

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by SENATOR DAN THIESSEN, CHAIRMAN at
Chairperson

11:00 a.m./~~p.m.~~ on Thursday, January 12, 1989 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Revisor's Office
Tom Severn, Research Department
Chris Courtwright, Research Department
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Roland Smith, Executive Director-Wichita Chamber of Commerce & Industry
Bud Grant, Vice President-Kansas Chamber of Commerce & Industry
John Blyth, representing Kansas Farm Bureau
Ed Rolfs, Secretary-Department of Revenue

Chairman Thiessen called the meeting to order and welcomed committee members to the new 1989 session, encouraging members to be on time as we have a big job ahead of us. He then introduced staff members to the committee members.

Chairman Thiessen turned attention to SB24 and said we only have proponents testifying and asked if any opponents were here today to testify.

SB24: An Act relating to income taxation; concerning rates imposed upon individuals; amending K.S.A. 1988 Supp. 79-32-110 and repealing the existing section.

Roland Smith testified in support of SB24 and said he represents Wichita Independent Association of 1400 locally owned businesses. (Attachment 1) He said over 1200 of their members have 5 or less employees and are affected directly by the tax increases that created the windfall and it is their policy to support legislation that best returns this windfall to those who paid it. He said they did have concern that no reference has been made on implementing legislation for \$20 million of the windfall for education and he understood this would have to be done, otherwise 20% of \$20 million would go back to local source of the income to reduce local taxes.

We will support SB24 if it is the best option to our position.

Chairman Thiessen said the \$20 million will come under another section of law and will be handled in school finance instead of this bill.

Senator Karr asked Roland Smith if he had some concerns last year regarding the other component of income tax, the Corporate side and would you reflect on that?

Roland Smith said yes we did, but that doesn't have an affect because our 1200 members are smaller Corporate areas but would affect 5% to 15% of our larger businesses and we will support a reduction in Corporate income tax and we firmly believe there is a windfall in the Corporate area that should be addressed and we believe it is \$35 million to \$50 million.

Chairman Thiessen said that will be addressed in another bill at a later date and called upon Bud Grant.

Bud Grant testified in support of SB24 and said because of the responsible approach taken by the administration and the legislature, Kansas now finds itself financially sound and ready to compete in the new world economy. KCCI supports the passage of SB24. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Thursday, January 12, 1989

John Blyth testified on behalf of the Kansas Farm Bureau and said he was not a proponent or opponent of SB24 but would like to express the views of the Farm Bureau, (Attachment 3) asking members to turn to page 13 titled Budgeting, Spending and Taxation and while it does not relate directly to SB24 it does relate to the status of the State General Fund also, starting with paragraph 4 and ending with the 2nd paragraph on page 14. This is what we believe should have support from the State General Fund. I appreciate the opportunity to bring our policy to your attention.

Chairman Thiessen concluded hearings on SB24.

Chris Courtwright explained (Attachment 4) which Senator Martin requested at yesterday's meeting. This is a simulation run with Federal deductability and with Federal deductability you need to go with a top marginal rate and generally more brackets. This particular run has 5 brackets for married and 6 for single taxpayers. In the middle the rates are different but the top and bottom are the same. The Fiscal Impact of about \$78 million is roughly comparable to the Governor's proposal.

Ed Rolfs testified (Attachment 5) and said yesterday we had discussion regarding the 1987 tax year statistical report and I have some preliminary figures for the committee on that and Mr. Rolfs ran thru these figures explaining in detail to the committee.

Chairman Thiessen passed out (Attachment 6) saying he thought it might be of interest to the committee members. This comes from the State Budget and Tax News and was published in Alexandria, Virginia and talks about the difficulty in determining windfall.

The Chairman said he and Vice Chairperson, Langworthy want to work with all the members to insure we will have thorough and complete hearings and get the information out so anytime you want to visit with us, we will be glad to visit with you and the Chairman adjourned the meeting.

The meeting adjourned at 11:59 a.m.

GUEST LIST

COMMITTEE: SENATE ASSESSMENT & TAXATION

DATE: Thursday 1-12-89

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
<i>Phil Allen</i>		Topoka KS
<i>Ed Rupp</i>		Rev.
MARK A. BURGHART		REVENUE
Steve Stoffs		Rev.
<i>Ruth Williams</i>	Topoka	Girl Scout
<i>John S. Miller</i>	Topoka	AARP
<i>Sue Peterson</i>		Gover. News Office
Alan Steppat	Topoka	Pat McGill & Associates
<i>Kelene Smith</i>	Wichita	WIBD
<i>Debra Wray Blythe</i>	Manhattan	
<i>John W. Blythe</i>	Manhattan	Ks Farm Bureau
Wilbur Leonard	Topoka	Comm. Ks Farm Org.
<i>Jan Lunsford</i>	Topoka	KROP/KOV radio
<i>Carl Wood</i>	Manhattan	Min. Man.
<i>Christa Young</i>	Topoka	Topoka Chamber
<i>Jan Vacek</i>	Topoka	KSEPA
<i>Bernie Koch</i>	Wichita	Wichita Chamber
<i>Debra McWick</i>	Topoka	Ks Dept. of Energy
<i>Donna Poppen</i>	Manhattan	Intern for Sen. Burke
<i>Jack Lind</i>	Topoka	DoR.
Kathleen Callison	Topoka	DoR
<i>Janice Edward</i>	"	United Telecom
ED BEUSCH	"	KCCI
BUD GRANT	"	KCCI
<i>Jim May</i>	"	KBA

January 12, 1989

STATEMENT TO: SENATE COMMITTEE ON ASSESSMENT AND TAXATION

FROM: ROLAND SMITH, EXECUTIVE DIRECTOR
Wichita Independent Business Association

Thank you for this opportunity to appear before you. WIBA is an Association of 1400 locally owned businesses in the Wichita trade area. Over 1200 of our member businesses have 5 or less employees and are affected directly by the tax increases that created the so called "windfall". It has been and still is our policy to support legislation that best returns this windfall to those who paid it. An adjustment downward in the tax rates for the middle income taxpayer is what we believe is the way it should be done.

SB-24 under consideration addresses the rate reduction approach to return approximately 80 million to the taxpayers. This still does not constitute a complete return to those who paid it. It is probably politically impossible to see a 100% correction made in the tax rates. Yesterday no reference was made on necessary implementing legislation for the 20 million of the estimated windfall that would go for education according to the Governor's proposal. If I understand the system, this would have to be done; otherwise only 20% of the 20 million would go back to local source of the income to reduce local taxes.

We will support SB-24, if it proves to be the best option closest to our position; however, we would appreciate your consideration of other options that might achieve the desired goals.

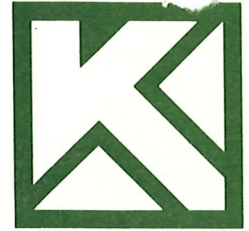
I will be glad to answer any questions that I can.

Attachment 1
Senate Assessment & Tax
1-12-89

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

SB 24

January 12, 1989

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Committee on Assessment and Taxation

by

Bud Grant
Vice President

Mr. Chairman and members of the Committee:

My name is Bud Grant, Vice President of the Kansas Chamber of Commerce and Industry, and I appreciate the opportunity of appearing before you today in support of SB 24.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

There is little argument that the increased revenues to the state general fund which resulted from federal tax reform in 1986 has allowed the state to firm up, what was then, a deteriorating economic base. Because of the responsible approach taken by the

administration and the legislature, Kansas now finds itself financially sound and ready to compete in the new world economy.

With this foundation in place, the passage of SB 24 will send a message of responsible government to the people of the state...a recognition that while belts were tightened in the short term, in the long term relief will be provided and the state's general fund balances will be at a level that are sufficient, yet conservative. KCCI supports the passage of SB 24.

We would also request Mr. Chairman and members of the Committee, that the same favorable consideration be given to SB 5, which is the proposal of the interim tax committee and which recognizes that all increased taxes caused by federal tax reform were not suffered by the individual alone, but also by Kansas businesses. The Institute for Public Policy and Business Research, Kansas Inc., and dozens of other studies over the past 10 years have concluded that corporate tax rates in Kansas are too high...that they are higher than all of our neighboring states...and that until they are reduced that will continue to be a deterrent to economic development and job creation. Federal tax reform has only made that situation worse.

The amount of the tax reduction contained in SB 5 is not large, but the message to business in Kansas and around the nation is. Should the general fund balances permit, and for the sake of those 55-60,000 Kansans now unemployed and seeking the security of a job I urge your favorable consideration.

Thank you, Mr. Chairman. I would be pleased to attempt to answer questions.

Kansas Farm Bureau

Resolutions 1989

Attachment 3
Senate Assessment & Tax
1-12-89

Kansas Farm Bureau Board of Directors

Doyle D. Rahjes

President
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Gerald Lawrence

Vice-President
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Linda Reinhardt

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| 1. Joe Doyle
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Stafford, 67578 |
| 3. Stanley Dreher, Jr.
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Healy, 67850 |
| 4. Elton Bowman
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| 5. Lowell Tobyne
RR 1, Box 195
Clifton, 66937 | 10. Bill Patmon
RR 2, Box 87
Hoxie, 67740 |

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Kansas Farm Bureau

Resolutions 1989

State Issues

Adopted by the Voting Delegates Representing 105 County Farm Bureaus at the 70th Annual Meeting of Kansas Farm Bureau in Topeka, December 6, 1988.

Status of Previous Resolutions

... Kansas Farm Bureau policies are subject to review at any meeting of the voting delegates. It is our policy to keep our resolutions as current as possible without specifically restating all details of continuing policies every year. To this end, the Resolutions Committee shall develop comprehensive policy statements on various subjects as the need arises, and shall present shorter statements for the consideration of the voting delegates in intervening years.

The resolutions adopted at the four previous Annual Meetings are hereby reaffirmed, except insofar as they have been modified or supplemented by later resolutions, including those adopted at this, the 70th Annual Meeting. All other resolutions shall be deemed to have lapsed except insofar as the Board of Directors may specifically find that such a prior resolution provides the only basis for action on a current problem. In any instance where the Board finds it necessary to reinstate a lapsed resolution, it shall bring this fact to the attention of the Resolutions Committee and the voting delegates for appropriate action at the next Annual Meeting.

AGRICULTURE

A Voice for Agriculture

The resolutions and policy guidelines of our organization are determined by farmers and ranchers. Farm Bureau will speak out for farmers and ranchers at every opportunity, giving voice to the concerns of agricultural producers.

Agricultural Chemicals

We support complete and detailed labeling of all agricultural chemicals. Persons who use agricultural chemicals in accordance with product label instructions should not be held liable for environmental damage. We do not condone the misuse of agricultural chemicals.

No governmental agency should have the authority to ban, or continue the ban on, the manufacture or use of any agricultural chemical unless there is conclusive scientific proof that such use is detrimental to society.

We believe procedures should be developed so that some chemicals now banned from regular use could, in an emergency, be used by registered, certified applicators to control agricultural pest infestations.

We urge continued funding for research programs which could lead to eradication of those insects and pests that are particularly damaging to agricultural production.

We oppose the State of Kansas becoming involved in registration, certification, or determining the specific restrictions for agricultural chemicals. We believe such activity would be duplication and create confusion with existing federal regulations.

Agricultural Commodity Storage

The economic repercussions from grain elevator bankruptcies are devastating for the communities involved.

We continue to support licensing and bonding of all commercial elevators and grain warehouses in Kansas. We recommend increasing inspections of licensed warehouses to a minimum of two each year.

We recommend and support legislation to require grain dealers and grain brokerage firms to be bonded or otherwise provide proof of financial responsibility.

When a grain warehouse failure occurs, we believe that when a check has been issued for payment of grain within 14 days of the declared insolvency, and if the check has not cleared the bank, the party to whom the check was issued should be considered eligible for a share of the bond.

Substantial additional protection should be provided for producers whose grain is in commercial storage. A grain producer security fund (indemnity fund) should be established. In an effort to maximize effectiveness and acceptance of a fund, we recommend these features:

1. Grain producers and grain warehouse operators should contribute to the fund;
2. The fund should be in-addition-to the bond requirements for grain warehouses;
3. Federal and state warehouses should be required to participate;
4. Contributions shall not be used to maintain the fund above a balance of \$10 million;

- All interest earned on the balance in the fund should be credited to the fund;
- The fund should cover not less than 75 percent nor more than 90 percent of all losses incurred from date of delivery of grain to a warehouse to final settlement.

Agricultural Credit

Farmers and ranchers need a variety of credit facilities to finance operating and ownership expenses.

Banking laws and regulations should allow loan loss amortization over a 10-year period of time. Banking laws and regulations should also permit banks flexibility in restructuring agricultural loans. We encourage lenders to use this additional flexibility to restructure existing distressed loans wherever possible.

Special programs should be designed at federal and state levels to specifically deal with credit and financing problems of young farmers and ranchers who are trying to get established.

We support programs which will assist banks in providing service to farm families and rural communities in Kansas. The "interest buy-down" program enacted in 1986, which provides a tax incentive to banks and Production Credit Associations for reducing rates of interest on agricultural production loans, should be broadened in application and its useful life extended for a longer period of time.

Clear Title for Agricultural Commodities

Availability of credit and dependable agricultural financing is vitally important to Kansas agriculture. In an effort to make agricultural financing of farm products more efficient we recommend implementation of prenotification as provided for in the Food Security Act of 1985. We believe prenotification provides the greatest protection for farmers and ranchers from double jeopardy payments in the purchase of agricultural products.

Commodity Promotion Programs

Kansas producers of agricultural commodities have the opportunity to give financial support for research, utilization and market development of their commodities through the Kansas Corn, Grain Sorghum, Soybean and Wheat Commissions.

The national research and promotion programs for livestock, livestock products and crops are necessary for continued vitality of these industries.

We strongly urge all producers of these agricultural commodities to continue their support of the check-off programs.

Corporate Farm Law

Kansas needs to be responsive and innovative in capital formation for agriculture and economic development in agriculture. We support changes in the Kansas Corporate Farm Law that will enhance economic opportunities for farm families, and for growth and expansion of grain and livestock operations.

We are opposed to any expansion of the Kansas Corporate Farm Law which would provide economic incentives or tax advantages not available to family farmers.

We will not oppose expansion of any corporate hog facility now located in Kansas which has the support of farmers and other citizens in the area of the facility. Beyond this, we believe additional changes in the Kansas Corporate Farm Law are not necessary.

Ethanol Production

Ethanol production has a promising future for grain consumption and grain pricing. We strongly support ethanol production and encourage:

1. Establishment of research projects on wet stillage feeding and feed trials, as well as utilization of other by-products of the ethanol production process;
2. Consumer promotion and education concerning ethanol use;
3. Utilization of ethanol fuels by farmers and other consumers;
4. Suppliers to make ethanol enhanced fuels available to customers; and
5. Promotion of ethanol as an emissions reducing additive in urban areas where air quality is a concern.

Fence Laws

We support legislation which will:

1. Prevent any increased liability for owners of land or livestock;
2. Avoid any burden of modifying existing fences or requiring construction of new fences; and
3. Continue the responsibility of the county commissioners in each county to serve as "fence viewers" for settling disputes regarding fences.

We believe adjoining landowners who use a fence to restrain livestock should share in the construction and/or maintenance of partition fences.

We recommend the common practice be enacted into law which divides the responsibility for partition fences to each landowner's right as each views the fence from his land, unless there are other oral agreements or written contracts.

Grain Moisture Testers

We recommend and support legislation to require the State Board of Agriculture to establish rules, regulations, specifications and standards for inspection of moisture testing devices used in commerce in the State of Kansas.

Grain Pricing

Legislated minimum pricing: We recognize the impact depressed grain prices have on income for grain farmers, however, legislated minimum commodity prices, if established by one state or several states, would not be practical and should not be promoted. One state, or a group of states, placing a minimum price on a commodity that is grown worldwide and traded internationally will not be effective in raising the price of that commodity for Kansas farmers.

We will work through our organization and commodity groups to develop and enhance marketing strategies and opportunities.

Interstate Grain Marketing Compact:

oppose the State of Kansas joining the Interstate Grain Marketing Compact. We object to the vague compact language which provides no direction for specific projects or activities. We believe the Compact creates duplication, adds another layer of bureaucracy in grain marketing, and establishes uncertain and unfair financial obligations for the state. We consider the use of Kansas taxpayer's dollars to lobby other state legislatures and the U.S. Congress as inappropriate. Farmers will receive more benefits and taxpayers will receive greater returns on their investment of tax dollars by expanding our commitment and support to existing agricultural agencies and programs in Kansas.

Kansas Brand Laws

We encourage all cattle owners to obtain and use registered brands, to keep a regular count of their livestock, and report all losses to local law enforcement officials.

For the protection of individual cattle owners we favor a statewide brand inspection system which makes it mandatory that cattle be inspected for brands at licensed public sales, feedlots and packing plants.

Theft of livestock should be considered a Class D felony.

Labeling

We oppose the use of names of natural farm products on substitutes for such natural foods.

Advertising containing undocumented claims that organically-grown food is more nutritious or healthier than traditionally-grown food should be prohibited.

We support legislation to require full and complete labeling of food products to identify type and percentage of oils and other ingredients.

We support legislation to require labeling of imported meats and poultry, and the labeling of such imports in processed products, as to country of origin.

Meat and Poultry Inspection Program

We support the state-administered Meat and Poultry Inspection Program. We will oppose any attempt to abandon the state program and move to a federal meat inspection program.

We believe the inspection of meat is for the protection of all consumers. We strongly recommend a substantial increase in State General Fund appropriations to provide funding of additional inspectors and enhancement of the total program of State Meat and Poultry Inspection.

We believe state-inspected meat should be allowed to move in interstate commerce.

Noxious Weeds

Noxious weed eradication should have a high priority with state government and with each of our 105 counties. We believe the Board of Agriculture should provide more leadership and be given more authority to enforce noxious weed laws. We support setting minimum qualifications for applicants seeking employment as County Weed Directors. Expanding control methods to include herbicides, cultural and biological methods should be allowed. Enforcement should include increased penalties for violation of the law.

Herbicides for control of noxious weeds should continue to be available from County Weed Departments. Cost share incentives used for herbicides to control noxious weeds should be continued and limited to County Weed Departments.

Governmental agencies should be prohibited from sowing any cover crop on public rights-of-way that contains any noxious weed seed or any restricted weed seed in excess of tolerances allowed in the Kansas Seed Act. Mulching materials used on public rights-of-way should be free of noxious weeds and noxious weed seed.

Landowners and tenants should be authorized to conduct timely spraying and mowing to control noxious and other objectionable weeds and grasses on rights-of-way adjacent to their own land.

Seed Law

The Kansas Seed Law should protect both the buyer and seller of seed.

We will oppose any effort to prohibit any Kansas farmer from selling agricultural seed that is grown in Kansas on land operated by that farmer.

To provide more protection to the buyer of seed, we will support these changes in the law:

1. Require sellers of agricultural seed who advertise in the public media to register with the State Board of Agriculture. Farmers who make occasional private treaty sales, or who advertise by erecting signs on their own property shall not be required to register with the State Board of Agriculture.
2. Require registered sellers of agricultural seed who advertise in the public media to offer for sale only tested and labeled seed.
3. Establish a prohibition on the sale of agricultural seed containing "restricted" weed seed which is above the tolerance level allowed in current law, such prohibition to be similar to the current prohibition on the sale of agricultural seed containing any noxious weed seed.

We continue to support compliance with the Plant Variety Protection Act (PL 91-577).

State Board of Agriculture

The present Kansas method of electing a State Board of Agriculture, which board employs the administrative head of the State Department of Agriculture, is unique among the states. We believe a close study of the history of the Department of Agriculture in Kansas will reveal that agriculture, and indeed the whole state, has been well served because the Department has never been placed in a partisan political position. For that reason, we support a continuation of the present system.

We support the present method of electing the State Board of Agriculture. We support selection of the Secretary of the State Board of Agriculture by the elected members of the Board.

The State Board of Agriculture, an administrative and regulatory body, has statutory authority granted by the Legislature to "do, or cause to be done" those things assigned by the Legislature. Appropriately, the State Board is not, nor should it become, a policy-making entity. The function of policy development is performed by individuals and organizations. Private individuals and private organizations should have their ideas and policies examined fully and critically by the Legislature. Those private initiatives should not have to compete with "policies" advanced from within the bureaucracy.

We recommend the State Board of Agriculture develop a uniform program for grading and quality evaluation of confectionary sunflowers and oil sunflowers.

We support adequate state appropriations for the Weights and Measures Division of the State Board of Agriculture to ensure performance checks on scale service companies and spot checks of large-capacity scales across the state.

Taxation of Foreign Investments in Agricultural Resources

Federal and state tax laws, and provisions of treaties to which the United States is a party, should assure uniform tax treatment of landowners. We are opposed to preferential tax treatment for foreigners who lease, rent, or have in any manner invested in our agricultural resources.

Wildlife Damage and Predator Control

Kansas State University Extension Service has been recognized for its educational program for minimizing agricultural losses of farmers and ranchers from animal and bird wildlife. Additional funds and personnel are needed to expedite this program.

We believe livestock producers should have the option of using, on privately-owned land, all reasonable means of controlling predators, including predatory dogs.

The coyote is a predatory animal and we are opposed to proposals to designate this predator as a fur bearing animal. Hunting, trapping, or otherwise taking coyotes should be allowed at all times other than the first two days of firearm deer season.

ASSESSMENT AND TAXATION

Property Taxes: Abatement, Exemptions, and In-Lieu-Of Taxes

We support legislation to require an in-lieu-of tax payment on property that is developed through the use of Industrial Revenue Bond financing. In-lieu-of tax payment should be equal to the tax money required if the property was on the tax rolls. We further believe that the valuation of IRB-property should be included in the total valuation of the school district in which such property is situated, and counted as part of such district's wealth.

We believe the Kansas Legislature should enact legislation which will limit and restrict cities and counties in their use of the property tax exemption authority made possible by voter approval of the property tax abatement amendment in the August, 1986 Primary Election. Legislation should require cities and counties to hold public hearings and publish notice of the hearings in official newspapers.

Reappraisal, Assessment & Taxation

Legislation requiring reappraisal of all taxable property, and the classification amendment to the Kansas Constitution have provided for appraisal of agricultural land on the basis of its income producing capability reflecting median management and production levels. The legislation set forth an equitable procedure for determination of net income and an appropriate capitalization rate for agricultural land. These factors and procedures must be retained to assure equity and stability in valuation of agricultural land.

We urge Farm Bureau members in all counties to work with their county appraiser to determine the fairness and equity of their appraisal within the county and between counties. We continue to encourage county appraisers to take advantage of current statutes and appoint one or more advisory committees to assist with the needed examination of property values.

The reappraisal statutes require annual updating of the appraisal and valuation of taxable property. The cost associated with this annual updating should not be borne entirely by the counties. We suggest that 50 percent of this additional expense be paid by the state.

Sales Tax

State. All citizens are consumers of food and are uniformly taxed on the food they purchase. We oppose legislation to exempt food from the state sales tax.

Kansas should require out-of-state mail order companies to collect and remit to Kansas the sales or use taxes applicable within Kansas.

In 1988 the Kansas Legislature determined it was in the public interest to promote economic development by granting sales tax exemptions for manufacturing machinery and equipment. In the same legislation, agriculture—the number one industry in the state, was granted only a one-year exemption of sales tax for new farm machinery. The one-year exemption has demonstrated a positive economic impact on rural Kansas by increased farm machinery and equipment sales by rural dealers.

We strongly urge that the sales tax exemption for new farm machinery and equipment be made permanent.

Local. We support an amendment to the retailer's sale tax statute as it relates to motor vehicles. The local sales tax on motor vehicles should be collected by the county treasurer at the time of registration of the vehicle, and situs for the local sales tax should be the residence or business location of the registrant.

State and Local Governmental Budgeting, Spending and Taxation

It is time in Kansas to write a basic tax policy of taxing people for services to people and taxing property for services to property.

Expenditures by the State of Kansas and by local units of government in Kansas in any fiscal year should never exceed projected revenue receipts for that fiscal year.

Zero-base budgeting is essential to fiscal planning and should be required for all state agencies as well as all local units of government.

Kansas is fortunate to have an adequate balance in the State General Fund. This has not been true in all previous years. It will be important that this money be spent wisely.

One of the most important investments and most appropriate uses for State General Fund (SGF) revenues is to fully fund the State Water Plan for Fiscal Year 1990. We strongly support an appropriation from the SGF to fund the State Water Plan.

We will support additional funding of our elementary and secondary schools through additional money for school finance and funding for the second year of the "Margin of Excellence" for higher education.

We believe that some agricultural programs in Kansas State University and the State Board of Agriculture have been sorely underfunded in the past. The International Grains Program and the International Meats and Livestock Program should receive significant increased appropriations.

The Agricultural Value Added Processing Center legislation enacted in 1988 should receive adequate funding by the 1989 Legislative Session.

Plant Science, Phase II building at KSU should move ahead on schedule as planned.

It is important and essential to all Kansans that we continue with our State Meat Inspection Program.

The Swine Technology Center, created but unfunded by the Legislature in 1988 should receive its needed appropriations in 1989.

an eradication program for pseudorabies, a potentially devastating disease to the Kansas swine industry, should have federal, state and producer support and funding. We support initiation of the pseudorabies eradication plan in Kansas and ask the Legislature to provide funding for the Kansas portion of the plan.

The State General Fund should have adequate balances or reserves.

Water Severance Tax

We oppose the creation of any water severance tax. Taxing the extensive water requirements for irrigation and livestock would burden agriculture with providing most of these new tax revenues.

We believe regulatory programs concerning water pollution benefit all Kansans and should be funded from taxes collected statewide.

CONSERVATION AND NATURAL RESOURCES

Environmental Standards

We believe any legislation that is enacted, or any environmental regulations which are proposed for promulgation must be based on:

1. Factual information;
2. Scientific knowledge; and
3. Economic impact studies.

We oppose legislation which would permit harassment of agricultural producers because of unsubstantiated allegations regarding damage or probable damage to the land, water, air, wildlife, or endangered species.

We believe any state standards adopted in Kansas should be no more stringent than federal standards approved by the U.S. Congress or adopted by a federal agency.

Groundwater Management Districts

Kansas farmers and ranchers recognize the importance of securing a Kansas water right as provided by law.

We support the Kansas Groundwater Management District Act which gives local water users a voice in determining the use of groundwater.

We encourage our members to participate in the organization and management of Groundwater Management Districts. Any proposed GMD policy change shall have, prior to implementation, the approval of a majority of qualified voters in the District.

Hazardous Waste Disposal

Storage, identification, packaging, transportation, and disposal of hazardous waste materials must be adequately researched and developed to insure safety for Kansas citizens and the natural resources of this state.

We believe the Governor and the Kansas Legislature working cooperatively, in order to provide for safe storage and disposal of hazardous wastes, should assure that:

1. Kansas does not become a dumping ground for waste materials coming from other states or nations;
2. Only qualified, technically-competent persons, corporations, or entities are granted authority to develop a site or sites for disposal or storage of radioactive or other hazardous wastes, with such entity being fully liable for safe operation of such site or sites;
3. There is adequate protection against escape, dispersion or erosion of hazardous waste into the soil and waters surrounding any disposal site; and
4. Operators of such sites shall be bonded for \$3 million to compensate adjoining landowners in case of escape or dispersion of such waste.

If a low-level radioactive waste disposal facility is located in Kansas, we believe the site should be located near the nuclear power generating plant which is the largest producer of waste. We support the prohibition of underground burial of low-level radioactive waste. We believe the citizens of Kansas are best served, most efficiently, effectively and most economically by Kansas continuing as a member of the Central Interstate Low-Level Radioactive Waste Compact Commission rather than withdrawing from the Compact Commission to "go it alone" to develop a low-level radioactive waste disposal facility.

Hunting and Fishing Regulations

We believe the hunting season for upland game birds should be reduced in length with the season ending the first week in January.

We urge enactment of legislation requiring those who hunt and fish to possess written permission, signed by the landowner or operator, stating the days hunting or fishing is permitted, and giving a description and location of land on which permission is granted. All hunting and fishing licenses issued by the Wildlife and Parks Department should include the printed statement, "Written permission must be obtained from landowner, tenant or other agent." We request a warning be included in Wildlife and Parks Department regulations to indicate clearly that rural littering is unlawful and offenders will be prosecuted.

The number of big game permits should be increased. In addition, the application dates should extend to the opening date of the wildlife species season. In areas of the state where it is evident that there is an overpopulation of some species of "big game" and crop damage is evident, those landowners or tenants should be made "vendors" of a limited number of big game permits to hunt in an area prescribed by the Wildlife and Parks Department.

We believe each farmer, whether landowner or tenant, who requests a big game permit for hunting on his own land or that on which he is tenant or operator should be guaranteed, and such permit should be granted at no cost.

Land Use Planning

We oppose legislation which would authorize or permit government agencies and political subdivisions to direct management decisions in the field of land utilization. Those who own or operate land should have the major responsibility for its development.

We urge farmers to become involved in planning and development of zoning ordinances to prevent undesirable land use patterns. We favor voluntary land use authorities formed for specific periods of time, in which farming may be designated as the priority use and other users may remain in, or move into these zones without recourse to abate the practices which are common to farming.

Landowners' Rights

We will vigorously support landowners' rights.

We believe eminent domain procedures should include development of an agricultural impact statement, complete with public hearing, appeal, and a determination of compensation for disruption of normal farming practices. Equitable payment must be made for any land in any "taking" or "partial taking" by eminent domain. All utility lines, cables, and pipelines should be properly installed. Such installations should be adequately marked. A landowner or tenant shall not be held liable for any accidental or inadvertent breakage or disruption of service on any lines, cables or pipelines.

Pipeline companies, and electric, telephone and water utilities, should be required to replace top soil, repair terraces, and reseed native grass that is disturbed during construction of any facilities. Approved soil conservation practices must be utilized by all utility companies. These companies shall bear the cost of deepening the burial of pipelines or cables, and moving utility poles or other structures when permanent soil and/or water conservation measures are constructed or improved by the landowner.

We believe safeguards should be developed for landowners to protect against costs involved in bringing an abstract up-to-date when these costs are the result of transactions generated or incurred by a gas or oil company, railroads or utilities.

We strongly oppose giving the public free access to private property adjacent to rivers and streams. Landowners should be authorized to charge an "access" fee. Access to or across private property for watercraft use on streams and rivers, if granted by the landowner/operator, should be limited to non-motorized fishing boats and canoes. We strongly oppose the addition of any rivers or streams into the category of "navigable" streams.

We oppose giving any person or governmental agency authority for access to private property for inspection or investigation without permission from the property owner or operator.

Mineral Interests

We believe legislation should provide for an orderly divestiture of mineral interests held by the Farm Credit System. These mineral interests should be appraised and sold to the owners of overlying surface property.

We support legislation to reduce from 20 years to 10 years the time required for unused mineral interests to be returned to the owner of the overlying surface land.

We support legislation which would result in renegotiation of mineral leases involving infill drilling.

Natural Gas

We support legislation which promotes competition while recognizing the need to protect the agricultural consumer from monopolistic situations without rate review.

We oppose legislation which would result in dramatic price changes to agricultural producers.

We support national and state legislative or Regulatory Commission action to insure a dependable supply of affordable natural gas for agricultural purposes.

Natural gas sales from the so-called "spot market" are often used to increase the price of natural gas sold to irrigators. This is a problem which we believe must be addressed by the State of Kansas. The Kansas Corporation Commission (KCC) and the Kansas Legislature should examine the "spot market" sales and protect against the adverse economic impact on irrigation farmers.

Prairie National Park

We oppose creation of a Tallgrass Prairie National Park on privately-owned land. We recommend that the Kansas Legislature consider the practicability of giving to the appropriate state agency the authority to provide adequate rest areas, observation towers and other maintained facilities for the benefit and pleasure of travelers along the route that has been designated as the "Prairie Parkway," and along other highways which traverse our native grassland.

Public Access to Private Property

We support the present system and procedures available to sportsmen and others who seek access to private property:

1. Ask the owner/operator for permission to be on or to cross the land;
2. Obtain a clear understanding and description of lands which are open to the uses for which access is sought; and
3. Be respectful of land, water and fences and all other property.

If voluntary leasing of private property to provide public access is to become a workable program in Kansas:

1. There must be an opportunity for income for farmers, landowners and tenants;
2. There must not be binding provisions proposed for any contract to lease private land for public access which would remove management decision making from the hands of the farmers and ranchers of this state;
3. Farmers must retain the right to maintain control over access to their leased land;
4. The State of Kansas must assume full and complete liability for any damages or any injury occurring as a result of the lease arrangement; and
5. The program must not be an acquisition of land. It must be clearly understood the program would provide access only, not ownership.

Soil and Water Conservation

“Sodbuster” provisions of the Food Security Act of ‘85 will require soil and water conservation changes in regulations by requiring approved conservation farm plans.

We believe the owners and operators of agricultural land can best be served by federal and state cost-sharing to fund the “sodbuster” program as an incentive for developing and maintaining soil and water conservation structures. We ask the Kansas Legislature to adequately fund the state share of cost-sharing programs. We believe this approach provides owners and operators of agricultural land an incentive to develop farm conservation plans, and construct and maintain conservation structures.

We support legislation which encourages groundwater conservation through conservation reserve incentives offered to landowners who convert to dry-land farming and defer irrigation pumping during periods of commodity surplus.

We encourage the Kansas Legislature to provide adequate funding and personnel to permit the State Conservation Commission to meet its expanding responsibilities under the State Water Plan.

State Water Plan

The State Water Plan, developing and evolving under the direction of the Kansas Water Authority and the Kansas Water Office, is a blueprint for planning, managing, conserving and utilizing the waters of the state. The Water Plan has sections relating to Management, Conservation, Quality, Fish, Wildlife and Recreation, and Basins. The Water Plan is for the benefit of all Kansans and should be funded by all Kansans through the State General Fund. New, additional taxes or fees are not needed to fund the State Water Plan.

We believe the State Water Plan should promote conservation of water by all users. We urge the Kansas Water Authority to incorporate into the State Water Plan a strong conservation ethic and methodology for recycling water to extend the life of this limited resource.

The State Water Plan should contain far-sighted, well-conceived and carefully controlled use of international, interstate, and intrastate transfers of water to benefit agricultural producers and all other Kansans.

ate Water Policy

The Kansas Water Authority should be the agency for water management in Kansas. We believe the Authority should be responsible for coordinating development and approval of all changes proposed for the State Water Plan. We encourage all farmers and ranchers to actively participate in the review process and recommendations concerning the State Water Plan.

Kansas has made "minimum desirable streamflow" designations affecting many streams and rivers, and affecting many users or potential users of water. We have questioned the need for such designations, and we will not support any new or additional minimum streamflow designations. Government cannot make water flow where there is none. We oppose requiring any stream to flow more than its historic level. We will continue to protect the exemption of vested and domestic water rights from minimum streamflow designations and any attempts to diminish the use of agricultural soil and water conservation practices and structures in order to make more water flow in our streams and rivers. Minimum streamflow designations should be limited to the goal of protection against over-appropriation of streams, without jeopardizing water rights of existing appropriators.

We encourage negotiations with the State of Missouri for a Kansas City Metropolitan Stormwater Management Compact.

Water Districts

We recognize the benefits of Rural Water Districts. Those benefits should be assured by legislation and regulations that guarantee and protect water rights for original rural water district patrons.

We support legislation—both on a national and state level—that will make funds available for grants to be used in the construction of Rural Water Districts.

We support legislation—both on a national and state level—that will finance, through federal funds (Farmers Home Administration), Rural Water Districts from watershed structures.

Water Quality Standards

We recognize the need for reasonable standards to protect and maintain the quality of our surface waters and groundwater.

We urge the Kansas Legislature to make adequate appropriation of funds to assure that the agency or agencies responsible for issuance of well drilling permits and the maintenance of water quality are enforcing existing statutes and regulations relating to salt water disposal and proper plugging of dry holes.

The Kansas Corporation Commission and the Department of Health and Environment should, prior to giving approval for disposal of salt brines, determine that the proposed method of disposal will assure that there will be no contamination of any fresh water. No well drilled on leased property should be used for disposal of salt water from wells on other property without consent from and compensation to the landowner. The power of eminent domain should NOT be granted for the purpose of salt brine disposal.

We ask that legislation be enacted to require that surface pipes shall be set to a depth sufficient to protect all fresh water formations from contamination.

Watershed Programs

There are many urgently needed watershed structures yet to be built in Kansas. We request that funding for those structures, furnished by the state and supervised by the State Conservation Commission, be increased to facilitate and encourage this statewide program.

In order to expedite planning and construction of watersheds, we urge the Kansas Legislature to consider permissive legislation authorizing the levy of one mill on the valuation of potential watershed areas for a period no longer than two years for the purpose of creating a trust fund, with the annual interest earned from such trust fund to be used for planning expenses involved in new watershed projects.

Water Testing

State laws do not require testing of private domestic water supplies. Regulatory agencies do not regularly monitor the quality of private water wells. Even though the groundwater in Kansas is of high quality, homeowners should have private water supplies tested annually.

Safeguards must be written into any state plan to test private water wells. Homeowners and farmers must be protected from liability. Confidentiality is essential to protect property values.

We insist any plan to enter the test results of any private water wells into a state water quality database should be voluntary. We believe development of a "cost-sharing" plan would increase participation.

Wildlife and Parks Department

We favor establishment of a land-leasing policy giving first-choice farm tenancy privileges to the original landowner. Should the original landowner not desire to lease Wildlife and Parks property, a uniform procedure for bid-basis land leasing should prevail through all Wildlife and Parks service regions.

We are opposed to the Wildlife and Parks Department having the authority to use the power of eminent domain.

We believe the Wildlife and Parks Department should pay property taxes, or make an in-lieu-of tax payment to the county and school districts in which Wildlife and Parks property is located.

We ask that legislation be enacted that would require the Wildlife and Parks Department to conduct big game population control measures or pay for damages upon petition from landowners and/or operators.

We urge the Wildlife and Parks Department to establish a toll-free telephone number to be used by farmers and other citizens to report wildlife damage to crops and other property.

Zoning

We oppose any extension of the power of cities to zone beyond their borders until there has been a thorough legislative study of this subject. Specifically, we oppose any change in the present authority of city and county zoning commissions, with the exception that no county zoning shall be implemented without a referendum of the people affected.

EDUCATION

Agricultural Education

We continue to give our strong support to agricultural education and FFA leadership training programs which equip youth for careers in agriculture and agribusiness. We believe it is the responsibility of the state, through assurance of course offerings and non-property tax financial support, to provide quality agricultural education programs. We recommend the state provide additional financial support for agricultural programs at the secondary level.

Agriculture is the firm foundation for the Kansas economy. We believe there continues to be a need for training and course work in agriculture, agribusiness, and farm mechanics, as well as the leadership training provided through FFA. We urge adequate training programs to meet these needs.

The State Board of Education should be directed by the Kansas Legislature to maintain a strong program of agricultural education in our secondary schools.

Agriculture in the Classroom

We believe today's young people, who will be tomorrow's decision makers, must have an opportunity to understand agriculture and its relationship to the total economy. We support the concept of teaching the importance of agriculture through the teaching of math, science, history, economics, and business courses within existing school curricula in Grades K-12.

We support "Ag. in the Classroom," and we commend the Kansas Foundation for Agriculture in the Classroom for its efforts on behalf of agriculture.

Basic Education Requirements

It is our belief that citizens of Kansas and the Kansas Legislature should conduct in-depth examinations of the operation, the goals and objectives of our public schools. In an effort to optimize educational opportunities for our children at an affordable cost, we propose:

1. Continuation of competency testing of students in Kansas schools;
2. An adequately increased salary for classroom teachers based on merit;
3. A more efficient use of classroom assistants and volunteers;
4. A reduction in the number of administrative personnel employed by USDs;
5. Stringent requirements for graduation from colleges and universities training our teachers;
6. Curtailing, or limiting to after the regular school day, extra-curricular activities;
7. More efficient use of classroom instructional hours within the present 180 days or 1,080 hours of school;
8. Encourage local public support for more diligent effort by local school boards to control costs;
9. Spending and budget lids on USDs;
10. Examination of teachers' certification requirements; and
11. An examination of the organizational structure, staffing patterns, budgeting and operation of Unified School Districts to determine opportunities for efficiency and economy.

Kansas State University

College of Agriculture. We believe that agriculture must be the highest priority at Kansas State University. We urge a strong commitment by the Kansas Legislature, Regents and University Administration to the land grant tradition of teaching, research and extension.

We ask the Legislature to assist in the focus on agriculture at Kansas State University by conducting a comprehensive study of the desirability of establishing an Institute of Agriculture at KSU.

Agriculture is the major industry in Kansas. We support efforts of the Cooperative Extension Service to provide programs on technical agriculture, community development, the family and youth, that benefit our citizens. We support the adequate funding of programs that provide technical specialists and agents to deliver information. We believe the Cooperative Extension Service should have a staffing program to provide that every county shall have at least two agents, in position specialties to be determined by the County Extension Council. The State of Kansas should increase appropriations for the support of the Extension Service to replace federal funds discontinued by budget cuts. Counties should continue to hire and provide their own funding for agent staff, and have the legislative authority to raise these funds.

In recognition of funding concerns within the Cooperative Extension Service, we continue to support the opportunity for jointly funded and managed multi-county extension programs provided participation in any multi-county cooperative program is voluntarily entered into and has support of each County Extension Council involved.

We strongly recommend increased funding from State General Fund revenues for the International Grains Program to enhance market development and exports for Kansas grain producers.

We ask the Legislature to make an appropriation to provide the public support, and we encourage the milling and baking industry to assist with private financing for building renovation and flour milling equipment replacement at the KSU Department of Grain Science.

We urge the Kansas Legislature to provide increased financial support for the International Meats and Livestock program at Kansas State University.

We urge high priority and funding for facilities to adequately support plant sciences research and teaching at Kansas State University. We emphasize that new technology to support plant and animal agriculture is vital for the competitiveness and profitability of agriculture.

Efforts by the Kansas Agricultural Experiment Station and Cooperative Extension Service to provide new research and extension programs in farm profitability and value-added products are strongly supported.

We believe the Kansas Board of Regents should authorize, and the Kansas Legislature should provide funding for, development at KSU of an intensive marketing curriculum.

College of Veterinary Medicine. Kansas has an outstanding College of Veterinary Medicine located at Kansas State University, Manhattan. In order to maintain the excellence of the College of Veterinary Medicine, and to provide for the stated needs of the College to enhance veterinary teaching, research and service, we urge the Governor and the Kansas Legislature to fully fund the staffing and budgeting for the College of Veterinary Medicine.

An opportunity exists to broaden and strengthen the research and teaching of the College of Veterinary Medicine in cooperation and partnership with the State of Nebraska, the University of Nebraska, Lincoln, and the Meat Animal Research Center at Clay Center, Nebraska. We encourage continuation and expansion of this partnership.

Open Admissions

Kansas has an "Open Admissions" policy which authorizes admittance to a college or university under the Board of Regents for any graduate of an accredited Kansas high school.

We support retention of the "Open Admissions" policy. We oppose a "Qualified Admissions" program.

Post-Secondary Education

We believe educational and vocational-training needs have been unfulfilled for many in our state due to fragmented post-secondary programs. We believe there are many opportunities to coordinate vocational, occupational, academic and college-preparatory programs within our community colleges. These individual components of post-secondary education should have equal status.

We believe mergers, within reasonable geographic guidelines, of existing area vocational-technical schools and community junior colleges would be in the best interest of students and the taxpaying public. We support implementing legislation to achieve such mergers. The resulting institutions should, we believe, be considered an integral part of our system of higher education. We believe the state should then assume responsibility for financing these institutions through non-property tax revenues.

We support legislation which would provide for coordination of curriculum and governance of all post-secondary education, other than vocational education, within the existing nine-member Board of Regents. Post-secondary education should be financed by non-property tax revenues.

We believe students at colleges and universities have a right to instruction from professors and teachers who are fluent and certified as proficient in the English language.

School Finance

We believe the Kansas Legislature should develop a school finance formula to assist in the delivery of and funding for a "basic education" for every child enrolled in public schools in each unified school district in the state.

We continue to believe that there should be minimal reliance on the property tax for support of our elementary and secondary schools. As long as property is used as a measure of wealth, then intangible property should be a part of such measurement of wealth.

We support legislation to create a school district income tax to be collected by the state from every resident individual and returned by the state to the school district of residence of the individual taxpayer.

We will oppose the application or use of a local income or earnings tax by any other local un-

government.
We support legislation to place increased reliance on the state sales tax for financing elementary and secondary education in order to reduce reliance on property taxes now levied for school finance.

State General Fund revenues should be enhanced for school finance purposes by increasing the rates of income and privilege taxes imposed on corporations, financial institutions, insurance companies, and non-resident individuals.

We believe that federally and state-mandated programs should be fully funded by the federal or state government, whichever mandates a given program.

We have opposed in the past, and we continue to oppose efforts to establish a statewide property tax levy.

Teacher-School Board Relations

We believe the authority of locally-elected boards of education should be recognized, supported and maintained. We cannot support legislation which would erode the legal authority of school boards. We oppose legislation which requires a school board to yield its authority to a mediator, an arbitrator or disinterested third party. We are opposed to teacher-tenure.

Washburn University

On the basis of current information and the present financial condition of the State of Kansas, we oppose the admission of Washburn University to the Kansas Board of Regents System.

GOVERNMENT

District of Columbia Representation

We vigorously oppose ratification by the State of Kansas of the proposed constitutional amendment to provide House and Senate seats for the District of Columbia.

Drug Abuse and the Drinker ; Driver

We strongly support actions that will bring about a solution to the problems of drug abuse and the drinking driver in Kansas and across the nation.

There are no easy solutions to this problem, but three issues need to be addressed:

1. **Education.** All citizens need to be informed on the effects of alcohol and drug abuse in regard to the operation of a motor vehicle. Education for children should commence in Kindergarten and be continued through Grade 12. Funding for such alcohol and drug abuse education should be provided by the state or federal government from taxes on alcohol and related industries.
2. **Enforcement.** Kansas statutes need to be strengthened and enforced so violators will be subject to all provisions of the law if they are found guilty.
3. **Rehabilitation.** An effective rehabilitation program needs to be implemented so the alcohol or drug abuser may be treated and rehabilitated.

The operation of a motor vehicle on our streets, roads and highways carries a large responsibility. Driving is not a right but a privilege that must be continually earned.

Political Campaign Financing

We are opposed to the use of public funds for financing political campaigns at any level of government.

We believe personal contributions to political campaigns should be encouraged. There should be reasonable limits placed on the amount of money any one person, business, corporation, labor union, association or political action committee may contribute to any one candidate.

We believe political campaigns have become far too costly and would, therefore, support a limitation on the time allowed for conducting campaigns in order to reduce the amount of money spent.

Regulatory Reform

We urge the legislative branch of government, at the state level and at the national level, to legislate clearly and to legislate by statute. We deplore legislation by administrative regulation.

7 Liability Reform

We support additional tort reform measures which would:

- * Limit use of contingency fee arrangements;
- * Prohibit the filing of liability claims in circuits other than those whose jurisdiction includes the location of the event from which the liability claim arises, or the plaintiff's home address;
- * Prohibit any person from filing a liability claim if the person is trespassing or breaking a law at the time of an injury;
- * Prohibit publication of the dollar amount sought in any malpractice suit; and
- * Limit the amount of money which can be recovered in any malpractice suit.

We support adoption by the Legislature and submission to the electorate of a comprehensive amendment to the Kansas Constitution which will authorize the Kansas Legislature to enact tort reform laws which will withstand Constitutional challenge and Supreme Court interpretation.

Trespass and Vandalism

We recommend that the Kansas Legislature strengthen the statutes concerning trespass and vandalism and increase the penalties for these offenses. We support legislation to establish a mandatory fine and full restitution for property damaged by individuals found guilty of trespassing. We support legislation to remove all liability from the landowner for trespassers.

LABOR AND INDUSTRY

Right-to-Work

We reaffirm our strong support for the "right-to-work" concept. We oppose the repeal of legislation implementing the "right-to-work" in Kansas, and we vigorously oppose the repeal of Section 14(b) of the Taft-Hartley Act.

Unemployment Compensation

We favor an update and increase in the threshold exemption for agriculture in the Unemployment Compensation Act. Additionally, we support a periodic update of the agricultural exemption to reflect the inflation that has occurred over recent years.

Workers' Compensation

We continue to support exemption for agriculture from the industrially-oriented Workers' Compensation Act. We oppose removal of the exemption, or any attempt to bring agricultural workers under that Act.

PUBLIC HEALTH AND WELFARE

Acquired Immune Deficiency Syndrome (AIDS)

Acquired Immune Deficiency Syndrome (AIDS) is a disease that threatens to affect everyone. If the effect is not direct, such as the infection and death of a family member or friend, it will be at least indirect due to increased health care costs as a result of the disease. Therefore, we support efforts to discover ways to prevent and cure AIDS, and efforts to educate the public of all ages about AIDS and the methods available to prevent its spread.

Emergency Aid

We encourage the Kansas Legislature to amend that portion of Kansas statutes referred to as the Good Samaritan Law. It is important that every citizen making a good faith effort to render emergency care and assistance at the scene of an accident be exempt from civil damages.

Infectious Disease Disclosure

Due to potential health hazards of Infectious Diseases, we believe any person administering health care service to any patient be provided full and complete information on the patient's condition in order to minimize risk to the provider and other patients.

Rural Health Care

Access to high quality and affordable health care is essential to all Kansans. We support the following measures which will assist in preserving this vital service to rural Kansas:

1. Eliminate the rural/urban differential in Medicare reimbursement for hospitals and physicians;
2. Reduce the shortage of health care professionals by encouraging students to enter the health care professions. We also encourage nurses already educated but not working at present to reenter their profession. We do not support implementation of the Registered Care Technologists program proposed by the American Hospital Association;
3. Create a state scholarship program for health care professionals similar to the existing medical scholarship program for doctors that requires some service in rural areas; and
4. Require Osteopathic and Optometry students on state scholarship programs to practice for a time in underserved areas.

We strongly support a comprehensive amendment to the Kansas Constitution which will authorize the Kansas Legislature to enact appropriate tort reform laws, including necessary legislation in regard to medical malpractice, which will withstand Constitutional challenge and Supreme Court interpretation.

We believe the financial stability of some hospitals is being threatened by the increasing number of non-paying patients. We will support the following:

1. Amend state law to allow hospitals greater access to small claims courts so they may collect more debts from those who can pay;
2. Establish a statewide risk pool for those who cannot access health insurance due to pre-existing conditions; and
3. Change the health care coverage rules to make preventive care as well as emergency care available to the medically needy.

For many of our elderly, nursing home care will be a necessity. For others, remaining in their own homes could be far preferable. We believe health care programs for senior citizens in Kansas should maximize the independence of the elderly for as long as possible. We believe the development of local Home Health Care organizations would assist both affordability and availability of health care. Should nursing home care become inevitable, we encourage the Kansas Legislature to provide more flexibility in the allocation of per diem rates for more staff at the nursing level.

Nutrition Education for Health Professionals

There is evidence that many health care professionals have not had sufficient educational course work in nutrition and its relation to the treatment of disease.

We believe nutrition training and courses should be required in medical and health-related education curricula.

Nutrition Education for School Children

Very little formal education is provided in Kansas schools to help our youth learn how to fit needed nutrition into the era of fast-food restaurants.

We urge county Farm Bureaus to support and encourage nutrition education and training programs in Kansas schools. School food personnel need nutrition education as well.

We strongly urge monitoring the use of federal funds for nutrition education in order to assure that students and food service personnel receive the benefits of such nutrition training programs.

TRANSPORTATION AND UTILITIES

County Bridge Construction

We believe there should be county, state and federal government cost-sharing and financing so that bridge construction and bridge replacement may proceed without further delay. Specifications and standards for bridges should be determined cooperatively by state and local engineers to meet local needs. Where practicable, we urge the use of prestressed, precast materials, as well as dirt fills in connection with conservation dams, for bridge construction, as opposed to costly "over-designed," over-built bridges. We further believe that in some cases, low-water bridges would be adequate.

County Highway Fund Distribution

The present Kansas law which distributes highway user revenues to counties uses a formula which gives excessive weight to motor vehicle registrations. This results in glaring inequities of fund distributions. We support an amended formula with major weight given to miles of county federal-aid secondary, rural road and highway travel, number and size of bridges, plus consideration of miles of roads that must be maintained by county highway departments.

Drivers License Suspension

We support legislation to require written notification by certified mail to be given to persons whenever their drivers licenses are suspended or reinstated.

Emergency Telephone System

We urge statewide implementation of the 911 emergency phone system.

Highway Development and Funding

We believe upgrading and improving existing roads and highways is preferable to building additional freeways, limited access highways, toll roads or turnpikes.

We urge that efficiencies be achieved in the operation of the Kansas Department of Transportation and that assurance be provided to protect against misuse of funds through bid-rigging or any other fraud.

We support the concept of highway users paying, through gallonage taxes and vehicle registration fees, for the construction and maintenance of highways, roads and bridges. We support moderate motor fuel tax increases and registration fee increases to provide needed revenues for a highway maintenance and improvement program.

We believe the federal government should provide a tax credit equal to the federal motor fuel tax for ethanol used in motor fuel. We also believe Kansas should continue, past the July 1, 1990 expiration date and until a federal tax credit program is in effect, the 20 cents per gallon of agricultural ethyl alcohol incentive paid to Kansas ethanol producers.

Toll road and turnpike construction in Kansas should not be contemplated unless a feasibility study on any such project shows the toll road or turnpike will pay its own way.

We are opposed to the use of State General Fund revenue to guarantee toll road or turnpike bonds, or to provide for highway construction or maintenance.

Highway design and planning should avoid, where feasible, diagonal routing. Diagonal cuts are most disruptive to agricultural operations.

Highway Littering

We recommend that steps be taken for more vigorous enforcement of state litter laws. We support recycling and the use of reusable and biodegradable containers. Non-returnable glass soft drink and beer containers should be prohibited.

Railroad Safety Markings

We believe all railroad cars operating in Kansas should be equipped with sufficient iridescent material in patterns so they will reflect the headlights of a motor vehicle at grade crossings. This requirement should apply to all new cars when placed in service and to all existing cars when returned to service after maintenance.

Right-of-way Abandonment

We oppose legislation that would deny or postpone the reversionary property rights or interests of abutting or adjacent property owners to railroad, utility, highway or road rights-of-way that are abandoned for any reason.

We oppose provisions of the National Trails Act which permits abandoned rail property to be donated and/or used for nature trails or other recreational purposes.

Trucking Deregulation

We believe trucking (motor carrier) regulations are counter-productive and without benefit to shippers. Economic deregulation could provide greater competition in transportation. Energy conservation could result from backhaul opportunities. It should not take an action by a regulatory body, at the national or state level, for entry into a private enterprise endeavor such as trucking.

We urge the Kansas Legislature to deregulate the trucking industry.

MISCELLANEOUS

Agricultural Hall of Fame and National Center Bonner Springs, Kansas

The Agricultural Hall of Fame and National Center at Bonner Springs, Kansas, is set up as a shrine to honor those who have contributed to our great agricultural industry, and to preserve and display agricultural machinery.

Since this is an Agricultural Shrine, we would ask every farmer and rancher in Kansas to make a financial contribution to the Agricultural Hall of Fame.

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KANSAS FARM BUREAU

Public Affairs Division

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Derald Winger Grant County

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SIMULATION 7541

TAX YEAR 1989
 Kansas Personal Exemption is \$2,000
 Federal Deductibility

Kansas Department Of Revenue

Proposed Current

Married:	\$0 - \$3	3.70%	\$0 - \$35	4.05%
	\$3 - \$20	4.30%	\$35 - Over	5.30%
	\$20 - \$35	4.75%		
	\$35 - \$45	6.25%		
	\$45 - Over	7.95%		

Individual Income Tax In Tax Year 1989
 Resident Taxpayers

Simulation 7541

Single:	\$0 - \$2	3.70%	\$0 - \$27.5	4.80%
	\$2 - \$5	5.25%	\$27.5 - Over	6.10%
	\$5 - \$10	5.75%		
	\$10 - \$20	6.00%		
	\$20 - \$30	7.55%		
	\$30 - Over	7.95%		

Liability Dollars are in Millions

K.A.G.I. Bracket	Married					Single					Total Residents				
	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
No K.A.G.I.	9,684	0.0%	\$0.0	\$0.00	0.0%	4,526	0.0%	\$0.0	\$0.00	0.0%	14,211	0.0%	\$0.0	\$0.00	0.0%
\$0 \$5	15,895	0.0%	\$0.0	\$0.00	0.0%	105,368	0.0%	\$0.0	\$0.00	0.0%	121,263	0.0%	\$0.0	\$0.00	0.0%
\$5 \$15	66,632	-26.6%	(\$0.8)	(\$11.85)	0.3%	163,684	-18.9%	(\$5.5)	(\$33.30)	1.5%	230,316	-19.6%	(\$6.2)	(\$27.10)	1.1%
\$15 \$25	87,368	-15.2%	(\$4.3)	(\$48.97)	1.4%	96,737	-7.2%	(\$3.9)	(\$40.61)	2.7%	184,105	-9.9%	(\$8.2)	(\$44.58)	2.1%
\$25 \$35	93,368	-12.3%	(\$7.7)	(\$81.95)	1.9%	42,421	-3.0%	(\$1.3)	(\$29.79)	3.2%	135,789	-8.6%	(\$8.9)	(\$65.65)	2.3%
\$35 \$50	112,211	-10.2%	(\$12.4)	(\$110.42)	2.3%	21,579	-2.0%	(\$0.7)	(\$30.18)	3.6%	133,789	-8.5%	(\$13.0)	(\$97.48)	2.5%
\$50 \$100	107,158	-11.9%	(\$23.6)	(\$220.25)	2.5%	9,053	-5.0%	(\$1.2)	(\$133.48)	4.0%	116,211	-11.2%	(\$24.8)	(\$213.49)	2.7%
\$100 Over	16,632	-7.1%	(\$9.3)	(\$560.98)	4.4%	1,368	-6.2%	(\$0.8)	(\$611.00)	4.9%	18,000	-7.0%	(\$10.2)	(\$564.78)	4.5%
Total	508,947	-10.7%	(\$58.0)	(\$114.04)	2.5%	444,737	-6.8%	(\$13.3)	(\$29.99)	2.7%	953,684	-9.7%	(\$71.4)	(\$74.85)	2.5%

Fiscal Impact:

All Taxpayers:	(\$77.6)
Residents Only:	(\$71.4)
Married Residents:	(\$58.0)
Single Residents:	(\$13.3)
Non-Residents:	(\$6.2)

SIMULATION 7542

TAX YEAR 1989

Federal Deductability

This simulation is a comparison of current law PLUS Federal Deductability and the rates below, with Kansas tax law PRIOR to the passage of the Kansas tax reform in 1988.

Kansas Department Of Revenue

Individual Income Tax In Tax Year 1989
Resident Taxpayers

Simulation 7542

Liability Dollars are in Millions

	Proposed		Current	
Married:	\$0 - \$3	3.70%	\$0 - \$35	4.05%
	\$3 - \$20	4.30%	\$35 - Over	5.30%
	\$20 - \$35	4.75%		
	\$35 - \$45	6.25%		
	\$45 - Over	7.95%		
Single:	\$0 - \$2	3.70%	\$0 - \$27.5	4.80%
	\$2 - \$5	5.25%	\$27.5 - Over	6.10%
	\$5 - \$10	5.75%		
	\$10 - \$20	6.00%		
	\$20 - \$30	7.55%		
	\$30 - Over	7.95%		

K.A.G.I. Bracket	Married					Single					Total Residents				
	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
No K.A.G.I.	9,684	0.0%	\$0.0	\$0.00	0.0%	4,526	0.0%	\$0.0	\$0.00	0.0%	14,211	0.0%	\$0.0	\$0.00	0.0%
\$0 \$5	15,895	-95.6%	\$0.0	(\$1.43)	0.0%	105,368	-96.6%	(\$1.2)	(\$11.50)	0.0%	121,263	-96.6%	(\$1.2)	(\$10.18)	0.0%
\$5 \$15	66,632	-70.5%	(\$5.2)	(\$77.98)	0.3%	163,684	-25.7%	(\$8.1)	(\$49.26)	1.5%	230,316	-34.2%	(\$13.3)	(\$57.57)	1.1%
\$15 \$25	87,368	-23.8%	(\$7.5)	(\$85.32)	1.4%	96,737	-11.6%	(\$6.7)	(\$69.46)	2.7%	184,105	-15.9%	(\$14.2)	(\$76.99)	2.1%
\$25 \$35	93,368	-16.1%	(\$10.5)	(\$112.27)	1.9%	42,421	-7.1%	(\$3.1)	(\$71.99)	3.2%	135,789	-12.5%	(\$13.5)	(\$99.69)	2.3%
\$35 \$50	112,211	-14.3%	(\$18.1)	(\$161.66)	2.3%	21,579	-3.9%	(\$1.3)	(\$59.04)	3.6%	133,789	-12.2%	(\$19.4)	(\$145.11)	2.5%
\$50 \$100	107,158	-13.9%	(\$28.3)	(\$263.64)	2.5%	9,053	-4.3%	(\$1.0)	(\$115.05)	4.0%	116,211	-12.9%	(\$29.3)	(\$252.07)	2.7%
\$100 Over	16,632	-8.2%	(\$10.8)	(\$650.23)	4.4%	1,368	-6.9%	(\$0.9)	(\$690.23)	4.9%	18,000	-8.0%	(\$11.8)	(\$653.27)	4.5%
Total	508,947	-14.2%	(\$80.4)	(\$157.90)	2.5%	444,737	-10.9%	(\$22.3)	(\$50.16)	2.7%	953,684	-13.3%	(\$102.7)	(\$107.66)	2.5%

Fiscal Impact:

All Taxpayers: (\$115.2)
Residents Only: (\$102.7)

Married Residents: (\$80.4)
Single Residents: (\$22.3)

Non-Residents: (\$12.5)



KANSAS DEPARTMENT OF REVENUE

Office of the Secretary

Robert B. Docking State Office Building
Topeka, Kansas 66612-1588

MEMORANDUM

TO: The Honorable Dan Theissen, Chairman
Senate Committee on Assessment and Taxation

FROM: Ed C. Rolfs
Secretary of Revenue

RE: Individual Income Tax Windfall in Tax Year 1987

Date: January 12, 1989

Since there have been a number of questions regarding a refinement of the individual income tax windfall amount, I would like to present some actual figures which compare preliminary tax year 1987 and final 1986 individual liabilities. Please keep in mind that the tax year 1987 figures are preliminary and that during the next week or two some changes and edits will be made. One of the major changes will be to incorporate the elderly and blind rebate into the liability figures.

In the table below we have attempted to show how to "back" into a individual income tax windfall amount. This method will not produce the actual figure 1987 windfall amount but should produce a figure which can be considered reasonable.

Preliminary Tax Year 1987 Liability	\$748.8 million
Adjustment for 2 large one time payments	<u>\$12.5</u> million
Adjusted Tax Year 1987 Liability	\$736.3 million
Adjusted Tax Year 1987 Liability	\$736.3 million
Actual Tax Year 1986 Liability	<u>\$582.3</u> million
Difference between 1987 and 1986	\$154.0 million
LESS:	
Normal Base Line Growth of 6.5%	<u>\$37.8</u> million
Tax Year 1987 Windfall before Rebates	\$116.2 million
LESS:	
Elderly and Blind Rebate	<u>\$8.0</u> million
Tax Year 1987 Windfall after Rebate	\$108.2 million

The \$108.2 million figure for tax year 1987 windfall is a reasonable number if you believe the adjustments and growth rates are reasonable. The department believes that the \$108.2 million figure is probably not correct but is a number that is as creditable as any figure which may surface in the future.

suggested the budget gap for FY 1990 may be over \$600 million. The governor, who has already taken steps to restrain FY 1989 spending growth, is suggesting some tax increases may be necessary.

Kansas: Kansas revenues have been running ahead of estimates for each of the nine months through October with the current end-FY 1989 surplus expected to mount to \$370 million or over 15% of the budget. The governor would like to maintain a balance of around 10% and is willing to see some extra revenue used to lower taxes to offset the windfall being realized from conforming state taxes to the 1986 federal tax reforms. This creates a high probability of personal income tax cuts to be made in the name of returning the windfall. But this concept creates a problem of trying to estimate how large the windfall now is, an issue that has been lost in fiscal history in most states. The estimating job is difficult to impossible. Individual and corporate taxpayers would now have difficulty in comparing their taxes with what they would have been but for federal reform and state conformity because many have altered their economic circumstances because of the changes. What is difficult for taxpayers to do for themselves is formidable for estimators to do for all taxpayers. But having such estimates is politically important in Kansas. As a result, there is a massive search for the correct number so elected officials can debate whether and how to return portions of it. This takes estimators into such questions as how much was provided by out-of-state taxpayers, what the split is between business and individual taxpayers, and how the windfall has affected individuals in various income classes.

Kansas legislators will also be concerned over property tax reappraisals now taking place in response to a constitutional amendment adopted in 1986. That amendment replaced a constitutional requirement for uniformity with a 12% assessment ratio for residential property and a 30% ratio for business property and dropped inventories from the property tax base. It was designed to reflect then-existing assessment differences but inherently could deal only with averages, not differences affecting individual local taxing authorities and taxpayers. New assessments are expected to cause sharp increases in property taxes on businesses, such as banks, that don't have newly exempt inventories. Individual homeowners are likely to be affected by such factors as where their property is and how long it has been in the same ownership. Pressures for legislative action are expected, with one possibility some sort of transition assistance for taxpayers and/or taxing districts that would be most significantly impacted.

Reappraisal will also have significant effects on the allocation of state school aid. Sharp growth in urban area property tax bases will automatically reduce foundation aid entitlements and result in reallocation of assistance to rural districts. A special committee on school finance created by the legislature has recommended muting this effect by: (1) using a two-year average valuation rather than the latest data to calculate what districts must raise by local taxes, and (2) a hold-harmless provision that would cut reductions in aid to half of what they would otherwise be. The changes would also help urban districts by eliminating the state's sharing of income tax revenues as a factor in determining local fiscal capacity.