 18-84, for the purpose of paying the cost of certain road, bridge and sewer improvements, renovating the Johnson County Nursing Center located in Olathe, Kansas, to serve as a combined Mental Health Clinic and Intermediate Care Facility for the mentally ill, constructing, repairing, remodeling and furnishing buildings, streets, street lighting and transportation facilities for the Industrial Airport and building and other improvements to the Library.

The Series A Bonds, constitute general obligations of the County and are payable as to both principal and interest from ad valorem taxes which may be levied upon all the taxable tangible property, real and personal, within the territorial limits of the County. The Wastewater portion is payable from special assessments levied upon property benefited by the improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the County.

The Series B Bonds, constitute an obligation of the County payable from ad valorem taxes levied upon all the taxable tangible property, real and personal, within the County except that contained within the city limits of the City of Olathe, Kansas.

Legal Opinion and Tax Exemption. In the opinion of BURKE, WILLIAMS, SORENSEN & GAAR, Overland Park, Kansas, Bond Counsel, assuming continued compliance by the County with the terms of the Bond Ordinance, under existing law, the interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purposes of computing the alternative minimum tax imposed on such corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to the issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be so included in federal gross income retroactive to the date of issue of the Bonds. These requirements include, but are not limited to, limitations on the use of Bond

proceeds and restrictions on the yield which may be earned on the investment of Bond proceeds and other amounts. In the Resolution authorizing the issuance of the Bonds (the "Bond Resolution"), the County will covenant to comply with the provisions of the Code relating to the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

The interest on the bonds is excludable from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

The County has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Prospective purchasers of the Bonds should be aware that (1) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution (within the meaning of Section 265(b)(5) of the Code), that portion of an owner's interest expense allocable to interest on the Bonds; (2) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds; (3) for taxable years beginning after December 31, 1986, and before January 1, 1992, interest on the Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code; (4) for taxable years beginning after December 31, 1986, interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (5) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (6) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds. These categories of Bondowners should consult their own tax advisors as to the applicability of these consequences.

Delivery and Payment. The County will pay for printing the Bonds, and the expense of all legal services rendered to the County in connection with issuance of the Bonds, and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company in the Continental United States as may be specified by the successful bidder and is acceptable to the County. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing proofs which will include a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity. Payment for the Bonds shall be made in federal reserve funds or other funds, immediately subject to use by the County.

The number, type and denominations of the Bonds and the names, addresses and social security or taxpayer identification numbers of the registered owners must be submitted in writing by the successful bidder to the County and Bond Registrar no more than ten (10) days after the sale date. In the absence of such information, the County will deliver the Bonds in the denominations of each maturity registered in the name of the successful bidder. THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS, AND, AS A CONDITION TO THE COUNTY'S OBLIGATION TO DELIVER THE BONDS, THE SUCCESSFUL BIDDER MUST FURNISH TO THE

COUNTY, AT LEAST ONE WEEK PRIOR TO THE CLOSING DATE, THE INITIAL REOFFERING PRICE TO THE PUBLIC AND AT CLOSING A CERTIFICATE IN A FORMAT PROVIDED BY AND ACCEPTABLE TO BOND COUNSEL (a) SPECIFYING THE REOFFERING PRICE AT WHICH A SUBSTANTIAL AMOUNT (AT LEAST 10% OF THE BONDS OF EACH MATURITY) OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AND (b) CERTIFYING AS TO THE ACCURACY OF SUCH REOFFERING PRICES.

Good Faith Deposit. Each bid shall be accompanied by a cashier's or certified check payable to the County's order drawn on a bank located in the United States of America equal to 2% of the total amount of the Bonds. If a bid is accepted, said check, or the proceeds thereof, will be held by the County until the bidder has complied with all of the terms and conditions of this Notice. If a bid is accepted but the County shall fail to deliver the Bonds to the bidder in accordance with the terms and conditions of this Notice, said check, or the proceeds thereof, will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of such check will be retained by the County as and for liquidated damages. No interest will be paid upon the successful bidder's good faith check.

CUSIP Numbers. It is anticipated that separate CUSIP identification numbers will be printed on each series certificated Bonds or assigned to uncertificated Bonds, but neither the failure to print such number on or assign such number to any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the County.

Bond Rating. The outstanding general obligation bonds of the County are rated "Aa" by Moody's Investors Service, Inc. and the County has applied for rating on the Bonds herein offered for sale.

Bid Forms. All bids must be made on forms which may be procured from the Finance Director. No additions or alterations in such forms may be made and any erasures may cause rejection of any bid. The County reserves the right to waive irregularities and to reject any and/or all bids.

Submission of Bids. Bids for each series of Bonds must be submitted in separate sealed envelopes addressed to the undersigned Finance Director, and marked either "Series A Bond Bid" or "Series B Bond Bid," as the case may be. Bids may be submitted by mail or delivered in person to the undersigned at the Johnson County Courthouse, 2nd Floor, Room 206, Cherry at Park, Olathe, Kansas 66061, and must be received by the undersigned prior to 10:00 o'clock a.m., Central Daylight Time, on October 20, 1988.

Interested bidders may arrange to deliver their bids in person at the Courthouse location, or they may arrange to transmit their bids by telephone or telefax to the County's Finance Director prior to the said time and date. Bidders who choose to transmit their bids by telephone or telefax must undertake the following: (A) send a blank copy of the Official Proposal Form for each of the Bond issues for which a bid will be offered to be received by the Office of the Finance Director no less than two (2) Business Days prior to the date stated herein as the date of Sale; (B) this bid form should provide the name and telephone number of the authorized representative of the lead manager of each account, and should be signed by that representative, and must list the members of the account on the back of the Official Proposal Forms as indicated; and (C)

be accompanied by the good faith deposit checks as referred to herein. On the day of the sale, at least 15 minutes prior to the time of sale indicated herein, the authorized representative of the account may transmit to the Finance Director, by telephone or telefax, the bid for each respective bond issue, by indicating the interest rate per maturity, the purchase price, and the manager's calculation of the Net Interest Cost and Net Interest Rate, for each issue. The Finance Director will confirm by independent computation the calculation of the Net Interest Cost and Net Interest Rate, after which the Finance Director will transfer the bid information to the blank, signed Official Proposal Form. Telephone bids must be phoned in to the following telephone number: 913-791-5554. Telefax transmissions are to be sent to: 913-791-5284. The County will not accept any responsibility for bids submitted through telephonic or telefax methods, including garbled transmissions, or the inability of a bidder to access the telephone or telefax number prior to the indicated sale time.

Official Statement. The County has prepared a Preliminary Official Statement dated October 7, 1988, copies of which may be obtained from the Finance Director. Upon the sale of the Bonds, the County will adopt the final Official Statement and, upon request, will furnish the successful bidder with a reasonable number of copies thereof without additional cost. Additional copies may be ordered by the successful bidder at its expense.

Assessed Valuation and Indebtedness. The total assessed valuation of the taxable tangible property within the County as of November 1, 1987, is as follows:

Equalized Assessed Valuation of Taxable Tangible Property	\$1,243,363,527
Tangible Valuation of Motor Vehicles	\$ 370,995,357
Equalized Assessed Tangible Valuation for Computation of Bonded Debt Limitations	\$1,614,358,884

The total general obligation indebtedness of the County as of the date of the Bonds, including the Bonds being sold, is \$126,850,000. Virtually all of such indebtedness is exempt from the County's statutory debt limit. Temporary notes in the principal amount of \$1,470,945, will be retired out of proceeds of the Bonds and other available funds.

Additional Information. Additional information regarding the Bonds may be obtained from the Finance Director, Johnson County Courthouse, Olathe, Kansas 66061, Attention: Ronald F. Cousino (913/791-5534).

DATED this 7th day of October, 1988.

JOHNSON COUNTY, KANSAS

By /s/

Ronald F. Cousino
Finance Director
Johnson County Courthouse
Olathe, Kansas 66061
(913/791-5534)

JOHNSON COUNTY, KANSAS
\$15,095,000
INTERNAL IMPROVEMENT BONDS, SERIES A 1988
(GENERAL OBLIGATIONS PAYABLE FROM UNLIMITED AD VALOREM TAXES)
AND
\$775,000
LIBRARY BONDS, SERIES B 1988
(SPECIAL OBLIGATIONS PAYABLE FROM AD VALOREM TAXES)
(TWO ISSUES)

STATEMENT OF INTEREST

The enclosed good faith check and authorized signature of this form hereby presents my interest to bid on the above mentioned bond issue.

The following address is provided for the mailing of the Notification of Sale:

Contact Person: _____

Telefax Number: () _____

Telephone No: () _____

Signature

Date

Deadline for submittal: _____

Time of cutoff for submittal: _____ CDT

JOHNSON COUNTY, KANSAS
\$15,095,000
INTERNAL IMPROVEMENT BONDS, SERIES A 1988
(GENERAL OBLIGATIONS PAYABLE FROM UNLIMITED AD VALOREM TAXES)
AND
\$775,000
LIBRARY BONDS, SERIES B 1988
(SPECIAL OBLIGATIONS PAYABLE FROM AD VALOREM TAXES)
(TWO ISSUES)

NOTIFICATION OF SALE DATE

Based upon the information furnished on the Statement of Interest in regard to the above mentioned bond issue and under the terms and conditions of the Notice of Bond Sale, Johnson County is hereby giving notice to all bidders of the public sale date to be scheduled as follows:

Date of Bond Sale: _____

Time of cutoff for receiving bids: _____ CDT

PROPOSAL FOR THE PURCHASE OF THE SERIES B BONDS OF
 JOHNSON COUNTY, KANSAS
 October 20, 1988

TO: THE GOVERNING BODY OF JOHNSON COUNTY, KANSAS

For \$775,000 principal amount of Library Bonds, Series B 1988, of Johnson County, Kansas, to be dated November 1, 1988, as described in your Notice of Bond Sale dated October 1, 1988, said Bonds to bear interest as follows:

\$775,000
 LIBRARY BONDS - SERIES B 1988

<u>MATURITY</u> <u>SEPTEMBER 1</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>SEPTEMBER 1</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
1989	\$ 75,000	_____ %	1994	\$ 80,000	_____ %
1990	\$ 75,000	_____ %	1995	\$ 80,000	_____ %
1991	\$ 75,000	_____ %	1996	\$ 80,000	_____ %
1992	\$ 75,000	_____ %	1997	\$ 80,000	_____ %
1993	\$ 75,000	_____ %	1998	\$ 80,000	_____ %

(Plus Accrued Interest)

The undersigned will pay the par value of the Bonds plus accrued interest to the date of delivery plus a total premium in the amount set forth below.

Total interest cost to the County on the Bonds
 calculated to maturity at the rates specified \$ _____

Total premium on the Bonds on basis of this bid (if any) \$ _____

Net interest cost to the County on the Bonds on
 the basis of this bid \$ _____

Net interest rate on the Bonds on
 the basis of this bid _____ %

This proposal is subject to all terms and conditions contained in said Notice of Bond Sale, and if the undersigned is the successful bidder, the undersigned will comply with all the provisions contained in said Notice.

Account Members:

_____	_____
_____	_____
_____	_____
_____	_____

Pursuant to action duly taken by the governing body of Johnson County, Kansas, the above proposal is hereby accepted this 20th day of October, 1988.

JOHNSON COUNTY, KANSAS

BY _____
Chairman, Board of
County Commissioners

ATTEST:

County Clerk

NOTE: No additions or alterations in the above proposal form shall be made, and any erasures may cause rejection of any bid. Sealed bids may be filed with the Finance Director, Johnson County Courthouse, Cherry at Santa Fe, Olathe, Kansas, prior to 10:00 o'clock A.M., Central Daylight Time, on Thursday, October 20, 1988.



"Service to County Government"

212 S. W. 7th Street
Topeka, Kansas 66603
(913) 233-2271
FAX (913) 233-4830

EXECUTIVE BOARD

President
Winifred Kingman
Shawnee County Commissioner
200 S.E. 7th St. - Room 205
Topeka, KS 66603
(913) 291-4040
(913) 272-8948

Vice-President
Gary Hayzlett
Kearny County Commissioner
P.O. Box 66
Lakin, KS 67860
(316) 355-7060

Past President
John Delmont
Cherokee County Commissioner
(316) 848-3717

Mark Hixon
Barton County Appraiser
(316) 792-4226

Marjory Scheufler
Edwards County Commissioner
(316) 995-3973

DIRECTORS

Leonard "Bud" Archer
Phillips County Commissioner
(913) 689-4685

Keith Devenney
Geary County Commissioner
(913) 238-7894

Berneice "Bonnie" Gilmore
Wichita County Clerk
(316) 375-2731

Harry "Skip" Jones III
Smith County Treasurer
(913) 282-6838

Thomas "Tom" Pickford, P.E.
Shawnee County Engineer
(913) 291-4132

Dixie Rose
Butler County Register of Deeds
(316) 321-5750

NACo Representative
Joe McClure
Wabaunsee County Commissioner
(913) 499-5284

Executive Director
John T. Torbert

TESTIMONY

February 21, 1989

To: Representative R. D. Miller, Chairman
Members House Local Government Committee

From: Bev Bradley, Legislative Coordinator
Kansas Association of Counties

Re: HB-2390 concerning the sale of municipal bonds

The Kansas Association of Counties supports the position of Johnson County in HB-2390. We have a convention adopted position which says "we support amending the general bond laws to permit the sale of bonds at any time within a thirty day period. Changing the current law to allow a period of thirty days in which the bonds could be sold would allow the municipality the flexibility to adjust the sale date based on the condition of the market, thus saving tax payer's dollars." We believe it would allow the officials an alternative that would be useful and practical.

JD
2-21-89
Attach IV

STATE OF KANSAS

ALFRED J. LANE
REPRESENTATIVE, TWENTY-FIFTH DISTRICT
JOHNSON COUNTY
6529 SAGAMORE ROAD
MISSION HILLS, KANSAS 66208
(913) 362-7824



COMMITTEE ASSIGNMENTS
MEMBER: EDUCATION
LABOR AND INDUSTRY
LOCAL GOVERNMENT

TOPEKA

HOUSE OF
REPRESENTATIVES

February 21, 1989

Testimony before the House Local Government Committee

House Bill 2281

Purpose - To enable the creation of a bi-state recreational/culture compact. We would then be able to jointly fund the many activities we are presently funding separately. This would not be to duplicate facilities on both sides of the state line.

There are precedents for bi-state agreements. For instance; 911 emergency number, sanitary sewer handling, and water services.

Basically, the bill authorizes the creation of a culture and recreation district by petition of the voters or by adoption of a resolution by the counties. Within two years of the creation of the district, a proposal to provide funding for the district shall be submitted for approval by the voters. The bill authorizes, if approved by the voters, the imposition of a $\frac{1}{4}\%$ sales tax or the governing body of the county may obligate a specific source of revenue or exercise any other taxing authority granted to it by law to provide its share of the cost.

The area the commission would serve would include the counties of Jackson, Clay and Platt in Missouri; and Wyandotte and Johnson in Kansas, as well as any other county that wishes to participate within 60 miles of any of the other counties.

The members of the commission would consist of one person *2-21-89*
attach V

from each county, one person from each city over 80,000, i.e. Kansas City, Missouri; Kansas City, Kansas; Overland Park, Kansas; and Independence, Missouri. The Governors of each state would also appoint one member from their respective states.

In order for the commission to approve a project, a majority of a quorum must vote in the affirmative. In addition, a majority of a quorum of each state's delegation must approve the project.

I would like to add an amendment which would mandate an annual audit and report to be submitted to the elected body or person that appointed the commission as well as the governor of each state.

The commission would be authorized to issue general obligation bonds for the purpose of financing projects.

Proposed Amendment to House Bill No. 2281

On page 13, in line 495, by striking "make an annual report" and inserting "cause to be prepared annually an audit and a report on the operations and transactions conducted by it pursuant to this compact and any legislation thereunder. Such audit and report shall be submitted";

On page 14, in line 497, by striking all following "mission"; in line 498, by striking all before the period, and inserting ". A copy of such audit and report also shall be sent to the governing body of each city and county which appoints a member to the commission pursuant to subsection (a) of Article IV";

2-21-89
5-2

PREPARED TESTIMONY OF
C. EDWARD PETERSON
IN SUPPORT OF
HOUSE BILL 2281
BEFORE THE LOCAL GOVERNMENT COMMITTEE

FEBRUARY 21, 1989

ES
2-21-89
Attach. VI

The purpose of this testimony is to provide you with an overview of SB186 and HB2281 and to provide you with a few of the reasons this legislation is important to the Kansas City Metropolitan area. Other conferees will be better situated to explain specific needs for this legislation and opportunities which will be created by its passage.

1. Creation of the District.

The creation of the district is a 3-step process:

- 1) Passage of identical enabling legislation by the Kansas legislature and Missouri General Assembly (Missouri has already passed a bill similar to this legislation)
- 2) Decision by each county to participate, either by vote of county governing body or by petition and election
- 3) Vote to fund the district held in each participating county.

As you can see, you are only being asked to enable the local governments to take the next steps if they so desire. Passage of this bill will not create the district.

2. Operation of the District.

Once one or more counties complete the process of deciding to join the district, the district would be governed by a board of appointed members. Each participating county would be represented by a member appointed by the governing body of the county; each state with a participating county would be represented by an appointee of the Governor; and each city with a popula-

tion in excess of 80,000 would be represented by an appointment made by the governing body of such city. If all five counties (Wyandotte, Johnson, Clay, Platte, and Jackson) participate, the board would have eleven members:

Kansas --- Governor's appointee	-	1	
Wy. & Jo. County	-	2	
Overland Park & KC, Kansas	-	2	
		<u>5</u>	<u>5</u>
Missouri - Governor's appointee	-	1	
Clay, Platte & Jackson Counties	-	3	
KC, Missouri & Independence	-	2	
		<u>6</u>	<u>6</u>

11

All actions of the Commission require a majority of the members voting and a majority of each state's members. This formula prevents either state from dominating the Commission and it prevents any county or city from controlling a state delegation.

The district would be funded by a contribution of each participating county equal to revenues from a 1/4¢ sales tax. Although the legislation authorizes a sales tax if such a tax is later approved by the voters, each county has the option of contributing from revenues other than a sales tax. At 1/8¢ sales tax it is estimated that \$15 million annually could be raised.

3. Reasons for Creating the Funding District.

A. Improved Ammenities

Although the Kansas City metropolitan area has much to

offer, it frequently lags behind other metropolitan areas in terms of amenities. A 1985 Rand-McNally study placed Kansas City 51st out of 329 cities in terms of artistic offerings and 99th for recreational offerings. The Kansas side of the metropolitan area ranked 215th and 287th for these respective categories. Yet the metropolitan area ranks about 25th in size.

Kansas City cultural offerings also tend to fall into the mid-range in terms of quality. A 1985 study by Kansas City Consensus observed that many of the Kansas City area's cultural offerings had not achieved the level of artistic success realized by their counterparts in such cities as St. Louis and Minneapolis.

Creation of the Bi-State Cultural District would dedicate substantial capital to improve the number and quality of cultural and recreational attractions in the metropolitan area.

B. Economic Development.

One of the unrecognized benefits of cultural and recreational amenities is that they are an economic development tool. Businesses give increasing scrutiny to a community's cultural offerings in deciding on relocation and expansion.

As it stands now, the Kansas City area is falling behind its competitors. St. Louis and Denver both have in place a tax devoted to cultural and recreational development. At the state level Kansas ranks 46th in public funding for arts organizations and Missouri ranks 21st. Additional public funding for purposes

of supporting economic development would be appropriate just to keep pace with other communities.

In addition, cultural and recreational enterprises are fertile areas for local economic development. We tend to overlook the fact that these amenities are labor-intensive; expansion of cultural and recreational amenities adds jobs to the local economy. These amenities also produce tourism dollars which can be added to the local economy. A recent Missouri study revealed that every dollar spent directly on cultural events produced \$1.34 in economic activity.

C. Metropolitan Solution to a Metropolitan Problem.

The need to improve the cultural and recreational amenities is a problem shared by all communities in the Kansas City metropolitan area. The fragmented and individual approach of the past does not appear to be adequate to meet current needs, let alone the additional funding required to place the metropolitan area at a competitive advantage.

The funding district envisioned by this legislation is a solution that involves the entire metropolitan area in meeting the needs for these amenities. Perhaps the overriding issue presented by this legislation is whether a metropolitan approach can be used to fund these amenities. I hope you agree that this legislation presents an opportunity to move the Kansas City metropolitan area forward.

Good afternoon, my name is Dave Wolfram, Director of Community affairs and Vice President of the Yellow Freight System Foundation.

Yellow Freight System is a nationwide general commodities motor carrier headquartered in Overland Park, Kansas with 600+ facilities in the U.S., Canada & Mexico. We have 28,000 employees and 1988 revenues were \$2M+.

My remarks today are in support of HB 2281 which authorizes the creation of a bi-state funding district for arts, culture and recreation.

Each year, Yellow Freight System sets aside 2% of it's pre-tax profits for civic, philanthropic and charitable contributions. During 1988, these contributions totaled \$1.9 M. More than 1/3 of this amount was directed to performing/visual arts and cultural organizations in the metropolitan Kansas City area. I'm sorry to report that requests for funding in this area far exceeded our contribution capacity.

Why is YFS interested in supporting these programs? We

2-21-89
ATTACH.
VI-A

believe that for Kansas City to be a first class metropolitan area, it must have first rate successful cultural and arts programs and organizations. This will not only help us to retain business organizations, but will, in fact, help attract new companies to the area.

Performing and visual arts organizations rely on contributions from the corporate and foundation community to fund 30 - 40% of their operating budgets. Unlike our neighbors in St. Louis and Denver, the Kansas City area has a very small number of corporate headquarters with the ability to fund these organizations. For this reason, we support the legislation you are considering which provides a broad base funding mechanism for the arts.

Lastly, your legislation may have a very desirable side benefit for the community. With significantly less federal monies available for health and social services programs, the competition for corporate and foundation support is increasing at an alarming rate. This legislation may free up corporate dollars with a resulting shift to community health and human service programs.

Thank you for the opportunity to support HB 2281 this morning. I would be happy to answer any questions you might have.

2-21-89
ATTACH. VI - A

Name: Pamela Eglinski (816 531 4022)

Title: Director of Arts Partners, Kansas City Chapter of Young Audiences

Request: Support for arts-in-education

Two years ago President Reagan charged the Department of Education to develop a position paper on the status of arts-in-education in the United States today. One year ago the report, entitled Toward Civilization, was presented to the President with several recommendations. Among them was the need for more extensive programming by arts agencies and institutions in the field of arts education.

The Kansas City Chapter of Young Audiences, which serves the state of Kansas and the western half of Missouri, is committed to that recommendation. In some ways Young Audiences is in advance of Toward Civilization by way of a new arts-in-education program known as Arts Partners. Arts Partners is a model arts education program which was developed by four metropolitan school districts, the major arts institutions of Kansas City, and the corporate funding community. Its purpose is to integrate visual and performing arts into the core of each students' daily curriculum in grades K-12. We serve 90,000 students and 91 schools. The current participating districts include: Kansas City, Kansas (USD 500) in Wyandotte County, Kansas City, Missouri, Independence, and Raytown.

Arts Partners serves a dual purpose. (1) It serves to introduce students to the artists and arts institution community by either taking artists into the schools in an educational capacity or by transporting the children to the major theatres for matinee productions. The end result is extensive curriculum enrichment. (2) The second purpose that Arts Partners promotes is that of future audience building. We are educating the audiences of tomorrow to a higher level of arts awareness and cultivating support of arts institutions in one to two decades hence.

This year ends the three year pilot program for Arts Partners. In academic year 1989-90 the school districts will pick up 75% of the cost of the program. They had been paying 33%. The Greater Kansas City Community Foundation will continue to fund raise 25% of the \$600,000 annual budget. The original seed money, utilized over the past three years, will be withdrawn. Kansas City corporations were willing to commit to a pilot program but not to a long term underwriting. Financial support for the current participating districts is secured, however new growth is stymied.

This places Arts Partners in a dilemma. We have been encouraged by the Johnson county school districts of Shawnee Mission, Olathe, and Blue Valley to extend the program into their community. However, without the same extensive metropolitan

2-21-89
Attach. III

corporate base we are left searching for a new funding source. Revenue generated from the bill which is before you could serve as that base -- allowing Johnson county to enhance its arts-in-education program which inturn allows it to link arms with the currently existing Wyandotte program. Johnson county school districts have been designated as among the best in the nation. By adding a program such as Arts Partners to their curriculum they could very well become the best.

I thank you , and encourage you to vote "yes" on the bill before you.

**CULTURAL
ALLIANCE
OF
GREATER
KANSAS
CITY**

February 21, 1989

Senate Bill 186
House Bill 2281

My name is Doug Alpert, and I am here today as the Chairman of the Cultural Alliance of Greater Kansas City, an alliance of Kansas and Missouri arts organizations committed to local public sector funding of the arts. The Cultural Alliance is grateful for the opportunity to speak in support of Senate Bill 186/House Bill 2281.

Before I address the need for a bi-state cultural benefit district, I wanted to provide a short background of my own involvement in the arts. I reside at 2518 W. 50th Place, Westwood Hills, Johnson County, Kansas. I am the executive director of the Kansas City Jazz Commission, which is involved with jazz activities in both Missouri and Kansas. I am a member of the Kansas Bar, and I am an advisory board member of the Kaw Valley Arts Council serving Wyandotte County.

I have two points to address today: one, that cultural arts are crucial to the economic growth and stability of Kansas, and two, that for the arts to thrive and survive as a source of economic development in Kansas, we must take a bi-state approach to funding the arts for Kansas Counties in the metropolitan Kansas City area.

Let me state at the outset that, while the Cultural Alliance is an arts organization, we support the inclusion of not-for-profit recreation funding included in the bill. My comments regarding the not-for-profit

2-21-89
Attach VIII

Cultural Alliance of Greater Kansas City
February 21, 1989
page two

arts community are equally applicable to not-for-profit recreation activities.

We must have an active and viable arts community if we are to have any hope for the continued economic development of our state. When businesses decide where to locate, or relocate, they no longer are restricted by the natural resources offered by a certain region of the country. Businesses are no longer industrial, looking to be near coal; instead they are communication oriented, with access to the entire world, regardless of where they locate. Therefore, businesses are now free to locate in the community that offers the best quality of life.

Our cultural arts are a vital cog in what comprises quality of life in our community. The best example of the relationship between cultural arts and the business community you only need to look at the boards of our arts organizations. They are filled with the most prominent business and civic leaders in our community. For local businesses, involvement with the arts is synonymous with good public relations. (While I respect and admire the contributions of our business leaders to our community, as a realist I have to believe their involvement with the arts is also motivated by their interest in promoting their own business.)

This leaves the question of why a bi-state approach to funding cultural arts. My answer is found in the comments I have received from Cultural Alliance members in Johnson and Wyandotte County. Put simply, arts organizations located in these two Kansas Counties lose in the battle for funds with Missouri arts organizations. Arts organizations in Johnson and Wyandotte County do not receive Missouri funding, even though they

Cultural Alliance of Greater Kansas City
February 21, 1989
page three

have significant audience participation from Missouri. Being in the greater Kansas City area, these arts organizations are not always perceived as truly Kansas organizations. Therefore, funding from Kansas foundations has been tough to come by. Many Kansas business leaders committ their funds to the more prominent Missouri arts organizations.

If we do not take a bi-state approach, our voters will feel that their tax dollars are being used to entertain Missouri audiences. Without significant public funding, these Kansas arts organizations have no foundation from which to compete with Missouri. Without a prominent arts community, Kansas loses business opportunities, tourist/convention dollars and respect for its quality of life. It does not have to be so. Thank you.

STATEMENT IN SUPPORT OF A CULTURAL AND RECREATIONAL FUNDING BILL
FOR A BI-STATE METROPOLITAN DISTRICT

Walt Vernon
7928 Rosewood
Prairie Village, KS 66208

I wish to thank the sponsors of this bill for introducing this important legislation, and also thank the committee for holding this hearing. My testimony is in support of the bill, which I hope you will favorably vote out of committee and send on to the floor in a timely fashion.

I am speaking today both as a resident of Johnson County, Kansas and as the Executive Director of Kansas City Consensus. It is a non-profit citizens organization that studies public issues in the metropolitan Kansas City area, makes recommendations for the solution or improvement of issues studied, and then works for the implementation of its recommendations. By way of further introduction, I am a former member of the Shawnee Mission school board, and I am currently a member of the Board of Water District No. 1 of Johnson County, Kansas (an elected position) serving as its chairman.

In 1980 MRI (Midwest Research Institute) did a study on the economic impact of culture and recreation on the Kansas City area, including tourism activities. The data indicated that the visitor industry is the third largest in the area with an annual impact of \$1 billion. It has created 32,000 jobs, has an \$280 million annual payroll and generates \$46 million state and local taxes. An update of that study is underway but the results are not yet in.

Several years ago a MARC (Mid-America Regional Council of Governments) Task Force on Amenities undertook a look at the cultural scene and with MARC developed a directory, "Arts of the Heart." It listed cultural organizations and opportunities in the Kansas City metropolitan area. Although it recognized a lack of strong governmental support for local arts and culture, it took no action to change that. The task force has been reactivated in the past year, and continues to examine issues related to support for the arts. In fact, a sub-task force chaired by a person from Kansas (Gerald E. Snider of the Johnson County Community College) and a person from Missouri (Susan Franano of the Kansas City Symphony) is attempting to establish an appropriate process, or formula and funding criteria that might be ultimately used under the bill when passed and activated by government action and a citizens' election.

The Kansas City Consensus study effort began in the summer of 1984, when a broad based citizens task force was formed to consider the possibility of regional funding for metropolitan cultural attractions.

2-21-81
Attach. TX

The result is the attached report which I will leave for the record. Its basic conclusion was that governmental support for culture and arts in the area is far below that of many other cities which are competing for new business and industry, and that some process needed to be developed to address this issue on a bi-state basis. You all know that a bill was passed in Missouri in 1987 to set up such an authority, and that the Kansas version, changed by the sponsors to reflect the views of Kansans who have studied the issue, is the subject of these hearings today.

I will not summarize the bill, but I do wish to make a few key observations.

1. People in the metropolitan area are very mobile, and move across city, county and state lines for jobs, homes, shops and recreation as if the lines on a map did not exist.

2. Cultural attractions and events do have a economic impact, both as an economic force in and of themselves, and as an attraction to potential newcomers to the area, especially highly educated and technically skilled persons in high-tech industries.

3. Retail sales is the only equitable way to measure allocation of cost between different jurisdictions due to differences in property and other tax systems.

4. It is hard to argue against the proposition that the people themselves should be given the opportunity to agree or disagree on such a basic issue as whether or not government should provide nominal support for the cultural arts.

5. Elections county by county at the same time would make sense, since political advertising on TV and in the papers will be seen in most of the area counties at the same time.

6. Cultural experiences of all types, ranging from the performing arts to museums, enhance education as well as entertain; and help pass the culture and experiences of society - those values that make us civilized people - to future generations.

7. There are sufficient safeguards built into the bill to prevent either side of the state line from taking advantage of the other.

8. The need for funding for a political campaign plus the need for grass roots support will force large and small cultural groups to work together.

9. Lastly, at least 12 other metropolitan areas in the U.S., including those nearest us to the east and west, St. Louis and Denver, already have some form of tax support for large and small cultural enterprises. No action assures that we will fall even further behind those competitors in the economic war between the cities.

PRESENTATION

to

HOUSE COMMITTEE
ON LOCAL GOVERNMENT

by

BRENDA M. MANSKE
Executive Director
Southeast Kansas Tourism Region, Inc.

February 21, 1989

2-21-89
Attack X

SOUTHEAST KANSAS TOURISM REGION

SUPPORTS HOUSE BILL 2281

Southeast Kansas Tourism Region supports House Bill 2281 regarding creation of the Kansas and Missouri metropolitan culture and recreation district compact. Our support is based on the opportunities this bill presents to achieve the following goals:

1. To increase funding for development and promotion of recreational and cultural programs that will enhance Kansas tourism;
2. To better coordinate planning, promotion and execution of recreational and cultural events in Kansas; and
3. To maximize the mutual benefits of public/private sector funds being used to develop, promote and implement recreational and cultural programs in neighboring Kansas and Missouri communities.

Even though House Bill 2281 affects only the Kansas City metropolitan area, Southeast Kansas Tourism Region supports the bill because Kansas needs to budget more dollars toward the development and promotion of cultural and recreational programs and events--not simply to enhance quality of life, but as an investment in economic development through tourism.

Tourism in Kansas IS economic development. Tourism represents the state's third-largest industry, which generated \$1.9 BILLION in travel-related expenditures during 1985. More particularly, Kansas tourism and its attendant economic

development are based on recreational opportunities that focus on the state's unique cultural heritage.

Under existing budgets for state programs, however, funding is inadequate for even threshold level promotion of the arts/humanities and recreational tourism in Kansas. In fact, Kansas now ranks 50th in the nation in state tourism office budgets, making it virtually impossible to advertise even the best cultural tourism events outside the state of Kansas.

In addition to providing enhanced funding for recreational and cultural programs, House Bill 2281 will allow Kansas to benefit from working with Missouri on such programs. Missouri and our neighboring state to the south, Oklahoma, both have well-funded, existing programs for development and promotion of cultural and recreational opportunities. Both Missouri and Oklahoma are actively selling our mutual Midwestern cultural heritage on a national and international basis.

In order to participate in cooperative bi-state recreational programs, Kansas must be able to help share the expense of such programs. With a state tourism budget of only \$1.5 million, Kansas is nowhere near the promotional levels achieved by Missouri (\$5.7 million state tourism budget; \$4.3 allocated to advertising) and Oklahoma (\$6.9 million state tourism budget; \$2.5 allocated to out-of-state advertising).

In conclusion, Southeast Kansas Tourism Region supports House Bill 2281 because it enables creation of a designated

House Local Government Committee
February 21, 1989

page 3

taxing district to fund a bi-state recreation and cultural program that could also serve the needs of Southeast Kansas, Southwest Missouri and Northeast Oklahoma. We further submit that this legislation is similar to the existing transient guest tax, which is collected only upon local option, with revenues designated for special use within the area of collection.

Your support for House Bill 2281 will be appreciated.

**TESTIMONY FROM THE KANSAS ARTS COMMISSION
ON THE KANSAS AND MISSOURI
METROPOLITAN CULTURE AND RECREATION DISTRICT COMPACT
(S.B. 186 and H.B. 2281)**

The Kansas Arts Commission (KAC), which was established by the Kansas Legislature in 1966 and charged with supporting the growth and development of the arts in Kansas, is neither a proponent nor an opponent to Senate Bill 186 and House Bill 2281. The Kansas Arts Commission provides state, federal and private funds to local arts agencies throughout the state and requires that funded agencies provide at least a dollar-for-dollar match for KAC grants. Because the amount of funds available from the KAC is generally only third of the amount requested by arts organizations, the amount of local match is most often greater than the KAC grant.

Therefore, the Kansas Arts Commission is a proponent of the creation of increased local funding sources for Kansas communities. The Kansas Arts Commission's annual appropriation from the Legislature and federal grants from the National Endowment for the Arts have not kept pace with the dramatic increase in funding requests from the state's arts agencies. Direct federal grants from the National Endowment for the Arts to arts agencies in the Mid-America region have been historically low - a situation which is not likely to change in the future. Significant growth in the arts is dependent upon a substantial, stable funding source at the local level.

The proposed Kansas and Missouri metropolitan culture and recreation district compact is one answer to the need for a significant and on-going source of revenue for cultural and recreational amenities in the greater Kansas City metropolitan area. There are some features of this enabling legislation which are ideal. A dedicated tax should guarantee that funding will not be diverted to other priorities, and a .25% retail sales tax should generate a substantial, growth-oriented source of revenue of approximately \$15 million per annum. The compact will ensure that recreational and cultural amenities are given the significance which they require to ensure a high quality of life.

The Kansas Arts Commission, as the state agency mandated to support the growth and development of the arts, believes that without a solid understanding of the revenue distribution methodology or without provisions in the enabling legislation to ensure the development of the Kansas-based arts and cultural institutions, revenues generated by the .25% retail sales tax will end up primarily funding Missouri-based institutions and programs.

Additionally, this enabling legislation will establish a metropolitan culture and recreation commission which alone will have governance over the distribution of funds and which will have no direct accountability to any elected body or official.

Approximately 35% of the estimated \$15 million - or \$5,250,000 - will be generated by retail sales in Johnson County alone. Currently, cultural groups are discussing funding models; and among those being discussed is the Denver model which provides for 65% of the \$15 million - or \$9,750,000 - to be distributed to the four largest entities - the Kansas City Museum, the Kansas

City Zoo, the Nelson-Atkins Museum of Art, and the Kansas City Symphony, which are all Missouri-based. An additional 25%, or \$3,750,000, would be available to 50-60 mid-sized institutions and agencies - again, with the preponderance of these being Missouri-based. The remaining 10% - \$1.5 million - would be divided among the participating counties for regranting to small-sized institutions and programs. It is estimated that among the 5 counties, each would receive \$300,000 for regranting.

Under this funding model, the amount of revenues flowing back to Johnson and Wyandotte counties might be about \$2.6 million (\$600,000 plus about \$2 million of the estimation of \$3.7 million set aside for mid-sized agencies). The remaining \$12.4 million most likely would flow to Missouri-based agencies. This \$2.6 million is a poor return on an investment in excess of \$5 million in revenues.

The Wyandotte and Johnson counties are more than suburbs of Kansas City, Missouri. Each county has distinct communities with their own cultural, ethnic and historic traditions; each has its own industry and services which contribute to the metropolitan area.

Wyandotte and Johnson counties have far fewer arts and cultural amenities per capita than any other area of Kansas. The Kansas Arts Commission has provided approximately \$110,000 to Johnson and Wyandotte county-based groups from a total program budget of \$1.2 million; the Missouri Arts Council has provided \$1.4 million from a program budget of just under \$5 million to 48 arts groups in Kansas City, Missouri. Increased state funding for Kansas alone cannot rectify this imbalance.

There are many opportunities for the development and expansion of arts facilities, institutions, and programs in Johnson and Wyandotte counties which offer arts programs and services to Kansans not reached by Missouri-based institutions; there are opportunities to develop programs which meet needs not currently being served any where in the metro area. But to address these needs and opportunities, there must be a substantial pool of funds which can be used for feasibility studies, facilities development, start-up costs, and developmental funding for Kansas institutions.

One way to address this need might be to amend the enabling legislation to include a provision to set aside a percentage of revenues annually in an escrow fund for the development of institutions and/or programs in Kansas. Another method might be to set a percentage minimum (or cap) on the amount of funds which must be allocated in each state, such as 75% of revenues generated in Kansas must be allocated to Kansas entities, with the remaining amount pooled for special initiatives in either state.

The Kansas City metro area needs increased local support for the arts, but any plan for generating increased revenues should recognize the current needs and potential growth of Kansas and Missouri communities and should provide for equitable treatment of arts and cultural entities in both states.

Senators Langworthy and Steineger and Representatives Allen and Lane must be applauded for developing a strategy to provide critically needed local revenues for cultural and recreational amenities in the Kansas City metropolitan area.



KANSAS DEPARTMENT OF REVENUE

Division of Taxation

Robert B. Docking State Office Building

Topeka, Kansas 66625-0001

MEMORANDUM

**TO: THE HONORABLE R.D. MILLER, CHAIRMAN
HOUSE COMMITTEE ON LOCAL GOVERNMENT**

**FROM : JOHN R. LUTTJOHANN
DIRECTOR OF TAXATION**

RE: HOUSE BILL 2281

DATE: FEBRUARY 21, 1989

Thank you for the opportunity to appear today on House Bill 2281.

This legislation would create a Kansas and Missouri metropolitan culture and recreation district. The newly created district would be empowered to enact a local sales tax of not more than .25%.

Two administrative provisions of the bill cause us concern.

Article XI of the bill would require the director of taxation to keep the funds collected from this local sales tax separate from all other state funds. Notification requirements relating to when the tax is to be enacted and if it is abolished are also provided. The State is to receive a 1% collection fee for administration of the tax.

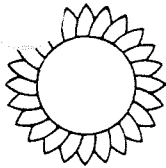
The costs of notifying affected retailers should a local tax be enacted under this legislation could be absorbed by the Department. However, the administrative costs of keeping these funds entirely separate from all other state funds are significant.

We would need to develop and require reporting by retailers on a separate return. Separate fiscal deposit and data processing procedures would be required. We would estimate that this feature of the bill would require an additional eleven employees, and additional related costs. This would total \$237,812.00 per year. In addition, \$12,252.00 in one-time capital outlay would be required. This cost would not be required if the proposed tax could be administered in the same manner as other local sales taxes.

The bill also provides, at lines 332 and 333 that records maintained in connection with the tax levied hereunder would be open to the public. This would be a radical departure from our current standards of confidentiality. If this disclosure provision is read to include returns filed, the amounts of gross sales of any retailer in the district would be public information.

It is estimated that \$14 million of additional revenue would be generated. Of this amount, 1%, or \$140,000 would go to the State General Fund.

I would be happy to respond to any questions you may have.



Johnson County
Kansas

February 21, 1989

TO: House Local Government Committee

FR: Gerry Ray, Intergovernmental Coordinator
Johnson County Board of Commissioners

RE: House Bill 2281

House Bill 2281 pertains to the Kansas and Missouri metropolitan culture and recreation district compact generally affecting the counties of Johnson and Wyandotte. The bill allows the levy of a fractional sales tax to support bi-state cultural development between Kansas and Missouri.

The Johnson County Commission is strongly supportive of home rule options provided to local officials to make determinations on the best approach in their jurisdictions. Further the Board is generally sympathetic to the development of the arts on an areawide basis and understands that dramatic action will be required to solve the problems that exist. However, due to some concerns pertaining to the make up of the compact's governing body the Commission feels they must study the bill further before taking a position on it.

Thank you for your work on this issue and your willingness to give consideration to problems in the Johnson/Wyandotte area.

2-21-89
Attach. XIII

TESTIMONY

Local Government
TO: House ~~Taxation~~ Committee
FROM: Nick Jordan, President
Overland Park Convention & Visitors Bureau
DATE: February 21, 1989
RE: ~~Senate Bill 186~~ HB 2281

My name is Nick Jordan. I am President of the Overland Park Convention & Visitors Bureau.

Today I am appearing on behalf of Senate Bill 186.

Our Board of Directors certainly want to voice their support of the cultural arts and the opportunity for the community to enjoy a successful arts program.

Recently at our Board meeting the following motion was approved.

"Resolved, to support current legislation concerning a Cultural Arts Tax, which would authorize the counties to allow the public to vote on the issue."

The Board did not feel, as an organization, they could support a tax or amount of a tax at this time, but felt the public has a right to vote on the issue.

Thank you for this opportunity. I would be happy to answer any questions.

2-21-89
attach XIV

Theatre for Young America

BOARD OF DIRECTORS

David Hughes,
President
Bruce Pearstein,
Vice-President
Thomas M. Fogt,
Treasurer
Richard C. Brown
Sheryl Bryant
Roy Gunter
Gisela Jumara
Jay Lehnertz
Gene Mackey
W. Kent McCall
Shirley Quastler

ADVISORY BOARD

Tom Barrett
Don Carlton
Senator Harold and
Kay Caskey
Dr. Jed Davis
Ann DuChamp
John Francis
SuEllen Fried
Leslie Frost
Jim Hevey
Dick and Mae McKee
Nancy Sanburg
Helen Swan
Charles Whitman

ADMINISTRATIVE STAFF

Gene Mackey,
Artistic Director
Sheryl Bryant,
Director of Education
Gregory Smucker,
Managing Director
Sylvia Sather Getman,
Development Director
Vicki Stine Pollman,
Operations Director
Marsha Norman
Box Office Manager
Monica Walker,
Business Manager
Judy Pearstein,
Office Manager

February 20, 1989

To: the Senators and Representatives of the Kansas State Legislature

Before you is a legislative proposal which is a step toward initiating an arts district in the greater Kansas City metropolitan area. I wish to lend my whole-hearted support to this measure.

I am the managing director of Theatre for Young America, a professional theatre performing plays for children. We perform for an annual audience of over 80,000. We are one of two professional Equity theatres in the state of Kansas. In addition to our extensive resident season we also tour throughout Kansas and offer classes in the art and technique of theatre to over 700 students each year. We have developed and performed scripts dealing with such socially relevant issues as sexual abuse and conflict resolution. Each year we seek to bring the age old art of theatre to the child; to encourage the imagination through drama; and to instill in the hearts of our young patrons a love for the art of theatre, as well as the classics of literature upon which many of our plays are based.

Our theatre is fifteen years old. We have been located in Overland Park, Kansas since 1977. It seems unbelievable that an institution this old, and with a following as strong as ours, must scrimp and save and fight for every last dollar we can get in funding, and still come up short each year, to the point where we are not sure if we will make it another year. Somehow we have so far; But not without scars. We are perennially in debt, we are often forced to make financial decisions which compromise the artistic integrity of our work, and we can offer our employees little security. We cannot develop plays which are not big sellers, because we are too dependent on our box office to survive. We have had to cut down on the number of performances we can do on tour, because we lose too much money.

2-21-89
Attach XV

Theatre for Young America

For us, this proposal is an issue of stability. There are few sources from which we can count on regular funding, and these are diminishing. As we are located just west of the Missouri state line, we receive no funding from the state of Missouri, though a significant portion of our audience are Missourians. And as we are on the far eastern side of the state of Kansas we are not perceived as a truly Kansas institution, which hurts our chances of receiving funding from many Kansas foundations. Our current government support amounts to less than 2% of our budget, and since our budget rises annually while the dollar amount of our support remains the same, our government support is shrinking. For us to survive it is imperative that stable sources of funding be found, and the proposal before you would help us do just that. It would help enable us to receive funding from the very geographical sector for which we provide our services.

Theatre and the arts are an essential part of society. They are variously the conscience of a people; or the means by which we talk to each other, by which we envision the future, by which we lose ourselves to laughter, by which we experience strong emotion and epiphanies of understanding. They can be taken for granted and become flat and self-serving, accessible to none but a few; or they can be nourished and become the pride of a community and the richness of our lives. Please help us nourish the arts in Kansas City by passing this legislation.



Greg Smucker
Managing Director
Theatre For Young America