

Approved

Date

2/16/90

MINUTES OF THE House COMMITTEE ON Taxation

The meeting was called to order by Representative Keith Roe at
Chairperson

9:00 a.m./~~p.m.~~ on March 13, 1990 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn, Research Department
Chris Courtwright, Research Department
Don Hayward, Revisor's Office
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Representative Clyde Graeber
Representative Anthony Hensley
Louis Klemp - Concerned Taxpayers of Leavenworth County
Phil Urban - Concerned Taxpayers of Leavenworth County
Jerry Soper - Citizens for Responsible Government
James Bates - Cowley County Taxpayers Association
Glenn Burns - Cowley County Taxpayers Association
Joe Scamney - Concerned Montgomery County Citizens Committee
Roger Grund - Home Owners Trust - Wichita
Dr. Larry Fischer - Kansans for Fair Taxation
Robin Leach - Webb & Associates; Kansans for Fair Taxation
Sandra Watson - Concerned Taxpayers of Wyandotte County
Richard Edlund - Concerned Taxpayers of Wyandotte County
Norman Schoneman - Concerned Taxpayers of Wyandotte County
Ralph Lewis - Kansans for Fair Taxation
Vern Osborn - Kansans for Fair Taxation
Paul Dougherty - Southwest Medical Center, Liberal
Marvin Wynn - Wichita/Sedgwick County Partnership for Growth

Representative Graeber testified in support of HB 3001. He thanked the Committee for introducing this bill and requested that it be given fair consideration.

Representative Wagon distributed an analysis in support of HB 2858.
(Attachment 1)

Representative Hensley testified in support of HB 2858 and distributed a Memorandum from the State Department of Education. (Attachment 2)
He stated that constituents with whom he has visited would like to see the tax base broadened before looking at increasing taxes.

Louis Klemp, CTLC, testified in support of HB 3001, stating that this bill is simple and deserves consideration. (Attachment 3)

Phil Urban, CTLC, testified in support of HB 3001, stating that this is the bill CTLC has proposed and it now has the support of approximately 15 different county tax organizations. (Attachment 4)

Jerry Soper, Citizens for Responsible Government, testified in support of HB 3001, stating that it is purely an increase in consumption taxes and not a tax which is levied on what he has accumulated during his best earning years. (Attachment 5)

James Bates, Cowley County Taxpayers Association, testified in support of HB 3001, stating that the suggested 3% cap in this bill is suggestive of the needs of our taxing entities to learn to control spending.
(Attachment 6)

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation

room 519-S, Statehouse, at 9:00 a.m. ~~p.m.~~ on March 13, 1990

Glenn Burns, Cowley County Taxpayer's Association, testified in support of HB 3001, stating that presently the property owners shoulder the heavy tax burden, but if the property tax were removed, all people would share the cost of governing, educating and living in Kansas. (Attachment 7)

Joe Scamney, Concerned Montgomery County Citizens, testified in support of HB 3001, stating that it will provide growth income for Kansas and make taxation fairer to all Kansans. (Attachment 8)

Roger Grund, Home Owners Trust, testified in support of HB 3001, stating that there are exemptions to the sales tax law that have been politically granted.

Dr. Larry Fischer, Kansans for Fair Taxation, testified in support of HB 3001, stating that this bill allows legislators to get a "handle" on the present situation and deal from a position of power with special interest groups throughout the state. (Attachment 9)

Robin Leach, Kansans for Fair Taxation, testified in support of HB 2858 and HB 3001, stating that they feel strongly that the concept of broadening the tax base through the elimination of sales tax exemptions is the best approach and would provide the quickest relief. (Attachment 10)

Sandra Watson, Concerned Taxpayers of Wyandotte County, testified in support of HB 3001, stating that it is the most logical answer to the tax problems in Kansas. (Attachment 11)

Richard Edlund, Concerned Taxpayers of Wyandotte County, testified in support of HB 3001, stating that income and sales taxes are the only fair taxes.

Norman Schoneman, Concerned Taxpayers of Wyandotte County, testified in support of HB 3001, stating that it would return Kansas to uniform and equal treatment of all taxpayers. (Attachment 12)

Ralph Lewis, Kansans for Fair Taxation, testified in support of HB 3001, stating that paying taxes represents wealth only when tax bases are broad enough to keep the percentage to a non-burdensome level. (Attachment 13)

Vern Osborn, Kansans for Fair Taxation, testified in support of HB 3001, stating that a total overhaul of the existing tax system is badly needed and should be resolved this year. (Attachment 14)

Paul Dougherty, Southwest Medical Center, testified in opposition to HB 2858 and HB 3001, stating that elimination of two sales tax exemptions would increase their annual supply costs and add \$510,000 to their current reconstruction cost. (Attachment 15)

Marvin Wynn, Wichita/Sedgwick County Partnership for Growth, testified in opposition to HB 2858 and HB 3001, stating that it would be irresponsible on the part of the Legislature to suddenly pull the rug out from under all the local entities that depend upon the property tax. (Attachment 16)

Written testimony was provided by:

Chip Wheelen, Kansas Medical Society (Attachment 17)

Chairman Roe announced that the hearing on HB 2858 and HB 3001 will be continued tomorrow, March 14, 1990.

The minutes of March 12, 1990, were approved.

The meeting adjourned at 10:55 a.m.

HOUSE COMMITTEE ON TAXATION

DATE 3/13/90

NAME	ADDRESS	REPRESENTING
John Kolmgren	Topeka	Catholic Health Assn.
Ellaine Richter	Topeka	Kansas for Pain Relief
Glenn Cogswell	Topeka	Am. Cancer Soc. Ks Div/ Inc
Jeri Haycock	Topeka	" "
William E Brutton	Wichita	Starkey Dev. Center
Yo Bestgen	Topeka	KARF
James E. Shaw	Lawrence	~
Jack Graves	Wichita	Pen. Health Center
Paul Dougherty	Liberal	Southwest Medical Center
Tom Bell	Topeka	Ks. Hosp. Assoc
Lynne Hansen	Topeka	KFFT
Cedric Moeger	"	KFFT - SHL
Claudia Denton	"	KFFT -
Janet Mentzer	"	KFFT
John T. Lumbard	Topeka	KFFT
Chas R Jones	Enterprise	KFFT
Larry Fischer, DVM	Topeka	KFFT
A. D. Walschlag	Topeka	KFFT
CARPENTER, Robert	TOPEKA	SOLDIER'S/RESIDENTS
BOB CORBETT	TOPEKA	KFFT
Bob Wamamaker	Topeka	KFFT
Mike Jauken	Topeka	KFFT
Esther Spadling	Topeka	Concerned Citizens

HOUSE COMMITTEE ON TAXATION

DATE 3/13/96

NAME	ADDRESS	REPRESENTING
Chip Wheelen	Topeka	Ks Medical Soc.
Rod Deane	Lawrence, Mo	KFFT
Nancy Artzen	Topeka	KFFT
Connie Parish	Lawrence, Mo	Star Times
Rod Dietz	Hutchinson	USD 308
Chuck Stewart	Topeka	United School adm's
Louis Klomp	Leav.	CTLIC
Phillip URBAN	Leav.	CTLIC
G.T. Soper	TOPEKA	C.R.S.
Michael ZAKOVS	TOPEKA	KFFT
Jack Benson	Topeka	KFFT
Wanda King	Topeka	KFFT
Jim Widau	Topeka	KDR
Terry G...	Manhattan	KDR
Jan Vachek	Topeka	KSCPA
Quint West	Topeka	KFFT
Thomas West	Topeka	KFFT
Arthur West	Topeka	KFFT
Ante West	"	KFFT
Irving West	"	KFFT
Kenneth E. Powers	"	KFFT
Shirley Reeves	"	K.F.F.T.
Shirley Reeves	Wichita	College Hospital

HOUSE COMMITTEE ON TAXATION

DATE 3-13-90

NAME	ADDRESS	REPRESENTING
Mike Recht	Topeka	AT&T
Pappy Winkler	Topeka	KFFT
Coland Smith	Wichita	WIBA
Jim M. Burke	Topeka	observer
Ann Gottberg	Topeka	Rep. Sprague's office
Jammy L. Hargis	Topeka	KFFT
Shirley L. Rustin	Topeka	KFFT
Quinn R. Shivers	Topeka	KFFT
Marilyn H. Hartman	Topeka	KFFT
Maurice L. Lescroart	Topeka	Concerned observer
Mr. Mildred Alden	"	Observer
K. Baker	Topeka	4th Enrollment USD's
Gene A. Matheny	Topeka	KFFT
J.E. Laessle	TOPEKA	R.F.F.T.
Harriet Lange	Topeka	KAB
Sharon Tappan	TOPEKA	KAB
Christ Young	Topeka	Topeka Chamber of Commerce
Bob Buehler	Bueller	AARP
George Trabel	Topeka	AARP
Nan Leland	2135 N TOPEKA	KFFT INC.
Harold Pitte	Topeka	KRTA
Leonard Sevedu	TOPEKA	KFFT
Marianne Gurevsky	Topeka	KFFT

JOAN WAGNON

REPRESENTATIVE, FIFTY-FIFTH DISTRICT

1606 BOSWELL

TOPEKA, KANSAS 66604

(913) 235-5881

OFFICE:

STATE CAPITOL, 278-W

TOPEKA, KANSAS 66612

(913) 296-7647



TOPEKA

HOUSE OF REPRESENTATIVES

DEMOCRAT AGENDA CHAIR

COMMITTEE ASSIGNMENTS

RANKING MINORITY MEMBER: TAXATION
MEMBER: FEDERAL AND STATE AFFAIRS

Property Tax Relief Act of 1990

Almost everyone agrees that reducing the reliance on the local property tax is an appropriate public policy goal. However, building a consensus on long term solutions which will quiet the unrest and alleviate the problems which have been caused by statewide reappraisal is difficult. One approach is to look at broadening the sales tax base and use the money generated for statewide property tax relief.

The sponsors of this bill have been looking for the common denominator--a package which is simple to explain, brings substantive relief and doesn't penalize one group at the advantage of another. Lowering mill levies will benefit all taxpayers, but can be justified in light of the fact that property taxes in general increased 6.2% following reappraisal. While lowering the mill levy won't solve the tax shift problems created by classification, it will address the problem of higher-than-expected mill levies and bring general tax relief.

The concept is simple: **BROADEN THE BASE!** If everyone pays, we all pay less.

House Bill 2858 revokes all sales tax exemptions but those which are related to basic consumer needs, such as food, shelter, medicine and utilities, and those exemptions which are legally required. By using this zero-based exemption concept, any affected group can come in and justify the continued existence of their exemption. While business and agriculture may lose some of the breaks they gained in recent years in the sales tax code, they keep those same long term exemptions in the property tax. When fiscal conditions are brighter, the state can reenact those sales tax exemptions at a later time. The bill mandates all exemptions have a 5-year "sunset" provision.

Exemptions to be removed include:
K.S.A. 79-3603

Fiscal
Impact

- (b) Interstate receipts, telephone/telegraph \$6.5m
- (e) Amusements, entertainment or recreation receipts sponsored by a political sub-division and triennial historical events 0.4

3/13/90
Attachment 1

- (g) Hotel/motel rooms rented more than 28 days 0.6
- (h) Machinery/Equipment issued with IRBs minimal
- (i) Coin-operated laundry services 0.9

K.S.A. 79-3606

- (b) Non-profit hospital/blood banks 1.0
- (c) Purchase/rental of personal property by non-profit educational institutions and private schools, leaving public and private schools exempt 5.0
- (d) Property/services purchased by a contractor for construction/repair of buildings by non-profit hospitals, educational institutions, or political subdivisions 23.0
- (f) Property purchased by a railroad or public utility for use in interstate commerce 35.0
- (g) Sales/repair/modification of aircraft sold or used in interstate commerce 10.0
- (h) Rentals of textbooks by elementary and secondary schools 0.3
- (k) Sales of vehicles/aircraft to out-of state buyers 35.0
- (t) Property/services purchased by ground-water management districts 0.1
- (u) New & Used farm machinery/equipment 15.0
- (aa) Materials/services used to repair, service, etc., railroad rolling stock 6.0
- (bb) Property/services purchased by a port authority 0.6
- (cc) Materials/services for repair, service, etc., of equipment used outside Ks. for transmission of natural gas 0.9
- (ee) New/used machinery/equipment for business located within enterprise zone 1.0
- (gg) Lottery tickets 2.0
- (jj) Medical Supplies/equipment purchased by non-profit nursing homes 0.6

1-2

(kk) Personal property purchased by non-profit youth development programs	minimal
(ll) Personal property sold, rented, or leased by community-based MR/MH centers	1.4
(mm) Business machinery/equipment used in manufacturing	15.0
(nn) Educational materials purchased by non-profits for public health	minimal
(oo) Seeds, fertilizers, insecticides, etc., used to produce plants to prevent soil erosion	0.4
(pp) Services by advertising agency/broadcast station	0.5
(qq) Personal property purchased by community groups used for weatherization of low income housing	0.1
(ss) Personal property/services purchased by nonprofit museum or historical society and Cosmosphere	0.2
(tt) Tickets to annual events sponsored by nonprofit organizations (River Festival, Railroad Days)	0.1
ADD: provision for voluntary taxation of catalog sales	18.0 m
Total Revenue raised:	180 million

Create a Property Tax Relief Fund

Distribute 50 percent of the monies raised to the LAVTRF and 50 percent to a new fund for schools (USD Ad Valorem Tax Reduction Fund) and use the revenues from the increased sales tax base to fund dollar-for-dollar property tax relief.

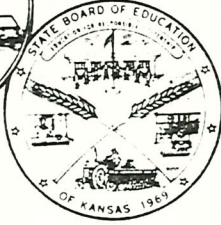
Distribution of these funds will impact the property tax bills due in November, 1990 by approximately \$180 million.

Des Hensley

Kansas State Department of Education

Kansas State Education Building

120 East 10th Street Topeka, Kansas 66612-1103



February 13, 1990

C O R R E C T E D

TO: Legislative Research Department

FROM: Dale M. Dennis, Asst. Commissioner
Division of Financial Services and Operations

SUBJECT: Supplemental School Aid Program -- 1990-91

Attached is the computer printout (L9Q09) you requested which distributes approximately \$90,000,000 to Kansas unified school districts.

Approximately 50 percent of the distribution is based upon a per pupil allocation while the remaining 50 percent is based upon the assessed valuation and the estimated September 20, 1990, FTE enrollment.

If you have questions, feel free to contact my office.

*3/13/90
attachment 2*

COLUMN EXPLANATION

- Column
- 1 -- Estimated September 20, 1990, FTE enrollment
 - 2 -- 1990-91 Estimated state aid at \$108.91 per pupil
 - 3 -- 1989 Assessed valuation per pupil
 - 4 -- Estimated state aid using September 20, 1990, estimated FTE enrollment and assessed valuation per pupil of the school district (state average assessed valuation per pupil divided by the school districts' assessed valuation per pupil times FTE enrollment times \$84.90 per pupil)
 - 5 -- Total (Column 2 + 4)
 - 6 -- Millage equivalency (Column 5 \div 1988 assessed valuation)

COUNTY NAME	DISTRICT NAME		(1) EST. 9/20/90	(2) EST. STATE AID AT 108.91 PER PUPIL	(3) ASSESSED VALUATION PER PUPIL	(4) EST. AID BASED ON ASSESSED VAL AND ENROLL.	(5) TOTAL (2 + 4)	(6) MILL EQUIV.

ALLEN	001							
MARNATON VALLEY		D0256	320.0	34,851	36,512	25,266	60,117	5.15
IOLA		D0257	1,790.0	194,949	16,215	319,139	514,088	17.71
HURBOLDT		D0258	643.0	70,029	25,302	73,150	143,179	8.80
ANDERSON	002							
GARNETT		D0365	935.0	101,831	33,625	80,180	182,011	5.79
CREST		D0479	279.5	30,440	29,767	27,049	57,489	6.91
ATCHISON	003							
ATCHISON CO COMM SCHOOLS		D0377	770.0	83,861	27,464	81,063	164,924	7.80
ATCHISON PUBLIC SCHOOLS		D0409	1,750.0	190,593	19,375	261,492	452,085	13.33
BARBER	004							
BARBER COUNTY NORTH		D0254	780.0	84,950	48,335	46,355	131,305	3.48
SOUTH BARBER		D0255	301.0	32,782	73,547	11,759	44,541	2.01
BARTON	005							
CLAFLIN		D0354	265.0	28,861	54,628	13,949	42,810	2.96
ELLINWOOD PUBLIC SCHOOLS		D0355	560.1	61,000	36,129	44,700	105,700	5.22
GREAT BEND		D0428	3,325.4	362,169	29,488	324,675	686,844	7.00
HOISINGTON		D0431	730.0	79,504	33,648	62,597	142,101	5.79
BOURBON	006							
FT SCOTT		D0234	2,020.0	219,998	20,431	286,402	506,400	12.27
UNIONTOWN		D0235	490.0	53,366	21,654	65,314	118,680	11.18
BROWN	007							
MIAMATHA		D0415	1,250.0	136,138	27,571	130,534	266,672	7.74
BROWN COUNTY		D0430	630.0	68,613	23,092	78,626	147,239	10.12
BUTLER	008							
LEON		D0205	730.0	79,504	25,421	83,049	162,553	8.76
REMINGTON-WHITEMATER		D0206	489.5	53,311	39,297	35,743	89,054	4.63
CIRCLE		D0375	1,260.0	137,227	38,966	93,067	230,294	4.69
ANDOVER		D0385	1,650.0	179,702	24,684	193,317	373,019	9.16
ROSE HILL PUBLIC SCHOOLS		D0394	1,400.0	152,474	13,731	294,773	447,247	23.27
DOUGLASS PUBLIC SCHOOLS		D0396	745.0	81,138	14,553	148,006	229,144	21.14
AUGUSTA		D0402	2,021.0	220,107	16,823	346,596	566,703	16.67
EL DORADO		D0490	2,020.0	219,998	28,213	205,798	425,796	7.47
FLINTHILLS		D0492	220.0	23,960	52,328	12,141	36,101	3.14
CHASE	009							
CHASE COUNTY		D0284	545.0	59,356	41,800	37,483	96,839	4.25

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CHAUTAUGIA	010						
CEDAR VALE	D0285	196.0	21,346	39,264	14,314	35,660	4.63
CHAUTAUGIA COUNTY COMMUNI	D0286	480.0	52,277	26,654	52,163	104,440	8.16
CHEROKEE	011						
RIVERTON	D0404	685.0	74,603	22,064	89,561	164,164	10.86
COLUMBUS	D0493	1,265.0	137,771	25,317	143,914	281,685	8.80
GALENA	D0499	730.0	79,504	8,089	260,923	340,427	57.65
BAXTER SPRINGS	D0508	875.0	95,296	14,308	176,804	272,100	21.73
CHEYENNE	012						
CHEYLIN	D0103	213.0	23,198	90,499	6,690	29,888	1.55
ST FRANCIS COMMUNITY SCHD	D0297	412.0	44,871	44,571	26,582	71,453	3.89
CLARK	013						
MINNEOLA	D0219	195.0	21,237	68,662	8,116	29,353	2.19
ASHLAND	D0220	247.0	26,901	114,996	6,079	32,980	1.16
CLAY	014						
CLAY CENTER	D0379	1,547.5	168,538	22,853	195,762	364,300	10.30
CLOUD	015						
CONCORDIA	D0333	1,365.0	148,662	22,165	178,468	327,130	10.81
SOUTHERN CLOUD	D0334	256.0	27,881	41,913	17,608	45,489	4.24
COFFEY	016						
LEBO-WAVERLY	D0243	481.0	52,386	26,477	52,273	104,659	8.22
BURLINGTON	D0244	884.6	96,342	564,390	4,508	100,850	0.20
LERDY-GRIDLEY	D0245	316.0	34,416	42,245	21,463	55,879	4.19
COMANCHE	017						
COMANCHE COUNTY	D0300	415.0	45,198	71,073	16,912	62,110	2.11
COMLEY	018						
CENTRAL	D0462	380.0	41,386	28,569	38,392	79,778	7.35
UDALL	D0463	365.0	39,752	21,049	50,201	89,953	11.71
WINFIELD	D0465	2,363.0	257,354	21,988	310,963	568,317	10.94
ARKANSAS CITY	D0470	3,170.0	345,245	18,411	497,896	843,141	14.45
DEXTER	D0471	155.0	16,881	36,158	12,370	29,251	5.22
CRAWFORD	019						
NORTHEAST	D0246	587.0	63,930	16,109	105,157	169,087	17.88
CHEROKEE	D0247	774.0	84,296	21,280	105,140	189,436	11.50
GIRARD	D0248	1,075.0	117,078	19,321	160,631	277,709	13.37
FRONTENAC PUBLIC SCHOOLS	D0249	471.0	51,297	18,582	73,175	124,472	14.22
PITTSBURG	D0250	2,745.0	298,958	20,403	389,199	688,157	12.29

COUNTY NAME	#	(1)	(2)	(3)	(4)	(5)	(6)
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DECATUR	020						
OBERLIN	D0294	605.0	65,891	39,594	44,173	110,064	4.59
PRAIRIE HEIGHTS	D0295	121.0	13,178	47,903	7,293	20,471	3.53
DICKINSON	021						
SOLOMON	D0393	327.0	35,614	33,720	28,042	63,656	5.77
ABILENE	D0435	1,370.0	149,207	23,468	168,654	317,861	9.89
CHAPMAN	D0473	1,195.0	130,147	30,607	112,620	242,767	6.64
RURAL VISTA	D0481	362.0	39,425	36,513	28,586	68,011	5.15
HERINGTON	D0487	578.5	63,004	20,261	82,514	145,518	12.42
DONIPHAN	022						
MATHENA	D0406	520.0	56,633	13,618	110,370	167,003	23.58
HIGHLAND	D0425	271.0	29,515	25,239	31,065	60,580	8.86
TROY PUBLIC SCHOOLS	D0429	371.0	40,406	16,333	65,517	105,923	17.48
MIDWAY SCHOOLS	D0433	195.0	21,237	40,179	13,907	35,144	4.49
ELWOOD	D0486	240.0	26,138	30,735	22,617	48,755	6.61
DOUGLAS	023						
BALDWIN CITY	D0348	985.0	107,276	20,886	136,315	243,591	11.84
EUDORA	D0491	820.0	89,306	14,492	163,602	252,908	21.28
LAWRENCE	D0497	8,225.0	895,785	34,608	684,336	1,580,121	5.55
EDWARDS	024						
KINSLEY-OFFERLE	D0347	404.2	44,021	43,304	26,769	70,790	4.04
LEWIS	D0502	177.0	19,277	87,491	5,858	25,135	1.62
ELK	025						
WEST ELK	D0282	450.0	49,010	33,327	38,969	87,979	5.87
ELK VALLEY	D0283	175.0	19,059	27,817	18,126	37,185	7.64
ELLIS	026						
ELLIS	D0388	360.0	39,208	43,910	23,534	62,742	3.97
VICTORIA	D0432	386.0	42,039	34,670	32,118	74,157	5.54
MAYS	D0489	3,490.0	380,096	29,929	337,783	717,879	6.87
ELLSWORTH	027						
ELLSWORTH	D0327	750.0	81,683	26,049	83,414	165,097	8.45
LORRAINE	D0328	480.0	52,277	71,310	19,153	71,430	2.09
FINNEY	028						
HOLCOMB	D0363	700.0	76,237	148,498	13,075	89,312	0.86
GARDEN CITY	D0457	6,225.0	677,965	26,400	681,772	1,359,737	8.27
FORD	029						
SPEARVILLE-WINDHORST	D0381	246.0	26,792	34,412	20,673	47,465	5.61
DODGE CITY	D0443	4,170.0	454,155	29,108	414,219	868,374	7.15
BUCKLIN	D0459	305.0	33,218	42,201	20,716	53,934	4.19

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COUNTY NAME	#	(1)	(2)	(3)	(4)	(5)	(6)
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FRANKLIN	030						
WEST FRANKLIN	D0287	786.0	85,603	20,764	109,436	195,039	11.95
CENTRAL HEIGHTS	D0288	500.0	54,455	20,730	69,618	124,073	11.97
MELLSVILLE	D0289	733.0	79,831	19,398	108,910	188,741	13.27
OTTAWA	D0290	2,270.0	247,226	18,183	360,392	607,618	14.72
GEARY	031						
JUNCTION CITY	D0475	6,868.0	747,994	11,861	1,673,481	2,421,475	29.73
GOVE	032						
GRINNELL PUBLIC SCHOOLS	D0291	141.5	15,411	61,534	6,605	22,016	2.53
GRAINFIELD	D0292	186.0	20,257	57,864	9,161	29,418	2.73
QUINTER PUBLIC SCHOOLS	D0293	355.5	38,718	37,213	27,465	66,183	5.00
GRAHAM	033						
WEST GRAHAM-MORLAND	D0280	118.5	12,906	70,772	4,831	17,737	2.11
HILL CITY	D0281	524.5	57,123	42,704	35,183	92,306	4.12
GRANT	034						
ULYSSES	D0214	1,625.0	176,979	113,761	41,389	218,368	1.18
GRAY	035						
CIMARRON-ENSIGN	D0102	565.0	61,534	39,982	40,777	102,311	4.53
MONTEZUMA	D0371	205.0	22,327	54,735	10,791	33,118	2.95
COPELAND	D0476	125.0	13,614	92,078	3,931	17,545	1.52
INGALLS	D0477	230.0	25,049	53,539	12,302	37,351	3.03
GREELEY	036						
GREELEY COUNTY	D0200	346.0	37,683	73,960	13,516	51,199	2.00
GREENWOOD	037						
MADISON-VIRGIL	D0386	275.5	30,005	36,048	21,989	51,994	5.24
EUREKA	D0389	750.0	81,683	29,164	74,500	156,183	7.14
HAMILTON	D0390	127.5	13,886	54,571	6,716	20,602	2.96
HAMILTON	038						
SYRACUSE	D0494	407.0	44,326	96,882	12,098	56,424	1.43
HARPER	039						
ANTHONY-HARPER	D0361	1,050.5	114,410	38,633	78,482	192,892	4.75
ATTICA	D0511	210.0	22,871	55,248	10,876	33,747	2.91
HARVEY	040						
BURRTON	D0369	296.0	32,237	32,885	25,886	58,123	5.97
NEWTON	D0373	3,245.0	353,413	19,940	471,110	824,523	12.74
SEDGWICK PUBLIC SCHOOLS	D0439	415.0	45,198	16,591	72,233	117,431	17.06
HALSTEAD	D0440	750.0	81,683	27,072	80,231	161,914	7.97
HESSTON	D0460	725.0	78,960	29,560	70,790	149,750	6.99

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HASKELL	041							
SUBLETT		D0374	515.0	56,089	95,096	15,307	71,396	1.46
BATANTA		D0507	360.0	39,208	239,166	4,279	43,487	0.51
HODGEMAN 042								
JETHRE		D0227	244.0	26,574	61,665	11,394	37,968	2.52
HANSTON		D0228	153.0	16,663	61,917	7,149	23,812	2.51
JACKSON 043								
NORTH JACKSON		D0335	420.0	45,742	20,941	58,123	103,865	11.81
HOLTON		D0336	1,015.0	110,544	16,659	175,794	286,338	16.93
MAYETTA		D0337	765.5	83,371	14,033	157,931	241,302	22.46
JEFFERSON 044								
VALLEY FALLS		D0338	486.0	52,930	15,380	91,191	144,121	19.28
JEFFERSON COUNTY NORTH		D0339	460.0	50,099	19,262	69,126	119,225	13.46
JEFFERSON WEST		D0340	700.0	76,237	18,310	110,540	186,777	14.57
OSKALOOSA PUBLIC SCHOOLS		D0341	562.0	61,207	18,973	85,409	146,616	13.75
MCLOUTH		D0342	529.5	57,668	20,864	73,277	130,945	11.85
PERRY PUBLIC SCHOOLS		D0343	875.0	95,296	21,986	115,150	210,446	10.94
JEWELL 045								
WHITE ROCK		D0104	179.0	19,495	63,863	8,057	27,552	2.41
HANKATO		D0278	285.0	31,039	27,117	30,250	61,289	7.93
JEWELL		D0279	187.5	20,421	47,076	11,462	31,883	3.61
JOHNSON 046								
SOUTHEAST JOHNSON CO		D0229	9,025.0	982,913	53,881	482,724	1,465,637	3.01
SPRING HILL		D0230	1,250.0	136,138	18,109	199,515	335,653	14.83
GARDNER-EDGERTON-ANTIUCH		D0231	1,629.5	177,469	37,760	124,514	301,983	4.91
DESOTO		D0232	1,740.0	189,503	25,675	194,998	384,501	8.61
OLATHE		D0233	14,088.0	1,534,324	28,725	1,411,361	2,945,685	7.28
SHAWNEE MISSION PUBLIC SC		D0512	28,885.3	3,145,898	50,581	1,643,087	4,788,985	3.28
KEARNY 047								
LAKIN		D0215	700.0	76,237	195,453	10,103	86,340	0.63
DEERFIELD		D0216	252.0	27,445	192,598	3,634	31,079	0.64
KINGMAN 048								
KINGMAN		D0331	1,080.0	117,623	49,275	63,267	180,890	3.40
CUNNINGHAM		D0332	325.0	35,396	92,354	9,933	45,329	1.51
KIDWA 049								
GREENSBURG		D0422	405.0	44,109	51,452	22,694	66,803	3.21
MULLINVILLE		D0424	106.0	11,544	121,685	2,522	14,066	1.09
HAVILAND PUBLIC SCHOOLS		D0474	163.0	17,752	73,176	6,368	24,120	2.02

COUNTY NAME	DISTRICT NAME		(1)	(2)	(3)	(4)	(5)	(6)
		\$	EST. 9/20/90	EST. STATE AID AT 108.91 PER PUPIL	ASSESSED VALUATION PER PUPIL	EST. AID BASED ON ASSED VAL. AND ENROLL.	TOTAL (2 + 4)	MILL EQUIV.

LABETTE	050							
PARSONS	D0503		1,880.0	204,751	16,618	327,205	531,956	17.03
OSWEGO	D0504		459.5	50,044	22,457	59,294	109,338	10.60
CHETOPA	D0505		316.0	34,416	17,209	53,122	87,538	16.10
LABETTE COUNTY	D0506		1,625.5	177,033	17,573	267,732	444,765	15.57
LANE	051							
HEALY PUBLIC SCHOOLS	D0468		111.5	12,143	80,574	3,973	16,116	1.79
DIGHTON	D0482		390.0	42,475	50,986	21,853	64,328	3.24
LEAVENWORTH	052							
EASTON	D0449		660.0	71,881	21,378	89,094	160,975	11.41
LEAVENWORTH	D0453		4,295.1	467,779	22,521	550,627	1,018,406	10.53
BAGBOR-LINWOOD	D0458		1,264.0	137,662	19,249	189,947	327,609	13.47
TONGANOXIE	D0464		1,350.0	147,029	18,634	209,745	356,774	14.18
LANSING	D0469		1,675.0	182,424	16,681	290,103	472,527	16.91
LINCOLN	053							
LINCOLN	D0298		424.5	46,232	37,269	32,797	79,029	5.00
SYLVAN GROVE	D0299		210.0	22,871	44,519	13,350	36,421	3.90
LINN	054							
PLEASANTON	D0344		400.0	43,564	16,936	68,260	111,824	16.51
JAYHAWK	D0346		540.0	58,811	27,841	55,932	114,743	7.63
PRAIRIE VIEW	D0362		840.0	91,484	128,544	18,542	110,026	1.02
LOGAN	055							
DAKLEY	D0274		480.0	52,277	52,656	26,081	78,358	3.10
TRIPLAINS	D0275		111.5	12,143	101,855	3,124	15,267	1.34
LYON	056							
NORTH LYON COUNTY	D0251		698.0	76,019	27,190	74,075	150,094	7.91
SOUTHERN LYON COUNTY	D0252		530.0	57,722	28,206	54,446	112,168	7.50
EMPORIA	D0253		4,550.0	495,541	20,042	656,702	1,152,243	12.64
MARION	057							
CENTRE	D0397		300.0	32,673	42,981	20,121	52,794	4.09
PEABODY-BURNS	D0398		390.0	42,475	30,117	37,415	79,890	6.80
MARION	D0408		574.0	62,514	26,638	62,376	124,890	8.17
DURHAM-HILLSBORO-LEHIGH	D0410		593.0	64,584	32,028	53,368	117,952	6.21
GOESBEL	D0411		263.0	28,643	25,931	29,248	57,891	8.49
MARSHALL	058							
MARYSVILLE	D0364		975.0	106,187	29,732	94,366	200,553	6.92
VERMILLION	D0380		604.0	65,782	30,362	57,435	123,217	6.72
AXTELL	D0488		331.0	36,049	36,857	25,852	61,901	5.07
VALLEY HEIGHTS	D0498		438.0	47,703	24,712	51,314	99,017	9.15

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MCPHERSON	059						
LINDSBORG	D0400	845.0	92,029	31,584	77,480	169,509	6.35
MCPHERSON	D0418	2,415.0	263,018	32,669	213,235	476,253	6.04
CANTON-GALVA	D0419	400.0	43,564	34,222	33,620	77,184	5.64
MOUNDRIE	D0423	425.0	46,287	39,376	31,031	77,318	4.62
INNAN	D0448	410.0	44,653	33,951	34,809	79,462	5.71
MEADE	060						
FOWLER	D0225	144.0	15,683	75,632	5,502	21,185	1.95
MEADE	D0226	403.5	43,945	104,501	10,961	54,906	1.30
MIAMI	061						
OSAWATOMIE	D0367	1,120.0	121,979	17,441	185,422	307,401	15.74
PAOLA	D0368	1,627.0	177,197	23,925	196,144	373,341	9.59
LOUISBURG	D0416	1,102.0	120,019	22,954	138,472	258,491	10.22
MITCHELL	062						
MACONDA	D0272	568.5	61,915	27,673	59,371	121,286	7.71
BELOIT	D0273	775.0	84,405	31,936	69,745	154,150	6.23
MONTGOMERY	063						
CANEY VALLEY	D0436	758.0	82,554	21,188	103,612	186,166	11.59
COFFEYVILLE	D0445	2,710.0	295,146	21,566	363,525	658,671	11.27
INDEPENDENCE	D0446	2,350.0	255,939	23,264	291,292	547,231	10.01
CHERRYVALE	D0447	627.0	68,287	15,006	120,838	189,125	20.10
MORRIS	064						
MORRIS COUNTY	D0417	1,035.0	112,722	28,357	105,446	218,168	7.43
MORTON	065						
ROLLA	D0217	220.0	23,960	280,851	2,241	26,201	0.42
ELKHART	D0218	583.0	63,495	75,708	22,278	85,773	1.94
NEMAHA	066						
SABETHA	D0441	1,006.1	109,574	25,972	111,898	221,472	8.48
NEMAHA VALLEY SCHOOLS	D0442	380.0	41,386	39,730	27,423	68,809	4.56
B & B	D0451	226.0	24,614	28,779	22,643	47,257	7.27
NEOSHO	067						
ERIE-ST PAUL	D0101	1,095.0	119,256	20,310	156,182	275,438	12.39
CHANUTE PUBLIC SCHOOLS	D0413	1,816.0	197,781	19,149	274,439	472,220	13.58
NESS	068						
NEB TRES LA GO	D0301	80.0	8,713	112,602	2,038	10,751	1.19
SMOXY HILL	D0302	195.0	21,237	60,292	9,271	30,508	2.59
NESS CITY	D0303	332.0	36,158	58,381	16,352	52,510	2.71
BAZINE	D0304	120.0	13,069	72,456	4,788	17,857	2.05

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NORTON 069							
NORTON COMMUNITY SCHOOLS	D0211	713.5	77,707	20,842	98,739	176,446	11.87
NORTHERN VALLEY	D0212	173.0	18,841	39,269	12,633	31,474	4.63
WEST SOLOMON VALLEY SCHOO	D0213	102.0	11,109	72,693	3,982	15,091	2.04
OSAGE 070							
OSAGE CITY	D0420	610.0	66,435	20,572	85,452	151,887	12.10
LYNDON	D0421	400.0	43,564	20,645	56,034	99,598	12.06
SANTA FE TRAIL	D0434	1,245.0	135,593	13,916	258,970	394,563	22.77
BURLINGAME PUBLIC SCHOOLS	D0454	347.0	37,792	15,171	66,290	104,082	19.77
MARAI DES CYGNES VALLEY	D0456	296.0	32,237	20,998	40,710	72,947	11.74
OSBORNE 071							
OSBORNE COUNTY	D0392	460.0	50,099	30,090	44,131	94,230	6.81
OTTAWA 072							
NORTH OTTAWA COUNTY	D0239	630.0	68,613	32,039	56,696	125,309	6.21
TWIN VALLEY	D0240	467.0	50,861	27,104	49,565	100,426	7.93
PAWNEE 073							
FT LARNED	D0495	1,108.6	120,738	34,724	92,235	212,973	5.53
PAWNEE HEIGHTS	D0496	155.5	16,936	75,212	5,943	22,879	1.96
PHILLIPS 074							
EASTERN HEIGHTS	D0324	160.0	17,426	38,773	11,954	29,380	4.74
PHILLIPSBURG	D0325	705.0	76,782	32,004	63,446	140,228	6.22
LOGAN	D0326	215.0	23,416	58,490	10,587	34,003	2.70
POTTAWATOMIE 075							
WAMEGO	D0320	1,300.0	141,583	18,390	204,185	345,768	14.46
KAW VALLEY	D0321	975.0	106,187	223,342	12,421	118,608	0.54
OHAGA-HAVENSVILLE-WHEATON	D0322	437.5	47,648	24,959	50,516	98,164	8.99
WESTMORELAND	D0323	628.0	68,395	17,128	106,100	174,495	16.22
PRATT 076							
PRATT	D0382	1,346.0	146,593	30,451	127,987	274,580	6.70
SKYLINE SCHOOLS	D0438	365.0	39,752	60,603	17,354	57,106	2.58
RAWLINS 077							
HERNDON	D0317	72.0	7,842	67,735	3,056	10,898	2.23
ATWOOD	D0318	482.5	52,549	35,489	39,326	91,875	5.37
RENO 078							
HUTCHINSON PUBLIC SCHOOLS	D0308	4,950.0	539,105	28,611	500,103	1,039,208	7.34
NICKERSON	D0309	1,400.0	152,474	27,970	145,009	297,483	7.60
FAIRFIELD	D0310	467.0	50,861	50,199	26,565	77,426	3.30
PRETTY PRAIRIE	D0311	257.5	28,044	41,379	17,931	45,975	4.31
HAVEN PUBLIC SCHOOLS	D0312	1,160.0	126,336	30,213	110,302	236,638	6.75

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RENO	078							
BURLER		D0313	2,118.0	230,671	26,183	233,764	464,435	8.37
REPUBLIC	079							
PIKE VALLEY		D0426	262.0	28,534	40,348	18,686	47,220	4.47
BELLEVILLE		D0427	619.5	67,470	32,918	54,175	121,645	5.97
CUBA		D0455	131.5	14,322	47,636	7,930	22,252	3.55
RICE	080							
STERLING		D0376	530.0	57,722	29,315	52,197	109,919	7.07
CHASE		D0401	180.0	19,604	73,265	7,030	26,634	2.02
LYONS		D0405	814.0	88,653	27,060	87,073	175,726	7.98
LITTLE RIVER		D0444	385.0	41,930	57,414	19,289	61,219	2.77
RILEY	081							
RILEY COUNTY		D0378	560.0	60,990	19,271	84,153	145,143	13.45
MANHATTAN		D0383	6,150.0	669,797	25,854	689,218	1,359,015	8.55
BLUE VALLEY		D0384	283.0	30,822	29,474	27,635	58,457	7.01
ROOKS	082							
PALCO		D0269	180.0	19,604	80,908	6,418	26,022	1.79
PLAINVILLE		D0270	470.0	51,188	48,989	27,533	78,721	3.42
STOCKTON		D0271	399.0	43,455	48,462	23,713	67,168	3.47
RUSH	083							
LACROSSE		D0395	322.0	35,069	66,678	13,941	49,010	2.28
OTIS-BISON		D0403	350.0	38,119	43,335	23,178	61,297	4.04
RUSSELL	084							
PARADISE		D0399	162.0	17,643	102,471	4,542	22,185	1.34
RUSSELL COUNTY		D0407	1,240.0	135,048	44,719	80,010	215,058	3.88
SALINE	085							
SALINA		D0305	6,840.0	744,944	25,194	783,967	1,528,911	8.87
SOUTHEAST OF SALINE		D0306	604.0	65,782	49,263	35,386	101,168	3.40
ELL-SALINE		D0307	360.0	39,208	21,685	47,985	87,193	11.17
SCOTT	086							
SCOTT COUNTY		D0466	1,055.0	114,900	39,308	77,030	191,930	4.63
SEDGWICK	087							
WICHITA		D0259	44,350.0	4,830,159	32,889	3,878,274	8,708,433	5.97
DERBY		D0260	5,930.0	645,836	18,681	916,292	1,562,128	14.10
HAYSVILLE		D0261	3,390.0	369,205	15,604	627,428	996,633	18.84
VALLEY CENTER PUBLIC SCHO		D0262	2,125.0	231,434	15,731	389,691	621,125	18.58
MULVANE		D0263	1,890.0	205,840	12,332	442,872	648,712	27.83
CLEARWATER		D0264	980.0	106,732	26,094	108,163	214,895	8.40
GODDARD		D0265	1,970.0	214,553	22,811	249,207	463,760	10.32

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SEDGWICK	087							
MAIZE		D0266	2,560.0	278,810	14,625	506,412	785,222	20.97
RENNICK		D0267	1,410.0	153,563	26,050	156,819	310,382	8.45
CHENEY		D0268	530.5	57,777	25,463	60,355	118,132	8.75
SEWARD	088							
LIBERAL		D0480	3,520.0	383,363	30,288	334,710	718,073	6.74
KISHET-PLAINS		D0483	570.0	62,079	65,949	24,680	86,759	2.31
SHAWNEE	089							
SEAMAN		D0345	3,250.0	353,958	30,473	309,036	662,994	6.69
SILVER LAKE		D0372	605.0	65,891	17,139	102,220	168,111	16.21
AUBURN WASHBURN		D0437	3,955.0	430,739	33,730	339,142	769,881	5.77
SHAWNEE HEIGHTS		D0450	3,353.0	365,175	20,891	464,012	829,187	11.84
TOPEKA PUBLIC SCHOOLS		D0501	14,075.7	1,532,984	32,890	1,230,880	2,763,864	5.97
SHERIDAN	090							
HOXIE COMMUNITY SCHOOLS		D0412	520.0	56,633	42,948	34,877	91,510	4.10
SHERMAN	091							
GOODLAND		D0352	1,185.0	129,058	38,674	88,534	217,592	4.75
SMITH	092							
SMITH CENTER		D0237	640.0	69,702	33,885	54,336	124,038	5.72
WEST SMITH COUNTY		D0238	211.5	23,034	33,581	18,135	41,169	5.80
STAFFORD	093							
STAFFORD		D0349	283.0	30,822	51,772	15,622	46,444	3.17
ST JOHN-HUDSON		D0350	440.0	47,920	54,763	23,161	71,081	2.95
HACKSVILLE		D0351	284.5	30,985	107,708	7,488	38,473	1.26
STANTON	094							
STANTON COUNTY		D0452	510.0	55,544	130,339	11,258	66,802	1.00
STEVENS	095							
HOSGOW PUBLIC SCHOOLS		D0209	159.0	17,317	452,849	942	18,259	0.25
HUGOTON PUBLIC SCHOOLS		D0210	900.0	98,019	224,073	11,462	109,481	0.54
SUMNER	096							
WELLINGTON		D0353	1,912.0	208,236	19,453	284,075	492,311	13.24
CONWAY SPRINGS		D0356	477.0	51,950	24,834	55,482	107,432	9.07
BELLE PLAINE		D0357	712.0	77,544	15,336	134,193	211,737	19.39
OXFORD		D0358	420.0	45,742	25,627	47,425	93,167	8.66
ARGONIA PUBLIC SCHOOLS		D0359	210.0	22,871	48,186	12,480	35,351	3.49
CALDWELL		D0360	328.0	35,722	35,931	26,455	62,177	5.28
SOUTH HAVEN		D0509	233.0	25,376	33,547	19,977	45,353	5.80

COUNTY NAME	#	(1)	(2)	(3)	(4)	(5)	(6)
DISTRICT NAME	#	EST. 9/20/90 ENROLLMENT	EST. STATE AID AT 108.91 PER PUPIL	ASSESSED VALUATION PER PUPIL	EST. AID BASED ON ASSED VAL AND ENROLL.	TOTAL (2 + 4)	MILL EQUIV.

THOMAS	097						
BREMSTER		D0314 142.5	15,320	78,717	5,204	20,724	1.85
COLBY PUBLIC SCHOOLS		D0315 1,253.0	136,464	32,137	112,764	249,228	6.19
GOLDEN PLAINS		D0316 137.5	14,975	65,258	6,070	21,045	2.35
TREGO	098						
WAKEENEY		D0208 620.0	67,524	39,323	45,269	112,793	4.63
WABAUNSEE	099						
ALMA		D0329 532.1	57,931	30,472	50,600	108,531	6.69
WABAUNSEE EAST		D0330 582.0	63,386	24,823	67,691	131,077	9.07
WALLACE	100						
WALLACE COUNTY SCHOOLS		D0241 286.5	31,203	53,161	15,571	46,774	3.07
WESKAN		D0242 100.0	10,891	99,147	2,887	13,778	1.39
WASHINGTON	101						
NORTH CENTRAL		D0221 176.0	19,168	48,201	10,460	29,628	3.49
WASHINGTON SCHOOLS		D0222 410.0	44,653	25,288	46,644	91,297	8.81
BARNES		D0223 390.0	42,475	47,617	23,509	65,984	3.55
REPUBLICAN VALLEY		D0224 380.0	41,386	43,938	24,842	66,228	3.97
WICHITA	102						
LEDITI		D0467 580.0	63,168	47,146	35,454	98,622	3.61
WILSON	103						
ALTOONA-MIDWAY		D0387 376.5	41,005	25,841	42,195	83,200	8.55
NEDDESHA		D0461 725.0	78,960	19,027	110,183	189,143	13.71
FREDDNIA		D0484 874.0	95,187	26,032	97,202	192,389	8.46
WOODSON	104						
WOODSON		D0366 570.0	62,079	32,989	49,845	111,924	5.95
WYANDOTTE	105						
TURNER-KANSAS CITY		D0202 3,800.0	413,858	22,466	487,156	901,014	10.55
PIPER-KANSAS CITY		D0203 1,050.0	114,356	18,404	164,918	279,274	14.45
BONNER SPRINGS		D0204 2,100.0	228,711	25,409	238,909	467,620	8.76
KANSAS CITY		D0500 21,367.9	2,327,178	20,911	2,957,042	5,284,220	11.83

STATE TOTALS		413,319.1	45,014,591	13,683,280	44,976,477	89,991,068	2,370.62

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Room 545-N - Statehouse

Phone 296-3181

February 8, 1990

TO: Representative Joan Wagon

Office No. 278-W

RE: Millage Equivalent for New LAVTRF Distribution

Enclosed is a modified version of the report that we sent you yesterday on the distribution of an extra \$90 million through the LAVTRF. The last column shows the number of mills equivalent to the extra amount distributed. Be advised, however, that any reduction in mill levy might well not be uniform throughout any county since each county's share is distributed by the county treasurer on the basis of the dollars of property taxes levied by each taxing subdivision. (This is a slight simplification -- the revenue must be shown on the budget as a reduction from a levy which is less than the maximum allowed. See K.S.A. 79-2961.)

I hope this information will be helpful to you. If I may be of further assistance, please contact me.



Thomas A. Severn
Principal Analyst

TAS/jar

Enclosure

LAVTRF Distributions

<u>County</u>	<u>\$126,000,000 Distributed</u>	<u>Base Amt. \$36,000,000 Distributed</u>	<u>Distribution of Extra \$90,000,000</u>	<u>Mills Equivalent</u>
Allen	\$688,288	\$199,583	\$488,706	8.55
Anderson	393,325	113,621	279,704	7.36
Atchison	782,927	234,679	548,248	9.77
Barber	397,190	114,911	282,279	4.82
Barton	1,561,054	464,473	1,096,581	6.77
Bourbon	682,085	200,183	481,902	9.08
Brown	556,858	164,429	392,429	7.06
Butler	2,283,820	642,711	1,641,109	7.62
Chase	174,099	50,970	123,129	5.41
Chautauqua	222,307	65,062	157,245	7.44
Cherokee	965,699	279,323	686,376	9.61
Cheyenne	209,891	61,870	148,021	4.98
Clark	195,225	56,589	138,637	3.96
Clay	435,995	127,640	308,355	7.69
Cloud	538,444	161,461	376,983	8.06
Coffey	1,929,050	550,248	1,378,802	2.63
Comanche	164,845	48,377	116,469	4.45
Cowley	1,655,432	473,724	1,181,708	8.64
Crawford	1,577,075	456,548	1,120,527	10.67
Decatur	230,176	68,121	162,055	5.72
Dickinson	937,706	276,661	661,045	7.85
Doniphan	411,761	121,235	290,526	8.36
Douglas	3,471,860	972,833	2,499,027	7.64
Edwards	256,921	75,215	181,706	4.55
Elk	172,431	50,765	121,667	7.30
Ellis	1,325,859	378,298	947,561	6.72
Ellsworth	345,299	101,999	243,300	5.66
Finney	1,845,217	520,954	1,324,263	4.89
Ford	1,341,029	383,570	957,459	6.35
Franklin	982,125	280,997	701,129	9.03
Geary	1,250,100	345,042	905,058	10.42
Gove	224,833	65,954	158,879	4.60
Graham	240,806	71,158	169,648	4.63
Grant	870,480	250,935	619,545	3.01
Gray	325,040	93,136	231,904	4.98
Greeley	140,760	41,444	99,316	3.88
Greenwood	407,158	119,817	287,341	6.66
Hamilton	206,700	61,063	145,637	3.69
Harper	426,206	124,124	302,082	5.36
Harvey	1,410,612	402,638	1,007,974	7.98
Haskell	482,233	139,022	343,211	3.05
Hodgeman	155,318	45,719	109,599	4.27

LAVTRF Distributions

County	\$126,000,000 Distributed	Base Amt. \$36,000,000 Distributed	Distribution of Extra \$90,000,000	Mills Equivalent
Jackson	517,503	149,234	368,269	8.99
Jefferson	726,829	203,670	523,159	8.77
Jewell	248,985	74,653	174,332	6.04
Johnson	18,505,183	5,136,082	13,369,101	5.40
Kearny	710,564	202,091	508,473	2.74
Kingman	533,250	156,463	376,787	5.01
Kiowa	274,708	80,111	194,597	4.13
Labette	1,084,221	312,040	772,181	10.22
Lane	166,494	48,862	117,632	4.40
Leavenworth	2,717,177	753,517	1,963,660	10.12
Lincoln	199,325	60,145	139,180	5.79
Linn	656,077	188,809	467,267	3.81
Logan	193,971	57,337	136,633	4.91
Lyon	1,553,506	446,762	1,106,745	8.81
Marion	624,393	189,022	435,371	7.31
Marshall	591,175	173,360	417,815	7.46
McPherson	1,376,340	393,232	983,109	6.48
Meade	378,547	110,310	268,237	3.66
Miami	1,069,943	303,933	766,010	7.88
Mitchell	363,502	106,062	257,441	7.25
Montgomery	1,818,908	530,590	1,288,318	9.14
Morris	323,358	94,407	228,952	6.56
Morton	447,012	128,197	318,816	3.01
Nemaha	539,070	158,330	380,741	6.88
Neosho	783,688	225,262	558,426	9.88
Ness	286,485	83,679	202,806	4.45
Norton	294,511	87,053	207,459	7.68
Osage	688,851	193,544	495,307	9.49
Osborne	264,028	78,533	185,494	6.94
Ottawa	303,877	88,706	215,171	6.36
Pawnee	414,448	120,341	294,107	5.71
Phillips	364,967	108,471	256,496	6.23
Pottawatomie	1,356,231	383,625	972,606	3.68
Pratt	575,239	164,231	411,008	5.56
Rawlins	220,641	64,849	155,792	5.10
Reno	3,110,911	897,237	2,213,674	7.33
Republic	351,790	104,434	247,355	6.77
Rice	601,969	175,623	426,346	5.80
Riley	2,540,422	684,310	1,856,112	11.03
Rooks	366,887	107,763	259,124	5.37
Rush	230,054	69,001	161,053	5.35
Russell	467,514	137,703	329,811	5.43

LAVTRF Distributions

<u>County</u>	<u>\$126,000,000 Distributed</u>	<u>Base Amt. \$36,000,000 Distributed</u>	<u>Distribution of Extra \$90,000,000</u>	<u>Mills Equivalent</u>
Saline	2,338,692	671,058	1,667,634	7.66
Scott	318,619	94,983	223,636	5.46
Sedgwick	18,785,510	5,291,516	13,493,994	7.23
Seward	1,093,160	310,982	782,178	5.12
Shawnee	7,909,253	2,318,344	5,590,908	7.12
Sheridan	205,250	60,435	144,815	4.76
Sherman	392,269	116,662	275,607	5.57
Smith	276,438	82,486	193,952	6.44
Stafford	361,348	105,829	255,519	4.42
Stanton	284,754	82,408	202,346	3.12
Stevens	969,230	277,217	692,013	2.68
Sumner	1,185,516	338,966	846,550	7.71
Thomas	472,171	135,742	336,428	5.49
Trego	230,525	67,840	162,685	5.21
Wabaunsee	327,214	94,555	232,658	7.08
Wallace	143,515	42,026	101,488	4.09
Washington	395,611	117,604	278,007	6.27
Wichita	180,047	53,271	126,776	4.79
Wilson	516,633	151,283	365,351	8.66
Woodson	209,306	61,712	147,594	6.59
Wyandotte	7,688,146	2,236,399	5,451,748	9.03
TOTAL	\$126,000,000	\$36,000,000	\$90,000,000	6.38

March 13,1990

Taxation Committee

HB3001

My name is Louis Klemp. I'm chairman of the Concerned taxpayers of Leavenworth County (CTLC).The bill before you that we are proponents for is HB3001. The bill is quite simple. (1) Remove all property taxes. (2) Replace the lost revenue with the existing sales tax of 4.25% by removing all existing exemptions and exclusions. (3) A cap of 3% spending by all governing bodies over the year before.

On presentation of SB656 several lobbyist spoke against the bill. We are not here to speak for one group. We are here to speak for many groups. We are homeowners, retirees, salaried individuals, business men and women,professionals, etc. The sales tax will be a sales tax not on wholesale items for resale.

The director of the Ks. Chamber of Business and Industry said it was a radical idea. Six states have no income tax and four have no sales tax. Those originally were radical ideas. The tax bills that alot of us received in December were radical. Most of the Bills and changes are bandaids and Constitutional changes. Our proposal does not require a Constitutional plus the disbursement proceedures are already in place; (1) LAVTR (2) School Equalization Act. Also most of the bills that have been presented, have given you no fair alternative

3/13/90

Attachment 3

resources. The reason we feel the removal of all exemptions and exclusions are needed is because after review of what should be exempt, (possibly four; food, shelter medical, clothing), of which we already pay on three, we find an unending list of what selfserving lobbyist think are essential. Read list given by Ed Rolfs report of 1/10/1990 and Tom Severns report of 1/28/1988. Millions of dollars would be save and much confusion eliminated by the removal of the all county appraisers offices and related expences. I just read of several new proposals talking about raising sales tax to 5.25% and 5.75%. How can one even talk about raising the sales tax when the present mess still exists. Please don't throw it back on the people to vote on, because it was misrepresented the last time we voted on it. Even Sen. Thiessen stated the other night that the results were not what any of you had anticipated. So if you can't get the proper information, please don't expect us voters to get the proper information.

We would appreciate more questions this time because we think that our bill deserves more consideration as a whole than the bits and pieces that are being taken from it.

March 13, 1990
Taxation Committee
H.B. 3001

My name is Phillip Urban, I am Vice Chairman of The Concerned Taxpayers Of Leavenworth County, (CTLTC). H.B. 3001 is the bill CTLTC has proposed, and now has the support of approximately 15 different county tax organizations. Most of these county tax organizations are made up from the 20 largest counties in our state. Hopefully March 18, 1990 we will have in place a 20 county coalition, that will make known the needs of the people to the legislators of these counties or districts.

The intent of H.B. 3001 is to remove property taxes, and replace property tax revenue with sales tax. Sales tax exemptions and exclusions removed from our current sales tax system, would broaden our tax base, and there should be no need for sales tax increases. Increases do not broaden, they shift. I think we have shifted enough already. The intent of this bill is sales tax at the final consumption point. Sales tax is not intended for manufacturing or wholesale. (Hopefully special interest lobbyist for manufacturing and wholesale operations will understand this, and stay home tomorrow, saving time for everyone).

There is also need for business to support the state they do business in, and profit from. This bill ask for a fair and equal business license fee for all businesses operating in the state of Kansas.

We also ask for a flat vehicle tag fee, based upon wholesale value of the vehicle to be taged.

It is necessary to limit all governing bodies to a 3% annual budget increase. I have given examples on the following pages.

3/13/90
Attachment 4

Positive And Negative Ways To Tax

Negative Tax Systems

Leavenworth County (Average Mill Levy)

$\$100,000.00 \times 12\% = \$12,000 \times 124.53 \text{ mill levy} = \1494.36 P.T.

Neosho County

$\$100,000.00 \times 12\% = \$12,000 \times 163 \text{ mill levy} = \1956.00 P.T.

Stevens County

$\$100,000.00 \times 12\% = \$12,000 \times 37.4 \text{ mill levy} = \448.80 P.T.

These 3 county examples do not represent a fair and equal taxing system.

Proposals Seen So Far

1% residential \$100,000 home = \$1000.00 P.T.

In order to make up lost revenue, we allow local entities to impose 1% earnings tax, 1% sales tax, 1% income on earning tax for school boards. These types of taxes at local levels would be necessary to produce lost revenues. Some of the smaller counties in the western part of the state, still could not generate enough revenue to off set their losses. If a county did use this system, a person owning a \$100,000.00 home might save \$500.00 or so, in property tax, but with a \$30,000.00 income a year this person would now be paying \$300.00 to local earnings tax, \$300.00 to school board earnings tax, and \$50.00 - \$100.00 a year due to increased sales tax. They are now paying more, than before they were helped. You have also allowed local entities more ways to tax, which means increases from more directions. Also any county with less than 100 mills P.T. will be increased. A 20% to 30% reduction in property taxes would also have the same effect as mentioned above. There is no positive way to approach property tax system.

Positive Tax System

Step 1

Remove all exemption and exclusions from the 4.25% state sales tax system.

Step 2

Instead of inventory tax, a state business license would be required of all retail, wholesale, manufacturing, and service type businesses. All Businesses generating less than \$250,000.00 per year gross, license fee would be \$100.00 - \$200.00 examples. All businesses generating more than \$250,000.00 would be charged in relationship to their productivity.

Example: Business generates \$20,000,000.00 license fee would be 1/10% or \$20,000.00. Using 2/10 % fee would be \$40,000.00 and so on. All business would share in a fair system based on their productivity. This would be a less burden on most businesses than having to pay real estate taxes and inventory taxes.

Step 3

Vehicles have no taxes, but vehicles would have a flat tag fee, based on their wholesale value.

Example: Vehicle value of \$0 to \$5,000.00 = \$100.00 tag fee. \$5001.00 to \$10,000.00 = \$150.00 tag fee. \$10,001.00 to \$15,000.00 = \$200.00 tag fee, and so on up the scale.

Step 4

Revenues collected by the state from steps 1,2,3 would be distributed to each county as follows:

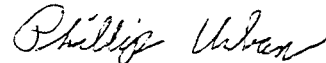
Example 1 : Leavenworth County 1989 taxes \$24,158,871.00 ÷ assessed value \$193,995,909.00 = 12.454%. This 12.454% x assessed value for Leavenworth county would be the formula for Leavenworth county. This is the amount paid to the county.

Example 2 : Pottawatomie County 1989 taxes \$16,866,025.00 ÷ assessed value \$264,350,682.00 = 6.385%. The 6.385% x assessed value for Pottawatomie County would be the formula for Pott. County.

Each county would have formulas derived from this method.

This approach to a property tax solution is progressive, and has no negative effect.

CTLC Vice Chairman



Phillip Urban

TESTIMONY BEFORE THE TAX COMMITTEE MARCH 13, 1990

My name is Jerry Soper, retired Air Force and FAA Pilot with 33 years of service. I live in Mission Township, Shawnee County and have been in Kansas since 1956.

Any increases in my retirement pay is based on the Consumer Price Index. The Consumer Price Index does not take into account real estate, income, personal property taxes, house and automobile insurance, which are my single biggest expenditures.

A 3 - 4 percent increase in my income does not compensate for the dramatic increase in property taxes for 1989.

I'm here to support HB 3001 which is purely an increase in consumption taxes and not a tax which is levied on what I have accumulated during my best earning years.

Thank You.


Mr. Jerry Soper

3/13/90
Attachment 5

To: The Honorable Kieth Roe and House Taxation Committee

My name is James Bates, I am President of the Cowley County Taxpayers Assn. and associated with the Concerned Taxpayers of Leavenworth County.

It is an honor to come before you today to ask for your support of HB3001. HB3001 offers the fundamental changes in our Kansas tax system that is needed today. Reappraisal and Classification as it stands, clearly demonstrates the future of our state will depend on bringing about a more equitable distribution of the tax burden. If we are to progress in the world today, and into the 21st Century, we must spread the tax base as broadly as we can, and, eliminate property taxes.

In Kansas today, 2 of our "American Dreams" are in jeopardy. One of our dreams are to own our homes, to live, and die in the home we have worked and slaved for. The 2nd dream is to be able to own and operate a small business of our choice.

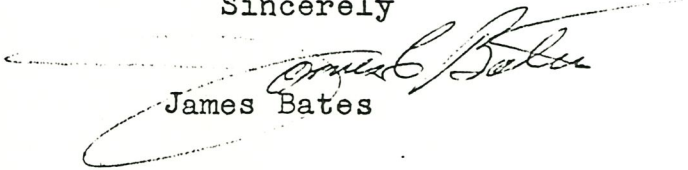
HB3001 offers the true relief needed for our citizens to progress. "Just Think", we would be able to remodel our homes and business without being penalized. This bill will enhance the beauty of our state.

If we are going to overhaul our tax system, then lets overhaul it and not just switch the bad parts to another location. In the beginning we were a property state, today, we are a service state. Let's tax according to what we are.

The suggested 3% cap on this bill is suggestive of the needs of our taxing entities to learn to control spending. If it is not mandated by law spending will never be controlled.

Thank you for your patience, and hopefully your support for HB3001.

Sincerely


James Bates

3/13/90

Attachment 6

Glenn Beason

To: Chairpreson Honorable Keith Roe & The House Taxation Committee.

Ladies and gentlemen, I am pleading with you today to eliminate all property taxes in Kansas pursuant to HB-3001 or any other bill advocating the elimination of all property taxes, Not a part of, but all property taxes out of our governmental system and then if additional revenues are needed replenish by other means of taxation.

I started working for the Santa Fe Railroad in Arkansas City in 1944 then retired in Illinois 3 years ago. The property taxes on my \$85,000 home had risen every year in the 8 years that I lived there from \$1200 to over \$3200 a year and the sales tax was 7%. Due to the heavy property tax burden we decided to move back to the Arkansas City area. We almost moved just across the state line into Oklahoma because property taxes were much less than in Kansas. I believe the property taxes in most of our bordering states are less than in Kansas.

If there were no property taxes in Kansas:

1. Businesses would certainly settle or choose Kansas to build, expand and grow creating more jobs.
2. Farmers whose land had been in their families for years would not have to lose or fear losing their farms for taxes when the bad years hit them.
3. Property owners could and would improve and/or build without tax increases. Currently, many do nothing because to improve means higher taxes to pay for years.
4. The elderly and widows on small social security pensions will not lose their homes due to high taxes and go on state welfare, or even have to worry about losing their homes which they desperately want to keep.

3/13/90

Attachment 7

5. Many people young and old would buy and own their own home increasing sales all over the state.
6. No \$100 million reappraisals.
7. No need for an office of State Board of Tax Appeals with its staff and equipment.
8. Think of the savings in each of the 105 counties because there would be no County Assessors, their personnel and equipment. Also, this would eliminate discrepancies by unfair and unequal assessment of homes and businesses because of power, influence, attorneys for businesses who appeal, friendship, etc.
9. Tremendous savings in record keeping and forms to fill out all over the State.
10. LOTTERY MONEY-30% of millions of dollars now designated for reappraisal costs back to the counties instead could go for education. Even 100% of the Lottery millions could be used for education since business would be enhanced by no property taxes.
11. Time saving and less headaches to our legislative body.

Can you grasp the enormous amount of savings to be gained by eliminating all property taxes. The total may offset the current revenue received from property taxes, however, to realize such savings you must not allow any portion of property taxes to remain whether it is a rollback of 10%, 20% or only 1% because all the bureaucracy would have to remain in place to handle it.

The above listing would be only a few of the benefits derived from eliminating property taxes that my limited time allows me to speak or expound upon.

Presently, the property owners shoulder the heavy tax burden but if the property tax was removed then all people whether they own property or not would share the cost of governing, educating and living in Kansas.

Ladies and gentlemen of this committee, the tremendous task set before you is being closely followed by not only the people of Kansas but by legislators and people of our neighboring states as well as the legislators in the Congress of these United States. You have a great opportunity to change the ways and means of taxation that could influence the whole country in the years ahead if you completely eliminate the regressive, repressive, unequal and prejudicial property tax system in the State of Kansas. What a challenge and opportunity that may never come again in your or my lifetime, but, it will take courage, will power and strong fortitude to do so. In a way I envy you this great opportunity to help all the people and influence the history of this state.

Eliminate all property taxes and watch Kansas prosper and grow. Please, don't let us down.

I sincerely thank you.

Glenn I. Burns
906 North Summit Street
Arkansas City, Kansas 67005

March 13, 1990

To: Chairperson, House Taxation Committee

I appreciate being able to appear before you to speak as a proponent of HB 3001. My name is Joe Scammey and I'm a farmer/stockman from Montgomery county. I am a member of the Concerned Montgomery County Citizens Committee. The goal of CMCC is to work in a coalition with other counties to support this bill for fairer taxation for all Kansans.

What we are proposing in HB 3001 is the elimination of all property tax and substituting the loss of revenues by removing all exemptions and exclusions in our current sales tax system. As it stands today, property tax penalizes individuals as well as businesses to make property improvements -- it's a negative incentive. On the other hand HB 3001 would provide a positive incentive for business individual improvement because of one having the realization taxes would not go on inperpetuity.

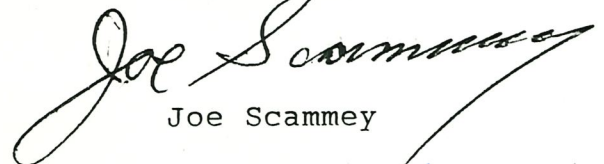
Additionally, I feel HB 3001 will provide a growth income for the state. Reasoning leads one to conclude it will allow for a multiplier effect -- and in the long run -- for a better Kansas economy.

The home rule law should be eliminated as an option for local entities and the 3% lid should be placed on spending growth.

This bill would allow for a more uniform vehicle registration instead of the inequities which now exist.

In conclusion, this bill would make taxation fairer to all Kansans -- we are a service and sales society -- no longer are we a property society. The present form of taxation has outlived its usefulness -- we need HB 3001 for a better Kansas.

Member CMCC


Joe Scammey

3/13/90

Attachment 8

TO: HOUSE TAXATION COMMITTEE

DATE: March 13, 1990

FROM: KANSANS FOR FAIR TAXATION, INC.

Dan Samek, President
Sandy Igenthron, Secretary
Larry Fischer, D.V.M., Treasurer

COALITION:

Cowley County Taxpayers Association--Jim Bates
RR 4 Bx 464 Arkansas City
Home Owner's Trust--Sedgewick County--Roger Grund
949 Parklane, Wichita
Concerned Taxpayers of Leavenworth County--Phil Urban
Concerned Citizens for Responsible Government--G.T. Soper
Concerned Citizens of Montgomery County--Bob Pierce
Box 903, Independence
Citizens for Fair Taxation--Vern Osborne
Rt 1 Box 384, St. George

Wyandotte County

Sandra Watson
1221 Central
Kansas City, KS

Norman Schoneman

Harvey County

Dan Martel
618 S.E. 2nd
Newton, KS 67114

Riley County

Linda Ferguson
3003 Anderson
Manhattan, KS 66502

Reno County

James Patterson
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Saline County

Mike Scriven
Salina, KS 913-827-6298

For County Taxpayer Association

Isaac Sanchez
1208 F Ave
Dodge City, KS 67801

3/13/90

Attachment 9

Honorable Members of the House Taxation Committee,

Kansans for Fair Taxation, Inc. representing a local group of concerned taxpayers, as well as a coalition of 13 counties, is in SUPPORT of HB 3001. It is a POWERFUL BILL, as mentioned in the accompanying outline, allowing legislators to get a "handle" on the present situation and deal from a POSITION OF POWER with special interest groups throughout the state. By acting from the advantageous position of giving back exemptions, rather than taking away, you as legislators would be able to move more efficiently through the complex world of politics. "Much of the sales tax base erosion has been through the exemption of consumption purchases in an effort to reduce regressivity of sales tax...virtually all are costly and involve greater revenue loss than other alternatives for relieving regressivity." IV.H.1. outline. Whenever an EXEMPTION is granted, it gives a "tax break" to a certain entity which must be MONITORED, which REDUCES the overall tax EFFICIENCY, and it must necessarily reduce the tax base which SHIFTS an equivalent amount of tax to some other entity. "Legislators and governors can find an almost endless set of noble or pragmatic consumer purchase EXEMPTIONS; taken together, nibble by nibble from the (tax) base, they create a tapestry of DISCRIMINATION, exaggerated by HIGH statutory RATES and COMPLICATED COLLECTION....UNFORTUNATELY, state SALES TAXATION in recent years has followed a policy of a NARROWER base and a HIGHER statutory rate". IV.H.2. outline.

We have all heard that sales tax is a regressive tax on the poor because they must pay more percentage-wise for necessities than the more affluent of our society. However, we must remember that, according to the literature, "in most states, the HEAVIEST TAX BURDENS BORNE BY LOW INCOME HOUSEHOLDS are those that RESULT FROM PROPERTY TAXES". III.A.1.a. outline. Additionally, the regressivity of sales tax is more easily addressed through existing programs, such as the E.I.T.C. (Earned Income Tax Credit), than the regressivity of property taxes. Remember, business property taxes are being paid by the consumer also, but are not visible as such to the public.

Sales tax is a consumptive tax. As far as the individual is concerned, it is one of the fairest taxes and is viewed as such in the literature. As far as business is concerned, it is a collected tax when applied to retail sales and therefore will never exceed the ability to pay. In contrast, PROPERTY TAX CAN EXCEED one's ability to pay, is subject to gross INACCURACY, DELINQUENCY, and MILL LEVY CREEP. III.C.1., VI.A.1. outline. Additionally, classification of property creates "class warfare" from a tax standpoint; I hope we all agree such is NOT a good function of government!

The TAXATION OF SERVICES, according to the literature, will become MORE PREVALENT in the future. In Kansas, the future is now. "There is NO reason why private purchases of services should be treated differently from purchases of tangible personal property". IV.M.1 outline. It is a well known fact that whereas wealth used to be concentrated in the ownership of property, much of that wealth has now shifted to service businesses. TO ENCOURAGE THE CONSUMPTION OF SERVICES AND DISCOURAGE THE CONSUMPTION OF MANUFACTURED GOODS THROUGH A TAX SYSTEM IS AN UNFAIRNESS OF IMMENSE PROPORTIONS. IV.M.2 outline.

Kansans For Fair Taxation, Inc. would suggest the following AMENDMENTS to HB 3001:

1. Allow ALL sales tax exempt businesses affected by this bill to come before the legislature to ask for re-exemption. The legislature should establish the amount below which no further exemptions would be allowed thereby guaranteeing property tax relief in measurable quantity. It will take legislators of vision and fortitude to move forward with these concepts. Any re-allowed exemptions should, as a matter policy, be under a "Sundown Provision". Remember, a "do nothing" or "bandaid" scenario is not acceptable to the voters of Kansas.

2. All money MUST be sequestered "DOLLAR-FOR DOLLAR" for Ad Valorem Tax reduction.

3. All money must be redistributed through the LAVTRF or School Equalization Act or other similar formulae.

4. If property taxes remain, there must be a lid placed on them and the mill levy system eliminated. We must tax on a percent of actual value. This will probably have to be done through a Constitutional Amendment. HB 3001 is a statutory change and can be enacted rapidly which would allow immediate relief plus allow constructive time for development of a well documented and accurate amendment.

5. Groups hit hardest by classification should received the highest percentage relief. A scale for such relief should be developed.

BRIEFLY, ALL TAXATION PROBLEMS PERCEIVED TO BE CREATED BY THESE BILLS CAN BE ANSWERED IF THE TIME IS TAKEN TO ADDRESS THEM. AFFECTED BUSINESSES NEED TO REALIZE THEIR PROPERTY TAX BURDEN, WHICH IS ARBITRARY AND UNRELENTING IN GOOD AND BAD TIMES, WOULD BE REDUCED DRAMATICALLY. THEIR TAXATION WOULD BE BASED ON "USE" OR "PRODUCTIVITY".

The NUMBERS are there, the PHILOSOPHY is there, the FAIRNESS is there. We ask that members of this committee VOTE FAVORABLY to move this bill onto the house floor for debate.

HOUSE TAXATION COMMITTEE --- HB 3001

THE FOLLOWING INFORMATION IS PRESENTED IN OUTLINE FORM. DOCUMENTATION IS PROVIDED BY PAGE FOLLOWED BY A NUMBER REPRESENTING THE REFERENCE. WE REALIZE THE TIME FACTOR INVOLVED IN INFORMING ONESELF ABOUT MANY AND DIVERSE TOPICS. KANSANS FOR FAIR TAXATION, INC. HOPES THIS PRESENTATION WILL AID YOU IN BECOMING MORE AWARE OF PROGRESSIVE PROPERTY TAX SCENARIOS ON A TIME-BENEFIT BASIS.

REFERENCES:

- 1 "THE UNFINISHED AGENDA OF STATE TAX REFORM", EDITED BY STEVEN D. GOLD, NATIONAL CONFERENCE OF STATE LEGISLATORS, NOVEMBER 1988.
- 2 "REFORMING STATE TAX SYSTEMS", EDITED BY STEVEN D. GOLD, NATIONAL CONFERENCE OF STATE LEGISLATORS, DECEMBER 1986.
- 3 "I'M MAD AS HELL", HOWARD JARVIS, TIMES BOOKS, 1979.
- 4 "ORIGIN OF CLASSIFICATION AND REAPPRAISAL IN KANSAS, PART 1", STATE OF KANSAS, JANUARY 10, 1990.

XX

I. STATE AND LOCAL TAX POLICY MAKERS MUST CHOOSE BETWEEN TWO COMPETING VISIONS OF WHAT IS CONSTRUCTIVE TAX POLICY. THEY MUST REALIZE IT CANNOT BE BOTH WAYS.

A. STATIC AND REDISTRIBUTIONIST

1. "THIS VIEW OF DESIRABLE TAX POLICY IS CLOAKED IN THE RHETORIC OF FAIRNESS AND EQUITY AND CONCENTRATES ON THE IMPACT THAT ANY PARTICULAR TAX PROVISION WOULD HAVE ON INCOME DISTRIBUTION". P 219 1
2. SEEKS TO TAX BUSINESS AND AFFLUENT
3. DESTROYS JOBS

B. DYNAMIC AND PROGRESSIVE

1. "LEAST IMPEDES ECONOMIC PROGRESS AND HAS THE LEAST HARMFUL IMPACT ON ORDINARY PEOPLE'S STANDARD OF LIVING". P. 219 1

II. "THERE IS A STRONG INVERSE RELATIONSHIP BETWEEN TAX BURDEN AND ECONOMIC PERFORMANCE". P. 221 1

- A. "COUNTRIES THAT HAD LOW TAXES, SUCH AS THE PACIFIC RIM COUNTRIES, HAVE PROSPERED. COUNTRIES THAT PURSUED HIGH-TAX POLICIES USUALLY HAVE REMAINED POOR." P. 220 1

III. PROPERTY TAX

A. DISCUSSION

1. PROPERTY TAX IS THE MOST UNPOPULAR OF TAXES
 - a. IT IS LOOKED UPON AS UNFAIR AND REGRESSIVE
 - (1) "IN MOST STATES, THE HEAVIEST TAX BURDENS BORNE BY LOW INCOME HOUSEHOLDS ARE THOSE THAT RESULT FROM PROPERTY TAXES". P. 171 1
 - (2) THEY ARE "INHERENTLY UNFAIR BECAUSE THEY HAVE LITTLE OR NO RELATION TO THE PROPERTY OWNER'S ABILITY TO PAY". P. 283 3
 - (3) DISCOURAGES IMPROVEMENTS ON PROPERTY. P. 42 2
 - (4) ENCOURAGES FLIGHT FROM CENTRAL CITIES. P. 42 2

9.4

B. FACTORS CAUSING TREND TOWARD DECLINE IN USE OF PROPERTY TAXES
P. 42 2

1. SELF IMPOSED DISCIPLINE BY LOCAL OFFICIALS CONCERNED THAT INDIVIDUALS AND BUSINESSES WERE BEING DRIVEN AWAY BY HIGH PROPERTY TAX.
2. VOTER-IMPOSED RESTRAINTS SUCH AS PROPOSITION 13 IN CALIFORNIA AND PROPOSITION 2 1 2 IN MASSACHUSETTS.
3. GREATER ELASTICITY OF OTHER REVENUE RESOURCES SUCH AS SALES AND INCOME.
4. INCREASED STATE AID FOR EDUCATION (CENTRALIZATION).

C. APPRAISAL OF PROPERTY IS SUBJECTIVE AND INACCURATE

1. "NO ASSESSMENT IN THE PREVIOUS 100 YEARS HAD ATTAINED EVEN APPROXIMATE EQUALITY OF ASSESSMENT BETWEEN STATE OR LOCAL ASSESSED PROPERTIES, AMONG CLASSES OF PROPERTIES OR AMONG INDIVIDUAL PROPERTIES. THE NORMAL SITUATION, . . . , HAD BEEN INEQUALITY AND REGRESSIVITY." P. 14 4

IV. JUSTIFICATION OF SB 656--(FISCAL IMPACT \$3.4 BILLION--NEW MONEY)

A. BROAD LANGUAGE

1. BY REMOVING ALL EXEMPTIONS AND EXCLUSIONS TO SALES TAX, THE BROAD IMPOSITION LANGUAGE FOLLOWED BY ALLOWING SPECIFIC EXEMPTIONS LATER, PUTS THE LEGISLATURE IN THE ADVANTAGEOUS ROLE OF PRIMARILY GIVING RATHER THAN TAKING AWAY. P. 132 1

a. CAN ALLOW RE-APPLICATION FOR EXEMPT STATUS THROUGH LEGISLATIVE PROCESS FOR EXEMPT STATUS.

b. DO NOT ALLOW TOTAL OF EXEMPTIONS TO FALL BELOW ARBITRARY LEVEL.

(1) EXAMPLE: IF PROPERTY TAXES COULD BE ELIMINATED, DO NOT ALLOW TOTAL OF EXEMPTIONS TO EXCEED THE AMOUNT NECESSARY TO MAINTAIN PROPERTY TAX ELIMINATION; OR 90%, OR 80% ETC.

c. APPLY "SUNDOWN FEATURE" WHEREBY EXEMPTIONS MUST BE REJUSTIFIED EVERY 5 YEARS.

d. HOWEVER, MUST REMEMBER THAT EXEMPTIONS ARE NOT COST EFFECTIVE. P. 213 2

B. SALES TAX IS A "CONSUMPTIVE TAX"

1. WORKHORSE (HORIZONTAL EQUITY--EVERYONE PAYS THE SAME)

- a. LEAST UNPOPULAR
- b. RELATIVELY STABLE
- c. EXPORTABLE TO NON RESIDENTS
- d. PRODUCTIVE

2. TAXATION OF SALES IS BASED UPON "CONSUMPTION" AND IS AS FAIR AS ANY TAX CAN BE.

a. FOLLOWS MORE CLOSELY THE "DESIGN OF IDEAL STATE-LOCAL GOVERNMENT REVENUE" (DEVELOPMENTAL CONCEPTS) P. 95 2

(1). RELY HEAVILY ON CONSUMPTION TAXES PARTICULARLY SALES AND SELECTIVE EXCISE TAXES.

(2) "STATE TAX SYSTEMS ARE EVOLVING IN THE DIRECTION OF THESE TAX POLICIES." P. 95)--WHY NOT

KANSAS??

C. PROPERTY TAXES ARE ALREADY BEING PAID BY THE CONSUMER IN BUSINESS COSTS--THESE CONSUMPTION-TYPE CONSUMER PAYMENTS ARE NOT DEDUCTIBLE ON FEDERAL INCOME TAX

D. SALES TAXES ARE DEDUCTIBLE ON FEDERAL INCOME TAX.

- E. DOES NOT RAISE TAX RATE--ONLY BROADENS THE TAX BASE.
 - 1. ACCORDING TO MR. ED ROLFS, SECRETARY OF REVENUE, THERE ARE 53 SPECIFIC EXEMPTIONS TO SALES TAX AND AMOUNT TO \$3.4 BILLION.
 - a. PROPERTY TAX IN KANSAS AMOUNTS TO \$1.5 BILLION.
- F. DOES NOT INITIALLY REQUIRE A CONSTITUTIONAL AMENDMENT.
 - 2. STATUTORY CHANGE--COULD BE DONE NOW.
 - 3. ALLOWS TIME FOR RATIONAL STUDY ON KANSAS' PROBLEM WITHOUT UNDUE PRESSURE.
- G. ALLOWS PROPERTY TO BE USED AS A "CAPITALISTIC TOOL" TO DEVELOP WEALTH.
 - 1. CAPITALISM DEFINED (WEBSTER DICTIONARY)
 - a. "AN ECONOMIC SYSTEM CHARACTERIZED BY PRIVATE OR CORPORATE OWNERSHIP OF CAPITAL GOODS, BY INVESTMENTS THAT ARE DETERMINED BY PRIVATE DECISION RATHER THAN BY STATE CONTROL, AND BY PRICES, PRODUCTION AND THE DISTRIBUTION OF GOODS THAT ARE DETERMINED MAINLY BY COMPETITION IN A FREE MARKET."
 - 2. HEAVY AND ARBITRARY TAX BURDENS STOPS CAPITALISM JUST AS EFFECTIVELY AS DO POLITICAL SYSTEMS. REF: EASTERN BLOCK COMMUNIST COUNTRIES THAT HAVE NOT BEEN ABLE TO OWN PROPERTY FOR THE LAST 40+ YEARS.
 - 3. ECONOMIC DEVELOPMENT IN KANSAS WOULD OCCUR.
- H. ELIMINATES EROSION OF SALES TAX BASE
 - 1. "MUCH OF THE SALES TAX BASE EROSION HAS BEEN THROUGH THE EXEMPTION OF CONSUMPTION PURCHASES IN AN EFFORT TO REDUCE REGRESSIVITY OF SALES TAX...VIRTUALLY ALL ARE COSTLY AND INVOLVE GREATER REVENUE LOSS THAN OTHER ALTERNATIVES FOR RELIEVING REGRESSIVITY". P. 212 2
 - 2. "LEGISLATORS AND GOVERNORS CAN FIND AN ALMOST ENDLESS SET OF NOBLE OR PRAGMATIC CONSUMER PURCHASE EXEMPTIONS; TAKEN TOGETHER, NIBBLE BY NIBBLE FROM THE (TAX) BASE, THEY CREATE A TAPESTRY OF DISCRIMINATION, EXAGGERATED BY HIGH STATUTORY RATES AND COMPLICATED COLLECTION. THE CASE FOR ANY EXEMPTION MUST HAVE MORE THAN POLITICAL EXPEDIENCY IN ITS SUPPORT. UNFORTUNATELY, STATE SALES TAXATION IN RECENT YEARS HAS FOLLOWED A POLICY OF A NARROWER BASE AND A HIGHER STATUTORY RATE". P. 215-16 2S
 - 3. EACH EXEMPTION INCREASES COLLECTION COSTS AND THEREFORE REDUCES TAX COLLECTION EFFICIENCY. P. 213 2
- I. "USE TAX" OR "FORMULARY APPORTIONMENT" AS ADJUNCT TO SALES TAX
 - 1. TO AVOID TAX-INDUCED COMPETITIVE DISADVANTAGE FOR LOCAL BUSINESS, A USE TAX OR SINGLE BUSINESS TAX SHOULD COMPLEMENT THE SALES TAX FOR PURCHASES MADE OUT OF STATE. THIS DOES NOT DISCOURAGE IN-STATE PURCHASES AND KEEPS THE CONCEPT OF "LEVEL PLAYING FIELD" P. 136-7 1
 - 2. THE CONCEPT OF "FORMULARY APPORTIONMENT" COULD ALSO BE USED TO SUPPLEMENT SALES TAX. P. 138 1 THIS FACTOR HAS BEEN FOUND TO REASONABLY REPRESENT MAJOR BUSINESS ACTIVITIES THAT GENERATE PROFITS
 - a. THE FORMULA IS AN AVERAGE OF 3 RATIOS:
 - (1) IN-STATE SALES TO TOTAL SALES
 - (2) IN-STATE PROPERTY TO TOTAL PROPERTY
 - (3) IN-STATE PAYROLL TO TOTAL PAYROLL

- J. "WIDESPREAD STATE USE OF BOTH SALES AND INCOME TAXES STANDS OUT AS A POWERFUL BARRIER AGAINST THE CENTRALIZATION OF FISCAL POWER IN WASHINGTON". P. 33 2
1. RECOMMENDED BY A.C.I.R. (ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS.)
- K. STATE AND LOCAL GOVERNMENT EXPENDITURES WOULD MORE CLOSELY FOLLOW THE ECONOMY. BUILT-IN FISCAL RESTRAINT.
- L. REDUCES DISCRIMINATORY TAX-INCENTIVE PROGRAMS FOR BUSINESSES.
1. CONCEPT OF "LEVEL PLAYING FIELD".
 - a. TAXES SHOULD PROVIDE A "LEVEL PLAYING FIELD WITH SIMILAR TREATMENT FOR ALL INDUSTRIES AND ALL FIRMS WITHIN EACH INDUSTRY. THIS IMPLIES AVOIDANCE OF INDUSTRY-SPECIFIC TAX INCENTIVES OR SPECIAL TAXES ON SELECTED INDUSTRIES". P. 55 1
 - b. "SUBSIDIZATION OF BUSINESS ENTERPRISE LIES BEYOND THE CONVENTIONAL SCOPE OF RESPONSIBILITIES OF LOCAL GOVERNMENT..." P. 115 2
 - c. "TAX CONCESSIONS ARE NOT COST EFFECTIVE". P. 112 2
 - (1) "IN EVERY CASE, EVEN WHERE TAX CONCESSION RATIOS APPROACHED UNITY, THERE IS ALWAYS SOME MORE COST-EFFECTIVE INSTRUMENT FOR PURSUING THE PUBLIC PURPOSE"
 - (2) "COST EFFECTIVE INDUSTRIAL INCENTIVES ARE THOSE THAT LEVERAGE INVESTMENT FROM COMMERCIAL LENDING AND INVESTING INSTITUTIONS. AMONG THESE ARE LOAN GUARANTEES, DIRECT INTEREST SUBSIDIES, AND INCENTIVES TARGETED TO NONDEPRECIABLE ASSETS". P. 114 2
 - d. PROPERTY TAX CONCESSIONS CAN SHIFT TAX BURDENS TO THOSE WITH LESS ABILITY TO PAY WITHIN THE TAX DISTRICT. THIS IS MANIFEST IN KANSAS WHERE INVENTORY EXEMPTIONS SHIFTED EXCESS TAX TO SMALL SERVICE-ORIENTED BUSINESSES.
 - e. "THE BUSINESS FACILITY LOCATION DECISION-MAKING PROCESS IS COMPLEX AND DRIVEN PRIMARILY BY ECONOMIC CONSIDERATIONS BEYOND THE CAPACITY OF STATE AND-OR LOCAL GOVERNMENT TO AFFECT". P. 110 2
 2. WITHOUT A HEAVY PROPERTY TAX-BASED LOCAL GOVERNMENT REVENUE SYSTEM, THESE INCENTIVES BECOME MEANINGLESS AND SUPPLIES A MORE FAVORABLE TAX STRUCTURE AND IN ITSELF BECOMES AN INCENTIVE FOR ALL BUSINESS.
- M. TAXATION OF SERVICES
- THE WEALTH THAT WAS ONCE CONCENTRATED IN PROPERTY AND GOODS HAS SHIFTED IN RECENT HISTORY TO SERVICES. THEREFORE, SERVICES MUST BE TAXED.
1. "THERE IS NO REASON WHY PRIVATE PURCHASES OF SERVICES SHOULD BE TREATED DIFFERENTLY FROM PURCHASES OF TANGIBLE PERSONAL PROPERTY". P. 226 2
 2. THERE IS "INHERENT UNFAIRNESS OF A TAX SYSTEM THAT DISCOURAGES THE CONSUMPTION OF MANUFACTURED GOODS AND ENCOURAGES CONSUMPTION OF SERVICES". P. 133 1
 - a. IF ONE PERSON WANTS TO IMPROVE HIS APPEARANCE BY PURCHASING A SHIRT AND ANOTHER WANTS TO IMPROVE HER APPEARANCE BY GETTING A HAIRCUT, BOTH SHOULD BE TAXED OR BOTH SHOULD BE EXEMPT. IN MOST STATES, THE SHIRT IS TAXED AND THE HAIRCUT, A SERVICE, IS EXEMPT.

M. TAXATION OF SERVICE (CONT'D)

3. TAXATION OF SERVICES CAN INCREASE SALES TAX BASE BY 12-15%. P. 226 2

4. SOME STATES ALREADY TAX SOME SERVICES

(a) HAWAII, N. MEXICO, S. DAKOTA, IOWA, WASHINGTON, W. VIRGINIA. P. 217 2

(b) TAXATION OF ALL SERVICES FAILED IN FLORIDA, NOT BECAUSE THE LAW WAS BAD, BUT BECAUSE OF 3 POLITICAL "FUBAR'S". (DISCUSSION IN REF 1)

N. REGRESSIVITY OF SALES TAX CAN BE DEALT WITH EASIER AND MORE COST EFFECTIVELY THAN THE BURDEN OF PROPERTY TAX ON THE POOR.

1. EARNED INCOME TAX CREDIT FOR LOW INCOME ON FOOD AND PRESCRIPTION MEDICINE. THIS REDUCES REGRESSIVITY OF SALES TAX ON THE POOR AND IS MORE COST-EFFECTIVE THAN REDUCTIONS OF TAXES ON THESE ITEMS. P. 165 1

O. REDISTRIBUTION OF COLLECTED FUNDS CAN BE EFFECTIVELY ACCOMPLISHED THROUGH AVENUES ALREADY IN PLACE.

1. LOCAL AD VALOREM TAX REDISTRIBUTION FUND

2. SCHOOL EQUALIZATION ACT

P. APPLIES A SPENDING LID FOR GOVERNMENT

V. MUST APPLY MONEY THUS GENERATED "DOLLAR-FOR-DOLLAR" FOR PROPERTY TAX REDUCTION-ELIMINATION. OUR POLLS SHOW THAT THIS TYPE PLAN IS VERY POPULAR.

VI. IF PROPERTY TAXES REMAIN

A. MUST ELIMINATE "MILL LEVY" SYSTEM AND APPRAISE ON 100 % VALUE.

1. "IT IS A TRUISM OF PROPERTY TAXATION THAT FRACTIONAL ASSESSMENT SERVES AS A CONVENIENT GRAVEYARD IN WHICH ASSESSORS CAN BURY THEIR MISTAKES AND ACTS OF FAVORITISM". P. 35 2

B. PLACE "TAX LID" ON PROPERTY AT 1% OF ACTUAL VALUE.

C. MAKE SURE SPENDING LID FOR GOVERNMENT SPENDING IS IN PLACE

Robin Leach

WEBB AND ASSOCIATES

PUBLIC RELATIONS
GOVERNMENTAL RELATIONS
(913) 232-0272

JAYHAWK OFFICE TOWER
700 SW JACKSON
P.O. BOX 2311
TOPEKA, KS 66601

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE:

IT HAS BEEN A WHILE AND IT DOESN'T LOOK LIKE ANYTHING HAS CHANGED TOO MUCH.

HOWEVER, IT SEEMS EASIER TO SOLVE THE PROBLEMS FOR THIS SIDE OF THE PODIUM.

MR CHAIRMAN, I REPRESENT KANSANS FOR FAIR TAXATION, AND WE ARE HERE TO HELP YOU REACH A SOLUTION FOR THE PROPERTY TAX PROBLEMS CURRENTLY FACING THE PEOPLE OF THIS STATE.

MYSELF AND OTHERS FROM KANSANS FOR FAIR TAXATION AND SOME MEMBER ORGANIZATIONS WOULD LIKE TO TESTIFY TODAY AS PROPONENTS OF HB2858 and HB3001.

OUR ORGANIZATION FIRMLY BELIEVES THAT PROPERTY TAXES IN KANSAS MUST BE DRAMATICALLY DECREASED. WE ALSO FEEL STRONGLY THAT THE CONCEPT OF BROADENING THE TAX BASE THROUGH THE ELIMINATION OF SALES TAX EXEMPTIONS IS THE BEST APPROACH AND WOULD PROVIDE FOR THE QUICKEST RELIEF.

YOU WILL HEAR FROM SEVERAL OPPONENTS OPPOSING ELIMINATING THEIR EXEMPTIONS, AND MOST WILL HAVE VALUD ARGUMENTS FOR THEIR CASE, HOWEVER, MR. CHAIRMAN, THE WAY I RECALL THE EXEMPTIONS IN KANSAS, STATUTES WERE JUSTIFIED AS FOR THE GOOD OF THE STATE, AND PERHAPS THEY WERE AT THAT POINT IN TIME.

HOWEVER, WE ARE AT A DIFFERENT POINT IN TIME. TODAY I FIRMLY BELIEVE AN EXPANSION IN THE BAX BASE IS IN THE BEST INTEREST OF ALL KANSANS.



*3/13/90
attachment 10*

FOR THE PURPOSE OF TIME, MR. CHAIRMAN, I WILL NOT CONCENTRATE ON CERTAIN EXEMPTIONS, BUT WOULD RESPECTFULLY REQUEST HB2658 NOT BE NARROWED IN SCOPE BUT BROADENED, AND ALL OF THE REVENUES RECEIVED BE USED FOR PROPERTY TAX RELIEF.

THIS COMMITTEE SHOULD BE APPLAUDED FOR AT LEAST COMING CLOSE TO SETTING A LEGISLATIVE RECORD FOR OPTIONS TO PROBLEMS. WELL, MR. CHAIRMAN, AS WE HAVE MARCH MADNESS ON T.V., I IMPLORER THIS COMMITTEE TO RESTORE MARCH CALMNESS TO THE FLOOR BY SIMPLY GUIDING HB2858 OR HB 3001 THROUGH PASSAGE BY THE HOUSE.

IT IS MY UNDERSTANDING THAT YESTERDAY HEARINGS WERE HELD ON THE SPEAKERS PROPOSAL TO INCREASE THE SALES TAX. I UNDERSTAND THERE WERE SEVERAL PROPONENTS AND THAT SHOULD BE EXPECTED. I WOULD URGE THE COMMITTEE TO CHECK ON HOW MANY OF THE PROPONENTS ARE NOW EXEMPT FROM THE TAX INCREASE THEY ADVOCATE. KANSANS FOR FAIR TAXATION URGES THIS COMMITTEE TO NOT INCREASE THE SALES TAX FOR ANY REASON UNTIL WE THOROUGHLY EXAMINE ALL EXEMPTIONS AND THE SALES TAX BASE EXPANDED.

MR. CHAIRMAN, THERE ARE SEVERAL OTHER CONFEREES WHO WOULD LIKE TO SPEAK ON BEHALF OF KANSANS FOR FAIR TAXATION. I THANK YOU AND WOULD STAND FOR QUESTIONS.

Sandra F. Watson
Watson Rentals, Owner
C. T. W. C.
1221 Central Ave.
Kansas City, Ks. 66102

House Committee Hearing
Bill #3001

Honorable Ladies and Gentlemen:

My name is Sandra Watson, and I represent Concerned Taxpayers of Wyandotte County. I have an office at 1221 Central, Kansas City, Wyandotte County, Kansas. Being the owner of a small construction company, and 70 Inter-City rental units, I have a deep interest in the property taxation issue.

Our current form of property taxation not only lacks being fair and equitable, but in Wyandotte County, is a dismal example of improper appraisals, biased hearings, and taxation to the point of making Wyandotte County look unfavorable to investors.

It is time for all businesses large and small, retail and service, the rich and the poor, to pay their fair share, not the property owners carrying the larger burden. It is time to broaden the tax base in the State of Kansas

House Bill 3001 is the most logical answer to our tax problems in the state of Kansas. This Bill also includes a most important lid on government spending, which is absolutely necessary, and would be the most equitable to all it's citizens.

Some of the advantages of sales tax versus property taxes are 1. That it would lower the huge bureaucracy involved with servicing our present property tax system. 2. With the sales tax system, local bureaucrats would be unable to use the tax system for political favors or retribution, as the current property tax system now allows. 3. The housing industry would increase. 4. It is equal taxation for all that purchase retail or services in the state of Kansas.

The more affluent citizens of our state who purchase more services would pay more taxes which is only fair. The poor which rely more heavily on retail purchases, who already pay sales tax on these, and would not be paying more, as they would be under other bills before the House and Senate that would raise the sales tax rates. That would indeed be a regressive tax.

In my capacity as Board Member and Chairperson on several Civic organizations in Wyandotte County, I have been given the opportunity to speak on this Bill to people in widely varied business, social, and economic tiers of our community. The large majority of people I have spoken with, accept the theory of a broadened tax base, and the elimination of the current property tax system. I think that it is time for Kansas to look for some innovative legislation to spread the tax burden, create incentives for business expansion, new homes, and population retention. I believe this Bill would aid in this goal.

Sandra Watson
Concerned Taxpayers of Wyandotte County

3/13/90

Attachment 11

NORM SCHONEMAN AND SON CONSTRUCTION CO.

REMODELING • ROOM ADDITIONS • DECKS • PROPERTY MANAGEMENT & MAINTENANCE

3300 PARALLEL PARKWAY • KANSAS CITY, KANSAS 66104 • (913) 321-1818

March 13, 1990

Rep. Keith Roe, Chairman
Committee on Assessment & Taxation
And Members of the Committee

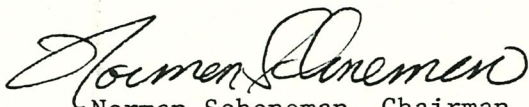
RE: H.B. 3001

If ever there was a time for sweeping "tax reform" in Kansas, the time is NOW! All property tax relief bills before you require 84 and 27 votes of the House and Senate plus voter approval. Even if two-thirds of the House and Senate concurred on a particular bill, do you really think the voters would approve a classification amendment? The same voters that feel betrayed at approving the constitutional amendment of 1986 and outraged by the resulting tax increase of 1989!

The State of Kansas already relies too heavily on the property tax. Why reimpose an inventory tax that would make Kansas even more reliant on the property tax and less competitive with adjoining states where inventories are exempt? Missouri receives \$.60 of every tax dollar from income and sales taxes and only \$.22 from the property tax, while Kansas receives \$.37 from the property and only \$.45 from income and sales. Yet you continue to propose more property taxes in the form of an inventory tax and tax relief in the form of rollbacks and changes in classification ratios. It won't sell to the voters!

H.B. 3001, after much debate and refinement, would return our state to uniform and equal treatment of all taxpayers, even if it meant a rate increase to abolish \$1.5 billion in property tax that has become an unfair burden to so many.

Respectfully,



Norman Schoneman, Chairman
Concerned Taxpayers of Wyandotte County
Former Wyandotte County Assessor

NS/sb

3/13/90

Attachment 12



STATEMENT
to
HOUSE TAXATION COMMITTEE
March 13, 1990
by
Ralph V. Lewis

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM RALPH V. LEWIS, TOPEKA, KANSAS, OWNER OF LEWIS TOYOTA. I HAVE BEEN IN THE AUTOMOBILE BUSINESS FOR 44 YEARS AND ALSO HAVE OTHER BUSINESSES AND PROPERTY. MY REASON FOR BEING HERE IS BECAUSE OF WHAT HAS HAPPENED AND IS GOING TO HAPPEN ON PROPERTY TAX ISSUES.

I EMPLOY SOME 35 PEOPLE AT THE TOYOTA STORE, GOOD, HARD-WORKING PEOPLE, SKILLED AT ALL PHASES OF OUR BUSINESS. LAST YEAR WE COLLECTED AND PAID THE STATE \$374,000 IN SALES TAX AND \$15,000 IN PROPERTY TAX. THIS DOES NOT INCLUDE WHAT WAS PAID IN INCOME TAX, SOCIAL SECURITY, EMPLOYMENT TAX, AND OTHERS AT THE FEDERAL LEVEL.

AFTER 44 YEARS IN BUSINESS, I HAVE BEEN INTRODUCED TO TAXES. THEY SEEM AND ARE AN OLD FRIEND.

PAYING TAXES REPRESENTS WEALTH ONLY WHEN TAX BASES ARE BROAD ENOUGH TO KEEP THE PERCENTAGE TO A NON-BURDENSOME LEVEL. NO EXEMPTIONS SHOULD BE ALLOWED EXCEPT IN RARE CASES, AND NOT BECAUSE SOMEBODY WITH SELF-INTEREST COMES IN PLEADING AND NOT WANTING TO PAY THEIR FAIR SHARE BUT STILL WANTING TO LIVE AND DO BUSINESS IN THE GREAT STATE OF KANSAS.

WEALTH TODAY IS TOTALLY DIFFERENT FROM ^{that} THE TURN OF THE CENTURY. WEALTH TODAY IS PENSIONS, SOCIAL SECURITY, STOCKS, BONDS, C.D.S, AND REAL PROPERTY. TODAY, THE FINANCIAL STATEMENT OF EACH OF US WOULD INCLUDE MANY OTHER THINGS AND NOT JUST REAL ESTATE.

2525 N. Topeka Ave., Topeka, Ks. 66617
913-235-2352

3/13/90

Attachment 13



Page 2

ANY BILL THAT WILL HELP DO AWAY WITH SELF-INTEREST EXEMPTIONS SHOULD BROADEN THE TAX BASE AND INCLUDE TAXES ON MANY, MANY, IF NOT ALL, EXEMPTIONS.

AUTO DEALERS, TO MY KNOWLEDGE, DO NOT HAVE ONE PART OF THEIR BUSINESS EXEMPTED. I KNOW EVERYONE ON THE COMMITTEE HAS BOUGHT A NEW OR USED CAR, AND WHEN YOU WENT TO PAY THE SALES AND PROPERTY TAX ON IT YOUR BLOOD PRESSURE ROSE.

I WOULD LIKE FOR MY BUSINESS TO HAVE THE SAME PROPERTY TAX BASE WITH THE SAME PROFIT STRUCTURE AS OTHER BUSINESSES WITH A COMPARABLE NUMBER OF EMPLOYEES SUCH AS FINANCIAL INSTITUTIONS, LAWYERS, ACCOUNTANTS, ETC., THAT DO NOT PAY SALES TAX OF ANY KIND.

I HAVE 4 PIECES OF PROPERTY I WANT TO COMMENT ON AS EXAMPLES. I WENT THROUGH HEARINGS ON ALL PROPERTY WHERE PROPERTY VALUES WERE CORRECTED:

1. (COMMERCIAL PROPERTY) A YEARLY INCOME OF \$54,000 WITH TAXES OF \$14,000; TAXES FORMERLY WERE \$3,000 - INCREASE OF OVER 400%;
2. (HIGHWAY PROPERTY) INCOME IN 1989 WAS \$18,000 WITH TAXES OF \$7,600; TAXES FORMERLY WERE \$3,400 - INCREASE OF OVER 100%; AT THAT RATE, THE PROPERTY IS CONFISCATED EVERY 2 YEARS AND 6 MONTHS;
3. (CAR WASH) TAXES WENT UP 100%;
4. (~~APARTMENTS~~) TAXES WENT UP FROM \$5,000 to \$15,000 - INCREASE OF 300%.

Commercial Property

I APPRECIATE THE OPPORTUNITY TO ADDRESS THE COMMITTEE AND THANK YOU FOR YOUR CONSIDERATION.

Mr. Chairman -
and fellow members of the House
Taxation Committee:

I appreciate the opportunity to share with you my property tax concerns and the tax concerns of the Pottawatomie County community. We would also like to point out some of what we believe are misconceptions regarding the use of property tax as a mechanism for funding government and local education.

1. Most properties generate income, and service industries generate no income so have no tax responsibility. (No income)
2. 100% of property owners have school age children, so have a majority of the tax load. (35%)
3. Property ownership indicates wealth and ability to pay. (elderly & fixed incomes)

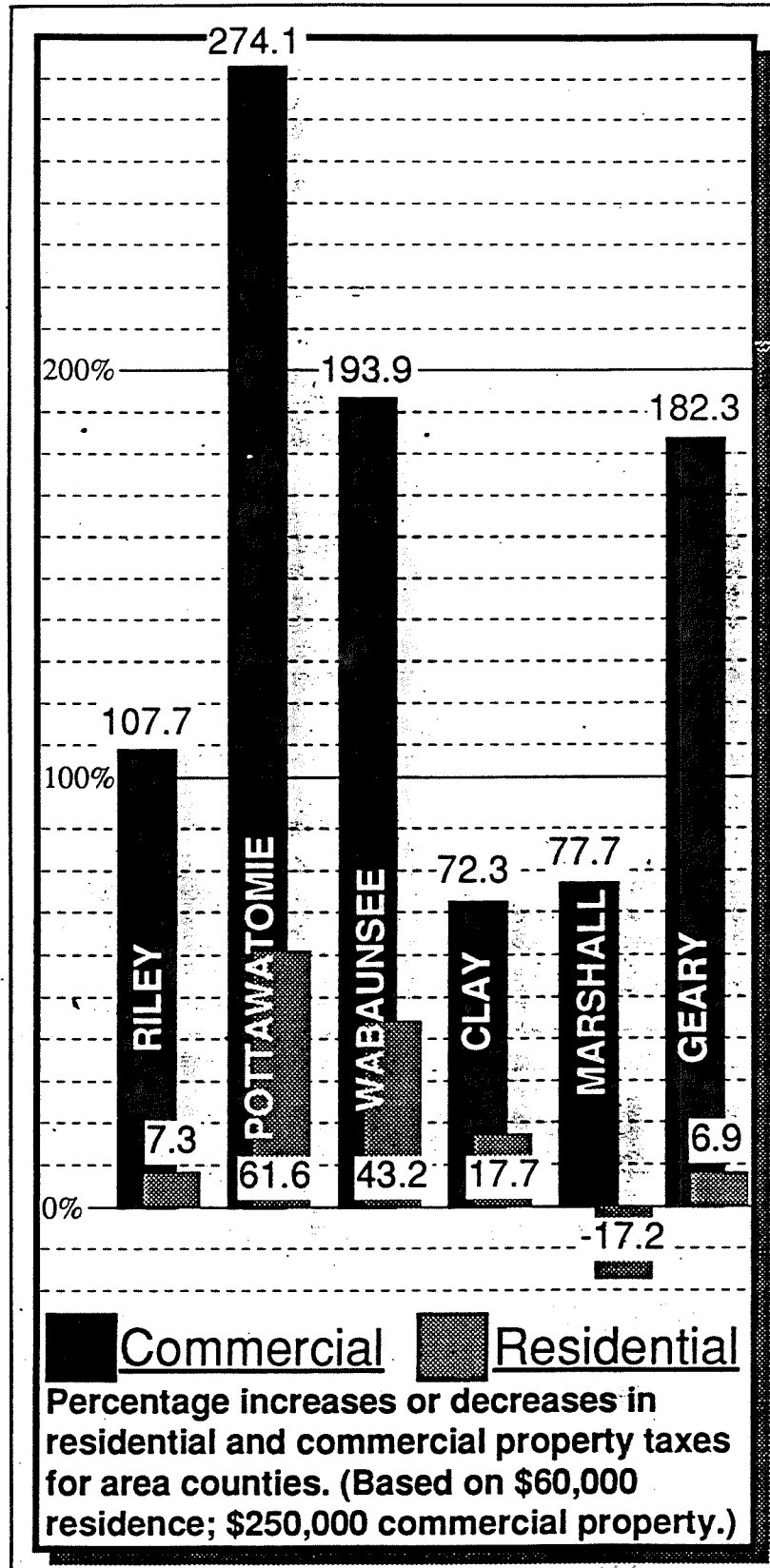
With these misconceptions, I submit to you that a total overhaul of the existing tax system is badly needed. Do we want the State to follow the same scenario of a typical small Kansas town where growth and economic development not only is at a standstill but is in reverse gear? I suggest that we answer in the negative by resolving the problem this year.

3/13/90

Attachment 14

We have to keep in mind that there are serious problems for certain groups of taxpayers.

The graph at the right shows some of that impact. Notice the severe impact on commercial property.



we need to face up to the fact that we've compacted our tax base to the point that property owners can't bear anymore tax. This compaction is due mostly to the many exemptions allowed. That is why a 3001 type tax reform bill is looking stronger as the solution to overhaul our tax system this year.

Removing certain allowed exemptions from the books could generate $\frac{1}{2}$ billion dollars. Present allowed exemptions total 3.4 billion dollars. Combining that with a business license tax on any business earning more than \$100,000.- income plus a 1% increase in sales tax, 1 billion dollars in additional revenues could be made available to offset property tax by as much as 70%. The remaining 30% would be collected locally.

In addition to the above, we must put ~~a~~ in place a cap of no more than 2% per year increase.

I feel certain that you could take this back to your constituents and receive tremendous acceptance.

It is fair and it is equal.

Victor A. Osborne

Paul Dougherty

March 12, 1990

TO: House Taxation Committee

FROM: Paul Dougherty, Administrator
Southwest Medical Center, Liberal, KS
Kansas Hospital Association

RE: HOUSE BILL 2858 and HOUSE BILL 3001

I appreciate the opportunity to comment on behalf of Southwest Medical Center and all non-profit hospitals associated with the Kansas Hospital Association regarding the provisions of House Bill 2858 and House Bill 3001. Both these bills eliminate a number of sales tax exemptions contained in current law. In addition, House Bill 3001 would place a sales tax on "services."

Our principal concern is with the elimination of two current sales tax exemptions. One exemption is contained in K.S.A. 79-3606-(b). It exempts from sales tax the sale of tangible personal property or service purchased by a public or private nonprofit hospital or non profit blood, tissue or organ bank and used exclusively for hospital or blood bank purposes. Importantly, this exemption does not apply when the hospital is engaged or proposes to engage in any business specifically taxable under the provisions of the Sales Tax Act. This is an important exemption to nonprofit hospitals and the patients they serve. As the cost of medical supplies continue to escalate, the cost of medical care increases accordingly. The elimination of this exemption would add a substantial amount to the cost of those supplies. Although some of this cost will be borne by the hospitals, the additional cost will, in large part, be paid by hospital patients in the form of higher medical bills. Therefore, those who are unfortunate enough to be sick or injured will pay for the elimination of this exemption. The elimination of this exemption would increase the annual supply costs for Southwest Medical Center approximately \$85,000.

The same is true with the second exemption. This is contained in K.S.A. 79-3606(d) and currently covers all sales of tangible personal property or services purchased for the purpose of constructing, equipping, repairing, furnishing or remodeling facilities for any nonprofit hospital. A number of facilities in our State are in the position that years of wear and tear and increased medical technology have rendered them obsolete. In order to continue to provide necessary services, there must be some remodeling or reconstruction. Elimination of this exemption would simply cause the cost of those necessary projects to increase and that cost would, in large part, be transferred to the people who will be using those facilities. Again, a small number of people will be forced to pay for the elimination of this exemption. At Southwest Medical Center, we are currently engaged in a major reconstruction project. The elimination of this exemption would add approximately \$510,000 to the project cost.

We are opposed to the elimination of these exemptions under House Bill 2858 and House Bill 3001. Thank you for your consideration of our comments.

3/13/90
Attachment 15

Testimony on HB2858 and HB3001
Presentation by Marvin L. Wynn
to House Taxation Committee
March 13, 1990

My name is Marvin L. Wynn. I'm senior vice president of economic development for the Wichita Area Chamber of Commerce and chief operating officer for the Wichita/Sedgwick County Partnership for Growth, 350 W. Douglas, Wichita, Kansas 67202, (316) 265-2095.

The Kansas system of taxation has developed a heavy reliance on the property tax to support public schools and local units of government. We support a reduction of the property tax and the substitution of other forms of taxation to make up the lost revenue. We do not believe, however, that this can be accomplished with one single act of the Legislature, as is proposed by House Bill 2858 and House Bill 3001 and without detailed studies on the effects of these various proposals on specific businesses or the overall economy of the state.

The effects of reappraisal and classification on individual taxpayers or classes of taxpayers notwithstanding, the property tax in Kansas is too high. It is now the highest of any state in our region. We need to address this situation.

The dependence on the property tax to support public schools and local units of government has not happened over night; it was developed over a long period of time. Actions by the Kansas Legislature have contributed to this process. It would be irresponsible on the part of the Legislature to suddenly "pull the rug out from under" all the local entities that depend upon the property tax. Information I have is that the property tax produces approximately \$640 million in taxes and the proposed elimination of exemptions under House Bill 2858 and House Bill

3001 would produce less than \$200 million in new revenue. However, this would be devastating to local governments and education in Kansas.

There are others who are more knowledgeable on local government finance than am I. I want to leave that subject to them and direct my remarks toward the impact which either of these proposed bills would have on the economy of Kansas and the effect they would have on the future economic development of the state.

In essence, these two bills would take the retail sales tax, which is basically a tax on consumption, and apply this retail consumption tax to production. There are several of the proposed eliminations of existing exemptions that concern us and there are two in particular which I want to address in some detail:

1. Property purchased by a railroad or public utility for use in interstate commerce.
2. Sales, repair, modification of aircraft sold or used in interstate commerce.
3. Sales of vehicles/aircraft to out-of-state buyers. (Does this include automobiles made at the GM plant in Kansas City?)
4. Materials/services used to repair, service, etc. railroad rolling stock.
5. New/used machinery and equipment for businesses located within enterprise zones.
6. Business machinery/equipment used in manufacturing.

I believe that all of the proposed eliminations of existing exemptions which I have enumerated, plus possibly others, would adversely effect the overall economy of the state. I want to, however,

particularly address the two which are most important to the economy of Sedgwick County and south central Kansas and that is taxation of aircraft sales and service and taxation of business machinery and equipment used in manufacturing.

Let me set the stage with a review of current economic conditions in Kansas:

1. Kansas has lagged the U.S. average in job creation, personal income and gross product growth since 1982-83 and in population growth since the mid-1970s. (see attached)
2. The Sunday edition of The Wichita Eagle carried a story regarding a recently released national study by the Corporation for Enterprise Development of Washington, D.C. that showed the counties outside of the urban areas of Kansas were not only losing ground economically compared to their urban counterparts but also compared to rural counties in other states and the gap is growing faster in Kansas than most states.
3. Kansas companies - like other domestic companies - are fighting for survival in the global war of competition with not only Japan and West Germany, but also Korea, Taiwan Thailand and Mexico.

On the subject of taxation of the "sales, service and modification of aircraft solely used in interstate commerce or to out-of-state buyers," the five aircraft manufacturers located in Wichita provide direct employment for more than 37,000 people or over 15% of the employed labor force in the Wichita MSA. The annual payroll exceeds \$1.2 billion. This does not include the hundreds of small and medium-

sized companies, both service and manufacturing, that provide goods and services to the aircraft industry. As I stated earlier, a sales tax on the sale of aircraft would place a consumer tax on production since the airplanes are made in Kansas and for the most part sold to out-of-state users. An article in the current issue of Business Week magazine about Beech Aircraft's recently awarded TTTS contract puts the condition of the general aviation industry in perspective: "Those sales are essential for Beech, a unit of Raytheon. Beech has only recently recovered from a disastrous decade in the general aviation industry." Passage of HB2858 or HB3001 by the Kansas Legislature would recognize this recovery with a "kick where it would do the most damage" -- the profit and loss statement.

In the matter of taxation of machinery and equipment used in manufacturing, this would effect not only the aircraft industry and other large manufacturers but also the many small and medium sized firms that need to upgrade their technology to compete. Passage of either of these bills would restore a tax which was just eliminated on January 1, 1989, thus sending a signal to companies considering expansion or location in the state of Kansas that the business climate of this state is very unstable.

This tax would return at a time when manufacturing is experiencing a technological revolution. Local companies are scrambling to keep abreast of technology advancements which often means the expenditure of hundreds of thousands of dollars for new equipment to replace technically obsolete equipment which has not been fully amortized. Our informal surveys of Wichita-based manufacturing companies show a significant increase in projected expenditures for new machinery and

equipment following the elimination of the sales tax in 1989. In fact, 90 out of 438 manufacturers surveyed in 1989 indicated plans to "invest" almost \$60 million in new machinery and equipment.

Our manufacturers are fighting for survival, not with competitors in the next legislative district, or the next county or, for the most part, not even in the next state. They are competing with Japan Inc. and other countries which have industrial policies that oftentimes provide direct subsidies to key industries. They certainly do not tax production as the state of Kansas would be doing under either of these two bills. This competition only stands to become more acute under the European Community Single Market in 1992. It is hardly the time for us to be penalizing our industries just because they happen to be located in Kansas.

One only has to look at the automobile industry to see what happens when foreign competition makes the investment in plant and equipment and targets the U.S. markets. Our domestic manufacturers suffer. We (the U.S.) still lead the world in commercial and general aviation manufacturing. Kansas plays a significant role in that both those industries. Please don't put the our industry in the same depressed condition as the automobile industry. Reject both HB2858 and HB3001.

Rural Kansas rated

There's good news, but not much of it as state gets poor marks for economy

By Steve Painter

The Wichita Eagle

It's no secret that rural Kansas has lagged well behind the state's urban centers in the past decade in nearly every measure of economic vitality.

Now comes a report that is not likely to ease the concerns of small-town residents: Rural Kansas is also lagging behind most other rural areas across the country.

Rural Kansas ranks near the bottom in employment growth and employment diversity, and is losing population faster than most

other rural areas, according to a study by the Corporation for Enterprise Development, a non-profit economic development consulting and research firm in Washington, D.C.

The economic gap between urban and rural areas also is growing faster in Kansas than in most other states, the report shows.

But the news is not all doom and gloom. Rural Kansas ranks near the top in a handful of areas: Housing is affordable, residents are comparatively well-educated and workers well-paid, and community needs such as wastewater treatment are largely met.

And, like other rural areas across the country, the entrepreneurial spirit thrives. Rural areas of Kansas outperformed urban areas in job growth from new businesses.

"I do think that rural Kansas has a lot of strengths that we tend to take for granted," said Ron Wilson, director of the Huck Boyd Institute for Rural Development, a joint venture financed with federal, state and private monies.

"There's no doubt about it, there's a great deal of entrepreneurial spirit in the rural areas."

See **KANSAS**, Page **8A**

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KANSAS

Urban/rural gap in poverty rate on the increase

From Page 1A

Researchers reviewed a variety of economic data from 1980 through the latter part of the decade, a period that coincided with a broad decline in agriculture and oil, the two biggest industries in rural Kansas. The farm economy stabilized in the last couple of years, but there are no signs it has been strong enough to spur a rural revitalization that would invalidate the findings.

The rural areas in three of Kansas' neighbors — Colorado, Nebraska and Iowa — ranked poorly in some of the same sectors, while rural Missouri and Oklahoma performed better.

Researchers used the U.S. Department of Agriculture's definition of non-metropolitan communities, and also excluded counties within the zone of influence of metropolitan areas. That eliminated only eight of Kansas' 105 counties — Butler, Douglas, Johnson, Leavenworth, Miami, Sedgwick, Shawnee and Wyandotte. The rest are considered rural.

Among the findings of the study, which ranked rural areas of all 50 states based on a number of economic criteria:

■ Kansas' lowest ranking, 45th, came in employment diversity. A region was considered diversified if no more than 10 percent of the jobs in a particular labor market area fell into any one industry classification as counted by the government.

Most counties in the western half of the state, and across much of north-central and northeast Kansas, are heavily dependent on agriculture or agriculture-related industries

THE RURAL KANSAS ECONOMY

How Kansas rural economy compares with other states

Strengths

Category	Rank
Housing cost	3
Bank deposits	5
Wastewater treatment capacity	5

Weaknesses

Category	Rank
Employment diversity	45
Employment growth	44
Population loss	41

Definitions

Housing cost: Ratio of median value of housing to median income.

Bank deposits: Dollars per capita.

Wastewater treatment: Estimated backlog of unmet needs, in dollars per capita.

Employment diversity: Based on the Standard Industrial Classification categories used by the government to collect job data. An area is considered diversified if no more than 10 percent of total jobs fall in any one category.

Employment growth: Growth of jobs, 1979-1987.

Population loss: Net change in population, 1980-1986.

Source: The Corporation for Enterprise Development

such as meatpacking, said David Darling, community development specialist with Kansas State University. That gives the state a low ranking in job diversity.

■ The state was 44th in rural employment growth, with minus 3.3

"The strength of attachment to communities that are rural and have small job opportunities is not very great."

David Darling

percent from 1979 through 1987. Nebraska, Colorado and Iowa also were in the bottom 10.

Darling said recent figures give some indication that the rural lag in employment growth in the 1980s is ending.

■ Only nine states had greater population loss from rural areas than Kansas, with a 3.6 percent decline from 1980 to 1986. Rural Iowa led the exodus at 6.1 percent, followed by Nebraska at 4.9 percent.

■ Rural Kansas ranked in the bottom 10 in three measures of rural/urban disparity, an indication that the gap between rural and urban prosperity is growing. Researchers compared economic activity in each state's rural areas with its urban areas, and found that rural Kansas ranked 42nd in employment growth, 41st in poverty rate and 40th in earnings growth.

Partially offsetting that growing disparity was the fact that rural Kansans were well-paid when compared with many other states. Researchers found rural Kansans earned 79 percent of their urban counterparts, which ranked the state 17th.

The combination of rural Kansas' high migration rate, low unemployment rate and comparatively high earnings are consistent with the state's historic identity, Darling said. People came to the state seeking opportunity, and they're leaving for the same reason now, he said.

"When people stay in rural Kansas, they stay because they have a

good job," he said. "The strength of attachment to communities that are rural and have small job opportunities is not very great."

Among the bright spots for rural Kansas was housing affordability. The study showed that the median value of homes was just over twice the median income, ranking the state third in that category.

Also in the rural infrastructure and amenities group, the research-

ers estimated that the backlog of unmet wastewater treatment in rural Kansas amounted to roughly \$145 per person — ranking the state fifth. Nebraska had the top spot at just over \$58 per person.

In a measure of entrepreneurship, the authors found that job growth as a result of new business enterprises was 3.6 percent higher in rural Kansas than it was in urban Kansas,

ranking the state seventh in that category.

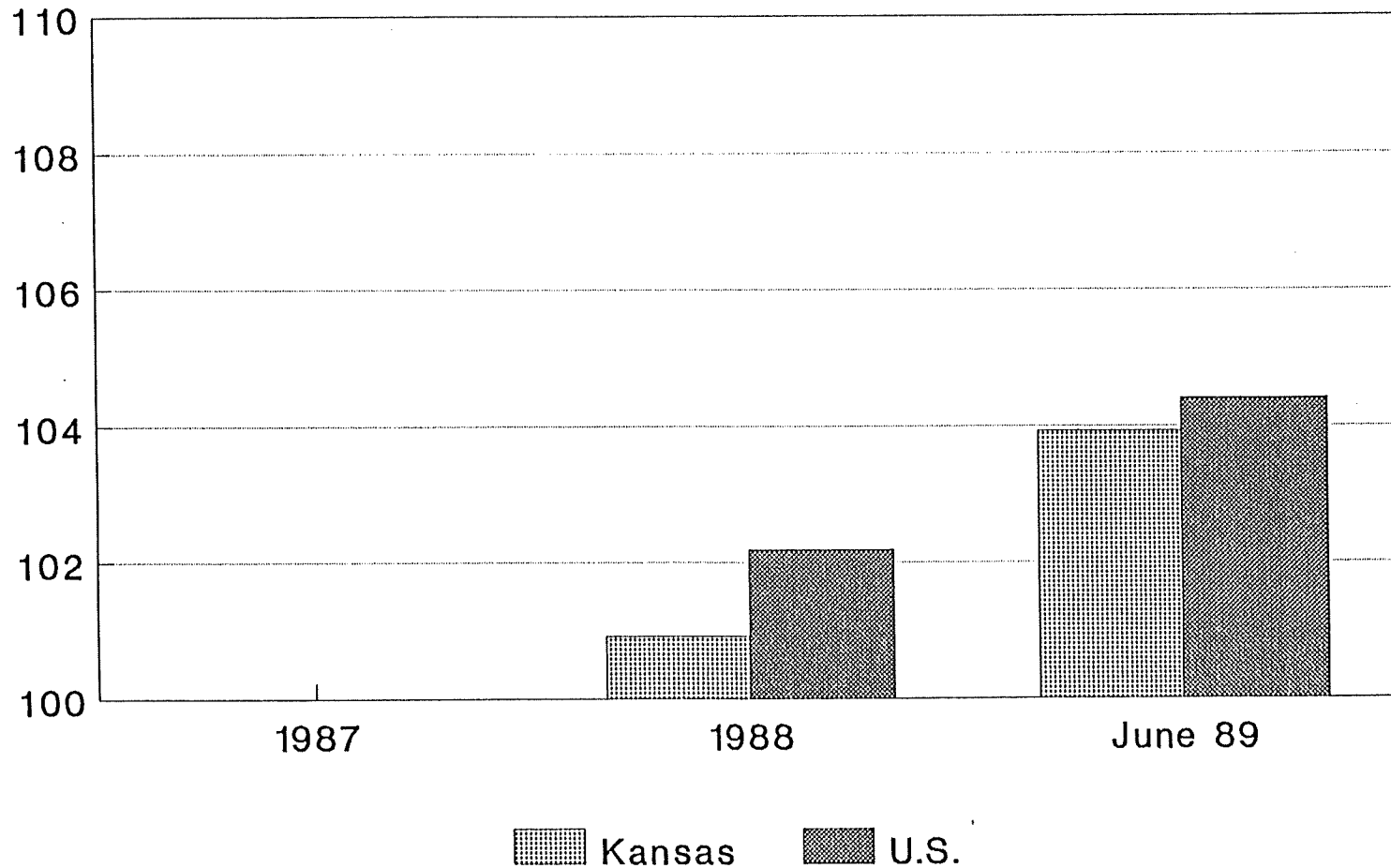
Darling said that figure, however, has a down side. Much of the entrepreneurial activity in rural areas is spurred by people looking for ways to relieve the financial stress of farming operations, he said.

The study was financed by a grant from the Ford Foundation and the Rural Economic Policy Program of the Aspen Institute.

16-7

EMPLOYMENT GROWTH INDEX

1987 = 100

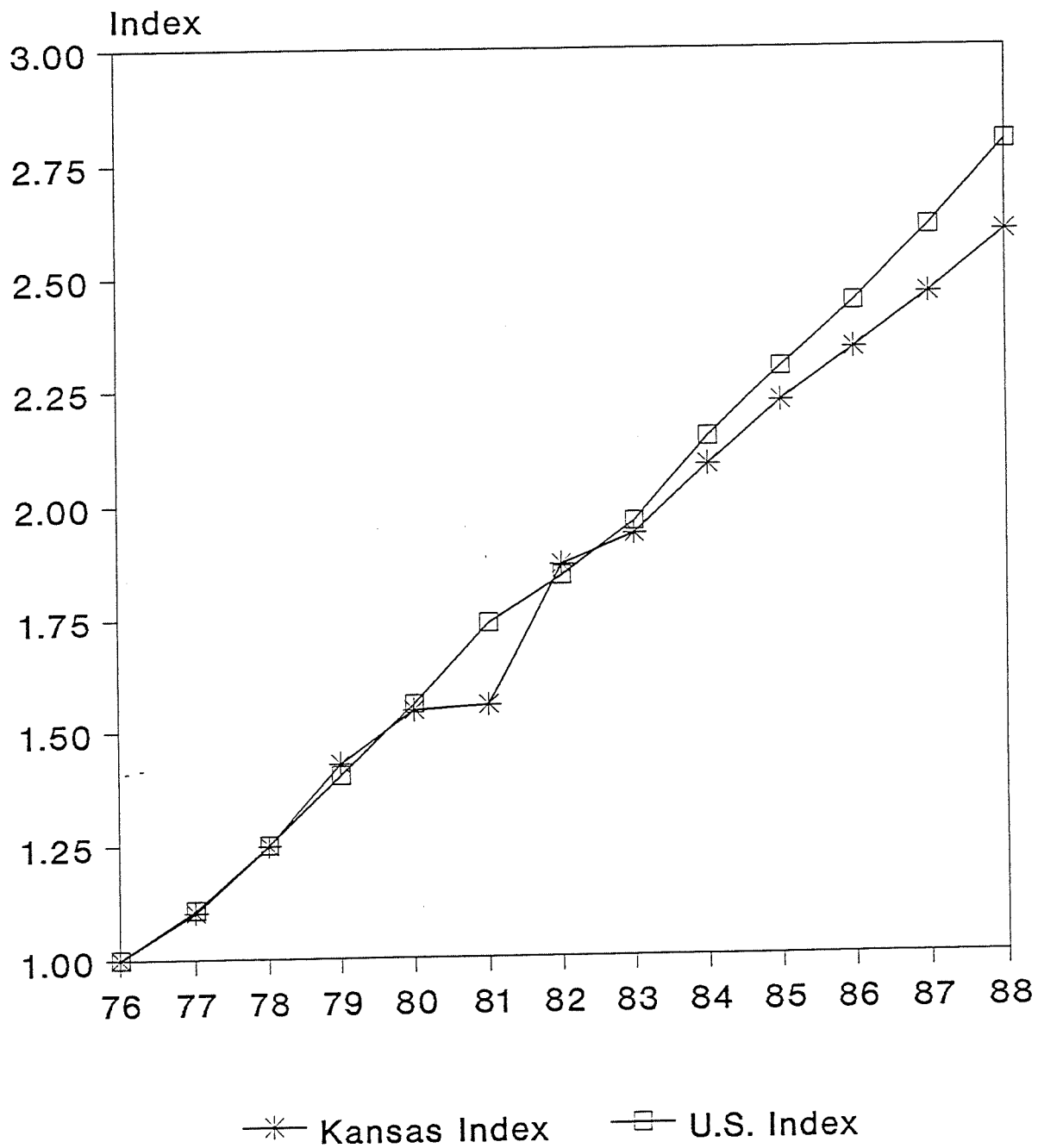


Source: Bureau of Labor Statistics

16-8
8-91

PERSONAL INCOME

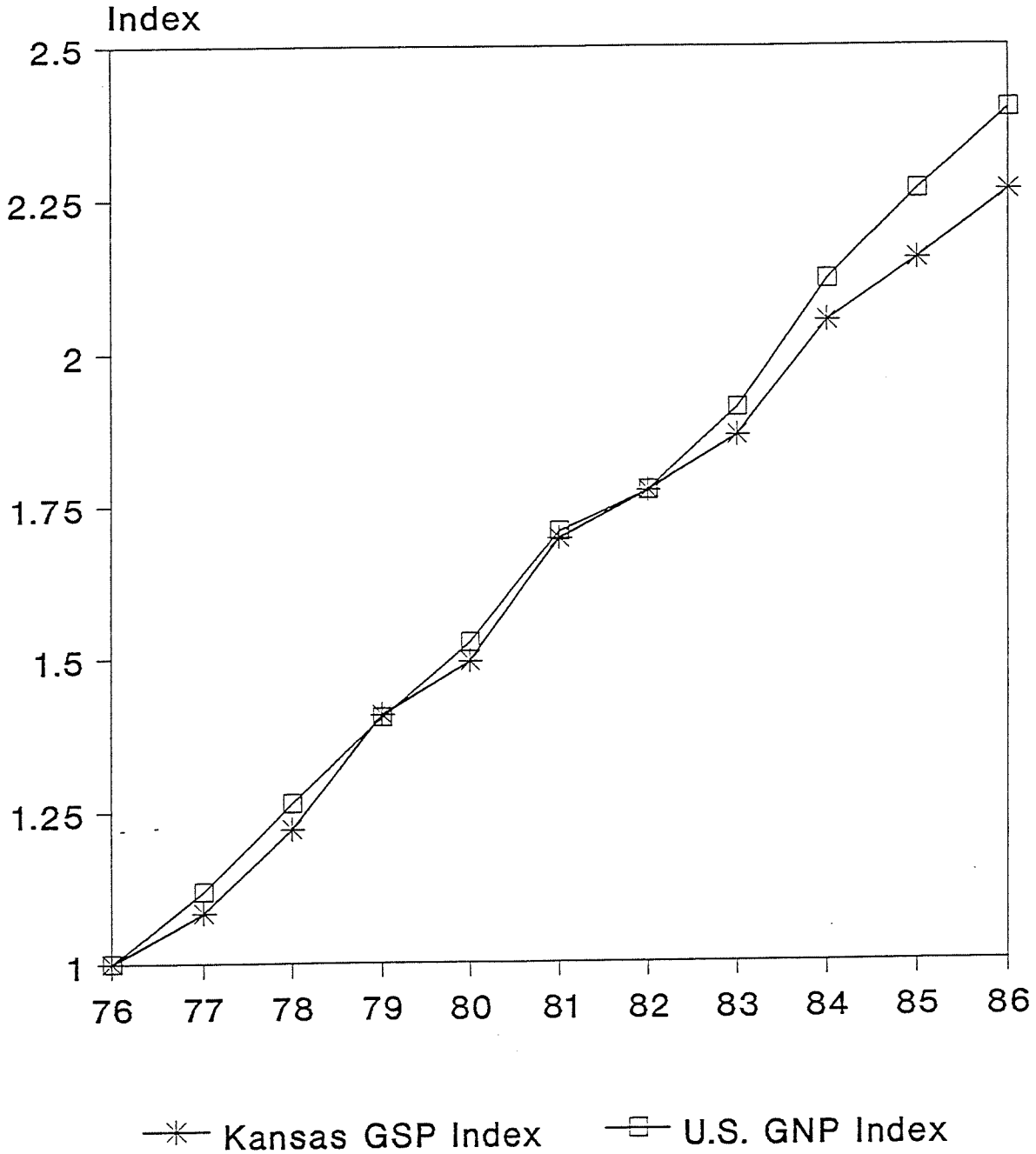
KS vs. U.S.



Source: Bureau of Economic Analysis

GROSS PRODUCT COMPARISON

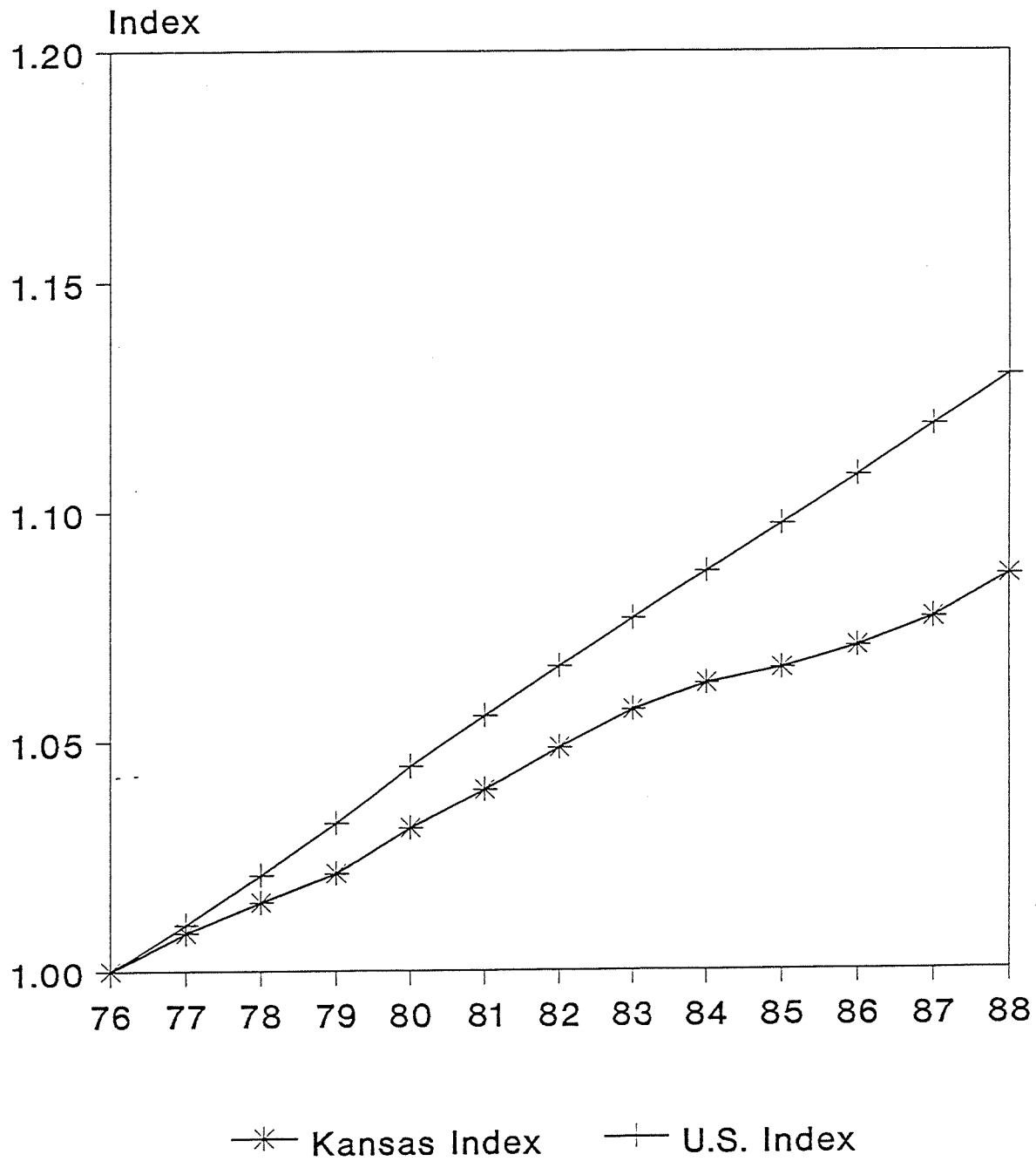
KS vs. U.S.



Source: Bureau of Economic Analysis

POPULATION GROWTH

KS vs U.S.



Source: Census Bureau



KANSAS MEDICAL SOCIETY

1300 Topeka Avenue • Topeka, Kansas 66612 • (913) 235-2383
Kansas WATS 800-332-0156 FAX 913-235-5114

March 15, 1990

TO: House Taxation Committee
FROM: Kansas Medical Society *Chipta Freeman*
SUBJECT: House Bill 3001; Sales Tax on Services

Thank you for this opportunity to express our opposition to HB 3001. We believe that sales taxes on services rendered by health care professionals or charges of a medical care facility are unacceptable. In addition to the extremely regressive characteristic, taxing people for being injured or becoming ill is simply poor public policy.

It seems completely inconsistent that the Legislature would consider imposing the sales tax on medical services at a time when the same Legislature is struggling to arrive at ways of reducing the cost of health care. We respectfully request that you take adverse action on HB 3001 or amend it in such a way as to delete the sales tax on services. Thank you for considering our concerns.

CW:lg

written

3/13/90

Attachment 17