

Approved Tuesday, March 28, 1989
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen at
Chairperson

11:00 a.m./p.m. on Monday, March 20, 1989 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

Mark Burghart, Taxation Div.-Dept. of Revenue
Jim Maag, Kansas Bankers Association
Ron Wilson-Wichita District Farm Credit Council
Paul E. Fleener-Kansas Farm Bureau
Gary Smith-Corporate Kids, Inc.
Harold Craft-Ward/Kraft, Inc.
Frank Seitz-Legislative Chair, KS Recreation and Park Ass'n.
Mike Alpers, President-Norton Recreation Commission

Chairman Dan Thiessen called the meeting to order and, he said he would ask for approval of the minutes dated March 1, 1989 at the end of the meeting, and he turned attention to HB2515, recognizing Jim Maag, representing The Kansas Bankers Association.

HB2515AN ACT relating to income and privilege taxation; allowing tax credits for interest rate reduction for agricultural production loans; amending K.S.A. 1988 Supp. 79-1126 and 79-32-181 and repealing the existing sections.

The following conferees testified as proponents on HB2515

Jim Maag said HB2515 would extend for one more year the law which allows Kansas banks to receive a privilege tax credit for the amount of interest income lost when reducing the interest rate on certain classified agricultural loans. The KBA has completed an extensive analysis of the 1987 and 1988 privilege tax returns of over 430 Kansas banks, and he said, 61 of the banks whose returns were analyzed claimed credits totaling \$157,854, and he said, it appears that the annual fiscal note for the program will run less than \$250,000 of revenues lost to the State General Fund.

The intent of the law from the outset was to assist farmers in maintaining their operations and that obviously happened in many instances. Therefore, he urged the committee to recommend HB2515 favorably for passage. (ATTACHMENT 1)

Ron Wilson representing the Wichita District Farm Credit Council, said they, strongly support HB2515 which would extend the interest buy-down program for farmers who borrow through banks and Production Credit Associations. The interest reduction would be made possible by a tax credit to the bank or PCA. He said, they are especially pleased that HB2515 includes both PCAs and banks in the program as originally enacted in 1986.

Mr. Wilson said they do have some technical amendments to propose to HB2515, which would reflect changes made in our law and procedures since the buy-down program was originally enacted in 1986. These proposed amendments are included in my handout, and they urged the committee to approve the technical amendments and enact HB2515. (ATTACHMENT 2)

Paul E. Fleener representing Kansas Farm Bureau turned in written testimony. (ATTACHMENT 3)

The Chairman turned attention to HB2032 and he called upon Mark Burghart, General Counsel, KS Department of Revenue.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Monday, March 20, 1989.

HB2032:AN ACT relating to privilege and income taxation; allowing credits therefrom for child day care assistance provided by certain employers.

Mark Burghart said his handout is in two parts, (1) the Department's statement, and (2) a publication prepared by the task force in 1988, which is the Governor's Commission on Children and Families, and they came up with the attached recommendation. Mr. Burghart said the bill is specifically designed to increase the supply and affordability of quality child care by encouraging private business to become more involved in providing child care opportunities for its employees. The bill would provide a refundable tax credit for expenditures made by employers for child day care facilities and services provided for the benefit of employees. The credit would be available to all taxpayers subject to the state income tax and privilege tax. The amount of credit allowed would depend upon the type of investment made by the taxpayer. Mr. Burghart reviewed and explained the bill. (ATTACHMENT 4a and 4b).

Tom Severn asked Mark, in your testimony you said the credit would be 30% of the cost for purchasing or contributing to the acquisition of child day care services, and the bill says, 30% of the total amount expended in the state, by a taxpayer for child day care services purchased to provide for the dependent children, etc. Would it be the Department's position, that it would be net cost, so an employer couldn't receive a credit just for acquiring and subsidizing day care services? For example suppose the employer would supply a 20% subsidy for the cost of day care service, and had his employees pay him, and then he paid the day care provider. Would it be the Department's interpretation that the employer's expenditures for day care service be the 20% subsidy or the 100% that he actually expended? In other words, if employees paid 80% of the cost of the services, that the employer was purchasing, what would the employer's expenditures be?

Mark Burkhart said 20%.

Tom Severn asked Mr. Burghart if it was the Department's position that he only be reimbursed for his actual contribution, or his net contribution.

Mr. Burkhart replied, net contribution.

After committee questions, answered by Mark Burghart, The Chairman called upon James S. Maag, representing the KS Bankers Association.

Jim Maag said KBA fully agrees with the Governor's comment in his State of the State Message that our families are the state's most "precious assets" and that our children are "our most critical investment". Mr. Maag said women constitute nearly 75% of the work force in the banking industry, and in practically all instances they are the ones responsible for providing or arranging child care. The National Association of Bank Women have also conducted a survey which showed that 41% of managers in financial services companies are women, yet 74% of those surveyed said they have no child care assistance from their employer, 39% of those responding had children under the age of 10 and they spent over 12% of the work week dealing with child care. We believe the implementation of such legislation will strongly encourage banks-particularly those in the more urban areas to consider establishment of a child care program. Such programs are not only positive for the children and families involved, but may also allow the bank to retain talented and dedicated employees who might not otherwise be able to continue working. We appreciate the committee's willingness to address this issue and we encourage you to recommend HB2032 favorably. (ATTACHMENT 5)

Chairman Thiessen called upon Gary Smith, Vice President of Corporate Kids, Inc.

Gary Smith said his company consults with companies, corporations and government agencies on establishing in house day care programs for their employees, our largest contract is with the General Services Administration. The major objection we hear is the start up cost. GSA spent \$138,000 to remodel what had been conference rooms and another \$28,000 for equipment and toys. The program is 80% full, and we are enrolling about 2 children a week as the parents learn of the quality of the program.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Monday, March 20, 1989.

Corporate Kids is convinced that if a company could re-coup some of its start up cost with a re-fundable tax credit that could be the incentive that would cause action. We feel, the state and federal government cannot handle this child care problem alone, that it must be between government and private industry. (ATTACHMENT 6)

Harold Craft representing Ward/Kraft, Inc. said operating a business is becoming more of a challenge in recent years, because increasing taxes and other business costs are shrinking profits. Recruiting dependable, productive employees is becoming more difficult, and absenteeism is a growing concern as the working mother, with preschool children, becomes a larger part of the labor force.

Ward/Kraft has developed various incentive programs to motivate employees to a high level of performance. We have been researching child care centers for a number of years with the idea of an on site facility. Our employees with preschool children strongly support this plan, and I believe we would see a substantial improvement in absenteeism for this group. There should also be an improvement in attitude and productivity because they would not be worrying about their children during working hours. They could even visit them during break or lunch period. (ATTACHMENT 7)

The Chairman turned attention to SB327 and recognized Senator Janis Lee.

SB327:AN ACT relating to sales taxation; exempting sales of property and services associated with certain coal-fired boiler systems; amending K.S.A. 1988 Supp. 79-3606 and repealing the existing section.

Senator Janis Lee said SB327 was introduced at the request of the Norton Joint Recreation System. On August 2, 1988 the citizens of the city of Norton and the Unified School District #211 voted to establish a joint district recreation system, the ballot did include an annual tax not to exceed one mill, but did not include any provisions concerning the tax lid. Consequently, the Norton Recreation System has no way to raise any operating funds for 1989 even though the ballot passed by the citizens would indicate they were willing to accept the one mill levy.

They felt SB327 should be amended to include only those recreation systems that will levy their first tax in 1989, by inserting "with respect to any such levy made for the first time in 1989," after the word "and" on page 3, line 85. (ATTACHMENT 8)

Frank Seitz, Legislative Chair, KS Recreation and Park Association, said they appreciate the intent of SB327 to support the efforts of local communities to establish new recreation commissions during the 1st year of reappraisal. We support the proposed amendment of Senator Lee's. (ATTACHMENT 9)

Mike Alpers, President of the Norton Recreation Commission, said the people of USD #211 have already voted to tax themselves in order to have this benefit added to their town, and they would appreciate any help from the committee, to get the Commission funded. (ATTACHMENT 10)

The Chairman concluded the hearings, and he asked for a motion on the minutes of March 1, 1989.

Senator Petty moved to approve the minutes of March 1, 1989, seconded by Senator Francisco. The motion carried.

The meeting adjourned at 12:10 p.m.

* A member requested that the tape from the meeting be part of the minutes to be turned into Legislative Service's at the end of the session, for permanent record.



ATT 1
3-20

The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

March 20, 1989

TO: Senate Committee on Assessment and Taxation
FROM: James S. Maag, Kansas Bankers Association
RE: ~~SB-138~~ - Interest Rate Reduction on Agricultural Loans
HB 2515

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to discuss the provisions of HB 2515 with the Committee. The bill would extend for one more year the law which allows Kansas banks to receive a privilege tax credit for the amount of interest income lost when reducing the interest rate on certain classified agricultural loans. This law was first enacted by the 1986 Legislature and has been extended for one year in each subsequent session.

A survey conducted by the KBA during the summer following the enactment of the program indicated that over 60 banks planned to immediately use the provisions of the law to assist ag customers and another 55 banks stated they might use the program at some future date. The KBA has just completed an extensive analysis of the 1987 and 1988 privilege tax returns of over 430 Kansas banks (73% of all banks). 1988 was, of course, the first year in which banks could claim 20% of the credit allowed under the law. 61 of the banks whose returns were analyzed claimed credits totaling \$157,854. Thus it would appear that the annual fiscal note for the program will run something less than \$250,000 of revenues lost to the State General Fund.

In some instances the state program was used in conjunction with FmHA interest rate buy-down and guaranty programs throughout the state. It may well have resulted in keeping a significant number of farmers in business who otherwise would not have been able to service a growing debt load. If this is the case then the relatively small number of participating banks should not be overly emphasized. The intent of the law from the outset was to assist farmers in maintaining their operations and that obviously happened in many instances.

Thus we see no reason why the program should not be continued. While the agricultural environment has improved significantly over the past two years there always looms the possibility of a downturn in the ag economy due to drought or other factors. To have such a program in place and ready to work is good insurance for the ag economy of this state. Therefore, we would urge the committee to recommend HB 2515 favorably.

**Wichita District
Farm Credit Council, Inc.**

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P.O. Box 2940
Wichita, Kansas 67201-2940
316/266-5540

805 Chisholm Trail
P.O. Box 909
Enid, Oklahoma 73701

4695 Franklin Street
P.O. Box 16046
Denver, Colorado 80216

3109 Carlisle, N.E.
P.O. Box 37440
Albuquerque, New Mexico 87176-7440

**TESTIMONY
TO THE
SENATE ASSESSMENT TAXATION COMMITTEE
ON
HOUSE BILL 2515**

March 20, 1989

Mr. Chairman and members of the Committee, I am Ron Wilson, executive director of the Wichita District Farm Credit Council. The Council represents the farmer-owned associations and banks of the Farm Credit System in four states. Our headquarters is in Wichita, Kansas. Our member Production Credit Associations provide approximately \$140 million in short-term financing to farmers and ranchers in Kansas.

We strongly support House Bill 2515, which would extend the interest buy-down program for farmers who borrow through banks and Production Credit Associations. The interest reduction would be made possible by a tax credit to the bank or PCA.

The farm economy has recovered from the worst times of two years ago. However, we are very concerned about the combined effects of drought and wind on the current winter wheat crop. Given the uncertainties in the agricultural economy, we believe it would be a prudent and beneficial course to have this authority available.

We commend Senator Lee for initiating this issue in the Senate. Senator Lee was the first in this session to propose legislation to extend the interest buy-down.

Attachment 2
Senate Assessment and Taxation
Monday, March 20, 1989

We are especially pleased that H.B. 2515 includes both PCAs and banks in the program as originally enacted in 1986. During the last two years, the program was extended for banks only. H.B. 2515 would extend the program for both PCAs and banks. H.B. 2515 passed the House in this form by a vote of 120 to 4.

We do have some technical amendments to propose to H.B. 2515. These are needed primarily to reflect changes made in our law and procedures since the buy-down program was originally enacted in 1986. Attached are the proposed technical amendments.

In closing, we again commend this Committee for your concern for the future of agriculture. We urge you to approve these technical amendments and to enact H.B. 2515. Thank you for this opportunity to comment.

SUGGESTED TECHNICAL ADJUSTMENTS TO HB 2515

- 1) Banking and Farm Credit regulators now use the same system for classifying loans. "Substandard" and "doubtful" are the terms now used for adverse loans made by both types of lending institutions. In lines 44 and 91, the terms "problem or vulnerable" can be deleted and necessary conforming changes made.
- 2) The Federal Agricultural Credit Act of 1987 allowed PCAs to become "agricultural credit associations" under certain circumstances. On lines 67-69, we suggest replacing the wording after the date as follows:

"any production credit association or agricultural credit association chartered by the farm credit administration under the federal farm credit act as amended, (12 U.S.C. 20001 et seq), which"

Necessary conforming changes would be needed where such associations are referenced throughout the section.
- 3) On line 73, strike the words "its best". These words are unnecessary. The bill already refers to equivalent collateral.



PUBLIC POLICY STATEMENT

March 20, 1989

TO: Senator Dan Thiessen, Chairman
Senate Committee on Assessment and Taxation

FROM: Paul E. Fleener, Director
Public Affairs Division, Kansas Farm Bureau

SUBJ: **Our support for H.B. 2515 which would allow tax credits for interest rate reduction on agricultural production loans**

Chairman Thiessen, thank you very much for making our brief memo available to the other members of your Committee on Assessment and Taxation.

We very much support H.B. 2515, the legislation which would permit a state bank or national banking association, or a production credit association a tax credit for extending or renewing an agricultural production loan to an eligible agricultural borrower.

We were instrumental in discussing, shaping and bringing about enactment of the original "interest buy-down" legislation in 1986. Our members have continued to have an interest in this issue.

We are pleased that much of agriculture is participating in the economic turn around. Now, however, with drought conditions in many parts of the state and wind erosion such as we experienced a week ago, there is very clear evidence that we should retain K.S.A. 79-1126 and its useful life should be extended.

At our most recent Annual Meeting, voting delegates from the 105 Kansas counties, gathered here in Topeka, Kansas, adopted the following position on this type issue. Our full policy position on agricultural credit is attached to this memo.

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.

Thank you very much for allowing us to submit comments on H.B. 2515. We very much support this legislation.

POLICY POSITION

KANSAS FARM BUREAU

Printed below is the policy position on agricultural credit which was adopted by the voting delegates from 105 county Farm Bureaus, representing farmers and ranchers in the 105 counties in Kansas, at the December 4-6, 1988 Annual Meeting of Kansas Farm Bureau.

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.

KANSAS DEPARTMENT OF REVENUE
Office of the Secretary
Robert B. Docking State Office Building
Topeka, Kansas 66612-1588

MEMORANDUM

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

FROM: Mark A. Burghart, General Counsel
Kansas Department of Revenue

RE: H.B. No. 2032

DATE: March 20, 1989

Thank you for the opportunity to appear and express the Department of Revenue's strong support for H.B. 2032.

BACKGROUND

H.B. 2032 is the workproduct of the Governor's Commission on Children and Families. The bill is specifically designed to increase the supply and affordability of quality child care by encouraging private business to become more involved in providing child care opportunities for its employees. The Governor's Commission conducted a number of hearings across the state during 1988 as part of its effort to identify issues affecting children and families. The Commission found that Kansas, like all of the other states, has a severe shortage of quality affordable child care. Many Kansas families are unable to afford quality child care which costs an average of \$3,640 a year per child and must leave their children at home alone or in unsafe conditions in order to pursue employment opportunities. The Committee also found that the 3,500 employees who offer child care assistance programs nationwide report decreased absenteeism, increased productivity and lower turnover rates linked directly to such programs.

BILL EXPLANATION

H.B. 2032 would provide a refundable tax credit for expenditures made by employers for child day care facilities and services provided for the benefit of employees. The credit would be available to all taxpayers subject to the state income tax and privilege tax. The amount of credit allowed would depend upon the type of investment made by the taxpayer.

1. 30% of the cost of purchasing or contributing to the acquisition of child day care services for the dependent children of employees not to exceed \$30,000 in any tax year for any taxpayer.

Attachment 4-a

Senate Assessment and Taxation

General Information (913) 296-3909 Monday, March 20, 1989

Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381

Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081

Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077

2. 50% of the cost of establishing and operating a facility used for providing child day care services not to exceed \$45,000 in any tax year for any taxpayer. The establishment of the facility can be in conjunction with other taxpayers.
3. 30% of the cost of operating a facility established by an employer or group of employers for each tax year after the year in which the facility was established not to exceed \$30,000 in any tax year for any taxpayer.

The language of the bill is sufficiently broad to allow a variety of expenditures to qualify for the credit:

- A. expenditures for on-site or near-site child care for employees, including renovation costs;
- B. expenditures for joining with other employers in offering on-site or near-site child care;
- C. expenditures for cafeteria plans which feature child care as a benefit;
- D. expenditures for contracting with private firms to operate an on-site or near-site child care center;
- E. expenditures for contracting for special employee discounts with established child care providers or care centers.

Employers are not restricted to providing day care services to the children of employees. The facility only needs to be primarily used for the children of employees (at least 51%). The amount of the expenditure made by the employer which qualifies for the credit is reduced by the amount of revenue received by the employer for providing child care services to the children of non-employees. A \$3,000,000 aggregate credit limitation for any fiscal year is imposed by the bill. The credit is only available for tax years 1989-1992. The day care center or provider must be licensed or registered in order for the taxpayer to qualify for the credit. This will insure that the day care services created as a result of this bill will be of a higher quality.

Again we urge the Committee's favorable consideration of this bill. The bill addresses a significant problem in Kansas by focusing directly on the creation of additional child care positions. By doing so, the state derives the maximum benefit for each tax dollar allocated to the problem. I would be happy to respond to any questions you might have.

Child Care

As the Commission conducted community hearings across the State, the number one concern voiced by Kansans was a plea for affordable, quality child care. Child care in the 80s is a topic that concerns virtually every working parent, regardless of economic or social status.

Many Kansas families are unable to afford quality child care and must leave their children at home alone or in unsafe conditions to pursue employment. Low-income families need access to child care to break the cycle of poverty and public assistance. Yet many families find themselves trapped in a welfare system which exhorts parents to work but does not pay adequately for the child care that would let them work.

Quality infant care in Kansas costs an average of \$3,640 a year for one child ⁴/₅ more than half the median wage for a single working mother with a child under the age of six.¹ If this typical mother has more than one child, holding down a job would mean spending her entire wages on child care — with nothing left for food, shelter and clothing.

For Kansas families who can afford child

care there looms the additional problem of availability. Like the rest of the nation, Kansas is caught in a child care shortage that is staggering. Infant care is so scarce that many parents reserve child care slots before their babies are even born.

Quality toddler and preschool slots are in such high demand that waiting lists of up to a year are not uncommon. Latch-key programs that would provide care for school-aged children before or after school or during school vacations also are in short supply.

The proliferation of unregulated child care is another concern facing parents of Kansas children. The Kansas Department of Health and Environment estimates that roughly 50 percent of family child care homes are unregulated.²

Unregulated care has claimed many victims across the country. Eighteen-month-old Jessica McClure, the toddler who survived a much-publicized fall down a well in Texas, was being care for by an aunt in an unregulated family child care home when the accident occurred.³ Not all children are as fortunate.

Parents need child care to enable them to work, pay the bills and be more productive on the job . . . For many two-parent families today, the second income is all that stands between them and poverty.⁴

Background

PROPOSAL:

Offer tax incentives to encourage private employers to provide employee child care assistance.

The proliferation of two income and single-parent families during the past twenty years has changed the character of the nation's workforce. Labor force participation rates for mothers have climbed steadily. Today, 57 percent of all women with children younger than six work outside the home; in 1950, only 12 percent did.⁵ The need for child care will continue to increase.

Experts estimate that by 1995, two-thirds of all preschool children and four out of five school-aged children will have mothers in the work force.⁶

In response to these demographic trends, private business and industry can realize tangible benefits by providing child care assistance for employees. Employers report decreased absenteeism, increased productivity and lower turnover rates linked directly to employee child care assistance programs. Research shows that employers lose an average of eight working days per year, per parent-employee, due to child care difficulties.⁷

A 1986 survey by AT&T found that 57 percent of women and 33 percent of men with children under the age of six spent unproductive time at work due to concerns over child care.⁸ Employee child care assistance is now offered by 3,500 of the nation's employers.⁹

At the direction of the Governor's Commission, the Kansas Department of Revenue has explored available options for private-sector child care incentives. Based on interviews with Kansas businesses and research into legislation adopted by other states, the Department of Revenue suggests consideration of a refundable tax credit.

More than 80,000 private businesses are located in Kansas.¹⁰ These include corporations, sole-proprietors, industries and professional partnerships. Approximately half of these businesses do not pay income tax. Therefore, a refundable tax credit would best appeal to a broad spectrum of Kansas businesses.

If enacted, this measure would make child care assistance extremely attractive to employers, especially those who already offer a cafeteria or flexible benefits plan. While child care assistance, like life insurance or health insurance, already is a deductible expense for employers, this would add a state tax credit for the provision of child care assistance.

The establishment of an aggregate limit on the total amount of tax credit which may be claimed by Kansas businesses each year should be considered. In addition, a sunset clause which establishes an expiration date on the tax credit after a period of several years may be advisable to encourage prompt response by the business community.

Kansas businesses would qualify for the tax credit if:

- They offer on-site or near-site child care for employees, including capital costs for renovation;
- They join with other businesses in offering on-site or near-site child care;
- They offer cafeteria (flexible benefits) plans which feature child care as a benefit;
- They contract with private firms to operate an on-site or near-site child care center; or
- They contract for special employee discounts with established child care providers or child care centers.

Under this proposal, government and the private sector would share more of the cost for employee child care, while more employees would benefit from child care assistance.

The Feminization of Poverty:

Nine-tenths of welfare parents are single mothers. Many of these women have no job skills, did not finish high school, and do not receive any child support from the absent father.¹¹

Improving Child Care in Kansas

The number one concern expressed to Commission members by Kansas citizens was the shortage of affordable, quality child care. This finding is based on the responses the Commission received from testimony and correspondence. The Commission proposes a four-pronged approach to this problem:

OBJECTIVES

Increase the supply and affordability of child care by encouraging private business to become more involved in child care. State initiatives in this area would promote employee child care assistance.

Improve the access to quality child care for parents receiving state child care subsidies.

Acknowledge that all children have an inherent right to permanency, safety and stability in their lives and seek to address the plight of the thousands of children in state custody.

Demonstrate the feasibility of public or private employer involvement in child care by establishing and testing programs for state employees.

PROPOSALS

Offer tax incentives to encourage private employers to provide employee child care assistance.

Raise the rate of SRS child care reimbursement and increase the number of SRS child care slots.

Initiate a review of state policies in the areas of foster care, family preservation and adoption.

Encourage the State to adopt a flexible benefits package for state employees which would include child care as a benefit. In addition, the State may wish to offer on-site child care to employees.

What I Like About Being a Kid Is...
I Don't Have Many Worries.





The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

March 20, 1989

TO: Senate Committee on Assessment and Taxation
FROM: James S. Maag, Kansas Bankers Association
RE: HB 2032 - Tax credits for child day care assistance

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to appear on HB 2032. We fully agree with Governor Hayden's comment in his State of the State Message that our families are the state's most "precious assets" and that our children are "our most critical investment". We therefore believe his recommendation for tax credits for child day care services as contained in this bill is a positive step for Kansas children and families.

The banking industry in Kansas employs over 14,000 people. Women constitute nearly 75% of that work force and in practically all instances they are the ones responsible for providing or arranging child care. In many banks, women with young children may even be a majority of the personnel. However, a recent survey in the American Bankers Association "Bank Personnel News" which was conducted by ABA's Human Resources Division showed only 17% of the banks surveyed were currently offering any type of child care benefits. 45% of those same banks did offer some type of family leave policy.

Another article in Executive Financial Women magazine in January noted that over 70% of women in the 25 to 34 age category are now in the labor force and this percentage is expected to increase steadily in the next decade. The article also points out that many women are delaying child-bearing until they are in their 30s (there was a 71% increase in the number of births to women over 35 between 1975 and 1985). This has an even bigger impact on business and industry because many of these women have already attained extensive work experience and expertise and their loss of time on the job due to child care problems can have a very direct impact on company operations.

The National Association of Bank Women have also conducted a survey which showed that 41% of managers in financial services companies are women yet 74% of those surveyed said they have no child care assistance from their employer. 39% of those responding had children under the age of 10 and they spent over 12% of the work week dealing with child care.

We believe the implementation of such legislation will strongly encourage banks - particularly those in the more urban areas - to consider establishment of a child care program. Such programs are not only positive for the children and families involved, but may also allow the bank to retain talented and dedicated employees who might not otherwise be able to continue working.

Attachment 5

Senate Assessment and Taxation

Monday, March 20, 1989

We appreciate the committee's willingness to address this issue and we encourage you to recommend HB 2032 favorably.

✓ Some Facts About Child Care ✓

Here is a selection of current facts and statistics gleaned from a variety of sources. Not only are they interesting in terms of understanding the magnitude of child care assistance needs, but they also can be used to support a bank's child care policy proposals.

- ✓ Women's absenteeism rates are generally higher than men's, but a study found that a big contributor to the problem is that mothers rather than fathers tend to stay home from work when their children are sick. A survey of more than 8,000 employees from 22 companies in Portland, Oregon, found that women with children under 12 missed about 12 days of work each year compared to 8 days a year taken by men with children under 12.
- ✓ Child care can cost a family from \$1,500 to \$15,000 a year, depending on the type of care they choose. Licensed care for infants begins at about \$5,000. Working parents spend about 10 percent of their income on child care.
- ✓ Every western industrial nation except the United States requires employers to grant some form of maternity leave.
- ✓ About half of married women in the United States with children 1 year or younger are in the labor force. That percentage is twice the percentage measured by the Bureau of Labor Statistics in March 1970.
- ✓ Approximately 80 percent of working women are of childbearing age. Of those, about 90 percent will become pregnant.
- ✓ Executive-level women have not exhibited a great degree of leadership in developing child care assistance programs at their firms. Lingering sexism makes women tend to fear advocating such programs. Female executives prefer to project the impression that they can handle well their often conflicting roles, whether or not it is entirely true.
- ✓ A 1985 study of 650 employees of a large, Boston-based corporation found that the leading cause of depression among employees, regardless of gender, was the stress connected with balancing work and family obligations.
- ✓ The number of latchkey children—those who return from school to an empty house—is difficult to estimate because many parents are reluctant to admit their children are unsupervised for part of the day. Estimates range from 2 million to as many as 15 million in the United States today.
- ✓ A 1987 Bureau of Labor Statistics survey of employers found that 2 percent of firms directly sponsor child care programs, 3 percent provide financial assistance for child care, 5 percent sponsor information and referral programs, 5 percent offer counseling services, and 61 percent have general policies to facilitate child care.
- ✓ More than 100 bills with day care provisions were introduced in the 100th Congress. More measures, including some comprehensive family leave/child care bills, are expected to be considered during the 101st Congress.
- ✓ By 1990—next year—64 percent of families with children will include a working mother.

March 1989

Gary Smith, Corporate Kids Inc.
Testimony to Kansas Senate on House Bill 2032

I want to thank this committee for allowing me to testify on House Bill 2032. Last April one of our staff was ask to testify in Washington to a senate committee, and during the summer we testified to the Republican Platform committee on national childcare legislation. I welcome the opportunity to address ways our state can address this issue.

I am the Vice President of Corporate Kids, Inc., a company we began 4 years ago. My company consults with companies, corporations and government agencies on establishing in house day care programs for their employees. Our company slogan is "Parents Who Worry Less Work More". To me, day care is not just a matter of helping children. It is a matter of helping business improve their bottom line and attract and keep quality employees.

I got involved in child care first as an employer. My wife and I have owned an interior design business for the last 12 years. A few years ago, we found ourselves needing child care for our 2 1/2 year old daughter and the children of our employees. As the employer we dealt with this problem by purchasing a building three blocks from our business and establishing a near-site childcare center. In this center we were able to provide a program that our employees wanted and that met our needs.

Seeing the success that we experienced, we felt other businesses

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would soon see the advantages and they too would establish on site or near site centers. Thus four years ago we formed Corporate Kids Inc. We started marketing our concept in May of 1985 and it has been a long and difficult road. While we have had many companies and corporations that are interested, concerned or just want information, we are finding employers very slow to act. At this time our largest contract is with the GSA(General Services Administration). We set up and manage a center at 601 E. 12th St. in KC Mo.

The companies that we have worked with are slow to respond , they want to see it in terms of self-interest. It boils down to the fact that child care is a money issue. Corporate Kids finds the major objective ~~is~~ ^{are} to be the start up cost, the fear of liability and a concern for equity(the fact that not all employes will use it). We can calm their fear of liability, address the issue of equity and with this piece of legislation help with the cost.

Let's talk about
The major objection we hear is the ("start up cost"). It is expensive to get into the child care business. Let me give you an example:

The GSA 601 Center-Federal Employee Center.

GSA spent \$138,000 to remodel what had been conference rooms and another \$28,000 for equipment and toys. We opened on Sept. 16 and have infant and toddler and preschool program that is 80% full and we are enrolling about 2 children a week as the parents learn of the quality of the program.

GSA has made a commitment to developing childcare centers within the government. They believe that child care is the issue of the decade. Unfortunately, private enterprise has not made this commitment.

My company has consulted with companies and corporations of all sizes and in some cases have done feasibility studies. Even when our studies show that an on-site centers is wanted by the employees, economic feasible for the company, and we are able to overcome the fears of liability....there is still hesitation to spend the money.

Corporate Kids is convinced that if a company could re-coup some of its start up cost with a re-fundable tax credit that could be the incentive that would cause action. All Kansas needs is a few examples of how successful on site centers can be. This legislation could make that happen.

Another important player in the area of childcare that should be considered is the developer. It seems only logical that those who entice new residents into the community through building and development share in the responsibility of providing solutions to this ever growing need of working parents.

Office parks, and industrial developments should be required to do impact studies on how their development will effect the childcare situation and again a re-fundable tax credit should be given if the developer is willing to provide the space and start up cost for an on-site center within his development. The

developers can provide the centers that many small business could never provide alone.

Corporate Kids Inc. is a true believer that the state and federal government can not handle this child care problem alone. It must be a partnership between government and private industry. This is your change to start this partnership. Offer the incentive. Commit to a program that allows private industry to share in the work. Commit to a program that will allow Kansas to have a more productive workforce because I know you will agree with me, PARENTS WHO WORRY LESS, WORK MORE!

3/20/89

Assessment & Taxation Committee

Kansas State Senate

Re: House Bill No. 2032

Ward/Kraft, Inc. is a manufacturer of business forms and pressure sensitive labels. We started our business in 1972 and now employ approximately 180 at our Fort Scott location and 100 at a second facility in Ohio.

Operating a business is becoming more of a challenge in recent years. Government continues to create new problems. Increasing taxes and other business costs are shrinking profits. Recruiting dependable, productive employees is becoming more difficult. Absenteeism is a growing concern as the working mother, with preschool children, becomes a larger part of the labor force.

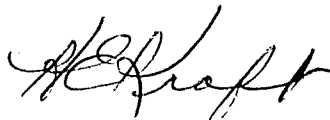
Ward/Kraft has developed various incentive programs to motivate employees to a high level of performance. The increased profits are then shared with the employees to reward them for their extra effort and commitment. Our program to encourage good attendance has resulted in over 50% of our employees being absent less than one day a year. However, it hasn't helped improve the attendance of our female employees with preschool children and absenteeism is a serious problem with this group. Approximately 40% of our employees are female and the majority are child bearing age.

We have been researching child care centers for a number of years with the idea of an on site facility . Our employees with preschool children strongly support this plan, and I believe we would see a substantial improvement in absenteeism for this group. There should also be an improvement in attitude and productivity because they would not be worrying about their children during working hours. They could even visit them during break or lunch period.

A survey of our employees indicates there would be 35 to 40 children using an on site center. Also, there is a need for infant care as none is available in our area. We are considering a facility to handle 48 to 50 children and we would include infant care. Cost to construct and equip would be approximately \$150,000.

Even though we can see the need for an on site child care center and the benefits from providing one - it is difficult to cost justify the investment of \$150,000 and the on going operating costs. Therefore, we support House Bill No. 2032 to lower these costs to a more reasonable level. I believe this bill will help businesses reach a decision to provide on site child care.

Ward/Kraft, Inc.



H. E. Kraft, Pres.

To: Senate Ways and Means Committee

From: Senator Janis K. Lee

RE: SB 327

Date: March 20, 1989

Chairman Thiessen, fellow Senators, SB 327 was introduced at the request of the Norton Joint Recreation System. On August 2, 1988 the citizens of the city of Norton and the Unified School District # 211 voted to establish a joint district recreation system. As can be seen, the ballot did include an annual tax not to exceed one mill. However, the ballot did not include any provisions concerning the tax lid. Consequently, the Norton Recreation System has no way to raise any operating funds for 1989 even though the ballot passed by the citizens would indicate they were willing to accept the one mill levy.

SB 327 as presented contains only the changes on lines 85, 86 and 87 of page 3. This change would exempt all recreation commissions from the tax lid imposed by K.S.A. 1988 Supp. 79-5021, the tax lid imposed because of reappraisal and classification. After the bill was originally printed and introduced, we have determined that SB 237 should be amended to include only those recreation systems that will levy their first tax in 1989. This would be accomplished by the proposed amendment I have included, which would insert after "and" on page 3 line 85 ", with respect to any such levy made for the first time in 1989,". In that way those recreation systems already in existence and any new ones started after the tax lid is lifted would not be affected.

Attachment 8
Senate Assessment and Taxation
Monday, March 20, 1989

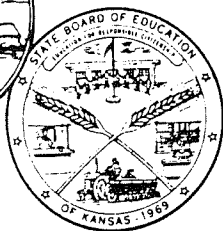
Proposed Amendment to SB 327

On page 3, in line 85, after "and" by inserting ", with respect to any such levy made for the first time in 1989,"

Kansas State Department of Education

Kansas State Education Building

120 East 10th Street Topeka, Kansas 66612-1103



February 8, 1989

TO: Ben Barrett, Legislative Research Department
✓ Tom Severn, Legislative Research Department
Chris Courtright, Legislative Research Department
Bill Ervin, Municipal Accounting
Barbara Butts, Municipal Accounting
Veryl Peter, LEA Finance

FROM: Dale M. Dennis, Asst. Commissioner

SUBJECT: U.S.D. #211, Norton

Attached is a copy of the ballot for the primary election in U.S.D. #211, Norton, which we discussed earlier this week. It appears the ballot did not include any provisions concerning the tax lid.

STATE OF KANSAS
PRIMARY ELECTION BALLOT
SPECIAL QUESTION
ELECTION
QUESTION SUBMITTED

PRIMARY ELECTION
NORTON COUNTY

WARD # 2

August 2, 1988

To vote for the proposition, place an "X" in the square following "Yes". To vote against the proposition, place an "X" in the square following "No".

SHALL THE FOLLOWING BE ADOPTED?

Shall the governing bodies of the City of Norton, Kansas and Unified School District No. 211, Norton County, Kansas, provide, establish, maintain, and conduct a joint district recreation system, levy an annual tax, not to exceed one mill, and do all other acts necessary to establish, operate, maintain and conduct a joint recreation system in accordance with K.S.A. 12-1922, et seq.

YES

NO

1987 PROPERTY VALUES
BY DISTRICT

COUNTY NAME NORTON

COUNTY # 069

DISTRICT NAME NORTON COMMUNITY SCHOOLS

DISTRICT # D0211

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1987 ASSESSED VALUATION	% OF TOTAL OF COL 1	ESTIMATED MARKET VALUE OF EACH PROPERTY CLASS	% OF TOTAL OF COL 3	ESTIMATED ASSESSED VALUATION AFTER REAPPRAISAL	% OF TOTAL OF COL 5	PROPOSED ASSD VAL- HCR-5018AA	% OF TOTAL OF COL 7
<u>URBAN REAL ESTATE</u>								
1. COMMERCIAL & INDUSTRIAL	1,069,695	7.4	6,211,934	6.0	1,863,580	6.0	1,863,580	13.3
2. VACANT LOTS	30,940	.2	328,799	.3	98,640	.3	39,456	.3
3. ALL OTHER URBAN REAL ESTATE	3,626,735	25.2	28,898,287	27.9	8,669,486	27.9	3,467,794	24.8
4. TOTAL URBAN REAL ESTATE	4,727,370	32.8	35,439,020	34.2	10,631,706	34.2	5,370,830	38.3
<u>RURAL REAL ESTATE</u>								
5. AGRICUL LAND(INCL MIN RES)	3,285,825	22.8	39,398,381	38.0	11,819,514	38.0	3,151,870	22.5
6. AGRICUL IMPROVEMENT	550,320	3.8	4,917,962	4.7	1,475,389	4.7	590,155	4.2
7. HOMESITES & PLANNED SUBDIV	311,355	2.2	3,926,293	3.8	1,177,888	3.8	471,155	3.4
8. SPOT INDUSTR, COMM, & RECR	198,580	1.4	2,137,567	2.1	641,270	2.1	641,270	4.6
9. TOTAL RURAL REAL ESTATE	4,346,080	30.2	50,380,203	48.6	15,114,061	48.6	4,854,450	34.7
10. TOTAL REAL ESTATE	9,073,450	63.0	85,819,223	82.8	25,745,767	82.8	10,225,280	73.0
<u>TANGIBLE PERS PROPERTY</u>								
11. GAS & OIL(LEASE-HOLD & ROY)	729,945	5.1	2,433,150	2.3	729,945	2.3	729,945	5.2
12. MERCHANTS INVENTORY	620,930	4.3	2,069,767	2.0	620,930	2.0	0	.0
13. MANUFACTURERS INVENTORY	194,930	1.4	649,767	.6	194,930	.6	0	.0
14. LIVESTOCK	511,490	3.6	1,704,967	1.6	511,490	1.6	0	.0
15. BUSINESS MACHINERY & EQUIP	448,690	3.1	1,495,633	1.4	448,690	1.4	224,345	1.6
16. ALL OTHER TANG PERS PRPTY	650,185	4.5	2,167,283	2.1	650,185	2.1	650,185	4.6
17. TOTAL TANGIBLE PERS PRPTY	3,156,170	21.9	10,520,567	10.2	3,156,170	10.2	1,604,475	11.5
<u>STATE ASSESSED</u>								
18. PUBLIC SERVICE CORPORATION	2,175,848	15.1	7,252,827	7.0	2,175,848	7.0	2,175,848	15.5
19. TOTAL STATE ASSESSED	2,175,848	15.1	7,252,827	7.0	2,175,848	7.0	2,175,848	15.5
20. GRAND TOTAL	14,405,468	100.0	103,592,617	100.0	31,077,785	100.0	14,005,603	100.0



KANSAS RECREATION AND PARK ASSOCIATION

700 JACKSON, SUITE 705
TOPEKA, KANSAS 66603

(913) 235-6533
Laura J. Kelly, Executive Director

TESTIMONY ON SENATE BILL NO. 327
BEFORE THE COMMITTEE ON ASSESSMENT AND TAXATION

BY

FRANK SEITZ, LEGISLATIVE CHAIR
KANSAS RECREATION AND PARK ASSOCIATION
MARCH 20, 1989

Mr. Chairman, Ladies and Gentlemen of the Committee:

The Kansas Recreation and Park Association appreciates the intent of Senate Bill 327 to support the efforts of local communities to establish new recreation commissions during the first year of reappraisal. At this time, however, we would not support the proposed methodology which would exempt city, school and joint city-school recreation system tax levies from the tax lid levy. The Kansas Recreation and Park Association would recommend and support special legislation for the pertinent local units allowing them to establish budgets for 1990 based on 1988 valuations, thus providing an equitable method of funding for those newly-created recreation commissions but not lifting the tax lid for all recreation commissions.

Thank you for the opportunity to address this issue.

Attachment 9
Senate Assessment and Taxation
Monday, March 20, 1989

Janis Lees office 402S
Senate Assessment & Taxiation Committee Hearing Room 519S

I am Mike Alpers, President of the Norton Recreation Commission.
I am here representing the Commission and the people of Norton.

We Would Like to ask your help in getting our commission up and
running. The people of USD 211 have already voted to tax them-
selves in order to have this benefit added to their town.
And we would appreciate any help you could give us to get
this Recreation Commission funded.

Thank you very much for your time.

SB 327 passed in August primaries

The approximate value of the mill levy would be \$14,349.00