

Approved

*Keith Roe*

Date 3/26/90

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 22, 1990 in room 519-S of the Capitol.

All members were present except:

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Committee staff present:

Tom Severn, Research Department  
Chris Courtwright, Research Department  
Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Representative Eugene Shore, Chairman, Subcommittee on HB 2700

Representative Shore stated that the subcommittee report on HB 2700 has been both a responsibility and a challenge. He expressed appreciation to the subcommittee members for their work. Representative Shore reviewed the exemptions from Tax Lid. (Attachment 1)

Representative Shore stated that some of the benefits to the tax lid are that the local units are allowed the same total spending as in 1988 or 1989, thus local units that held the line or reduced expenditures in 1989 won't be penalized. They would be given the choice of 1988 or 1989 as a base year.

Representative Shore used an illustration of Ironclad Tax Lid in Barber County as an example of how the tax lid would work. (Attachment 2)

Representative Shore briefly reviewed the balloon. (Attachment 3)

A motion was made by Representative Shore, seconded by Representative Snowbarger to amend HB 2700 by adopting the balloon, except for reinstatement of the exemption on (d), page 4; eliminating the proposed language recommended in (d) by the subcommittee. The motion carried.

A motion was made by Representative Snowbarger, seconded by Representative Vancrum to amend the balloon, that notwithstanding a tax lid, local units should be able to set their mill levy to at least recoup the amount of money lost due to loss of automobile property tax revenues. The motion failed with a vote count of 10 nays and 9 yeas.

A motion was made by Representative Snowbarger, seconded by Representative Dean to amend sec. (d) to include the original language in (d), plus the subcommittee recommendations on tax lids for employer contributions for social security, workers compensation, unemployment insurance, employee retirement and pension programs; also health care costs, as was in the original bill, and employee benefit plans (includes child care.) The motion passed with 13 yeas and 8 nays. Representative Spaniol was recorded as voting no.

A motion was made by Representative Vancrum, seconded by Representative Snowbarger, to remove the language proposed for line 33 of the balloon "less the amount of valuation reduced by assessment appeals or other changes in valuations which were made after such abstract was transmitted." The motion failed with 11 nays and 9 yeas.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,  
room 519-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 22, 1990.

A motion was made by Representative Shore, seconded by Representative Aylward, to pass HB 2700 as amended favorably. The motion carried.

The minutes of March 21, 1990, were approved.

The meeting adjourned at 10:00 a.m.





## Exemptions From Tax Lid

Employee Benefits

Health Insurance Portion of Employee Benefits

District Court - County General

Community College + Vocational Ed. - out district tuition

Infrastructure Loan Agreement

NFW Payments due to Protest of Taxes

Debt service for bonds etc.

Judgments

Unified School Districts

Home Rule Modifications

3/22/90

Attachment 1

ILLUSTRATION OF IRONCLAD TAX LID IN BARBER COUNTY

*Bill  
Irv.  
Dept of Adm*

<u>Fund/Function Levied For</u>	<u>1988 Tax Levy</u>	<u>1989 Tax Levy</u>	<u>1990 Ironclad Tax Lid</u>
General	\$ 272,835	93,372	*
District Court	48,800	50,000	*
Appraisers Cost	79,214	58,683	*
Conservation Comm	4,906	4,431	*
Extension Council	64,278	57,889	*
Fair Maintenance	25,955	22,301	*
Special Bridge	161,407	161,407	*
Public Health	50,706	36,958	*
1988 Tax Lid Levies	708,101		
Road and Bridge	737,454 <sup>A</sup>	642,120	*
Council on Aging	41,312 <sup>B</sup>	33,639	*
Election	18,647 <sup>B</sup>	4,464	*
Noxious Weed	80,703 <sup>B</sup>	101,386	*
Reappraisal	75,562 <sup>B</sup>	0	*
1989 Tax Lid Levies		1,266,650	
Ambulance	80,703 <sup>C</sup>	68,251	*
Employee Benefits <sup>D</sup>	144,917 <sup>C</sup>	119,735	*
Mental Health	30,263 <sup>C</sup>	34,074	*
Mental Retardation	49,522 <sup>C</sup>	58,716	*
Out-District Tuition	41,296 <sup>C</sup>	90,605	*
1990 Ironclad Tax Lid		1,638,031 <sup>E</sup>	\$1,638,031 <sup>E</sup>
Health Insurance Costs <sup>D</sup>		267,900	Unlimited
Bond and Interest	6,096	5,243	Unlimited
Total Levies	\$2,014,576	\$1,911,174	F

*Dollar Limit  
not mill levies*

*No limit  
but cannot  
exceed.*

*base*

- A. Fund levy was exempted from the Tax Lid via exercise of Home Rule in 1988.
- B. Fund levy was exempted from the Tax Lid by statute in 1988.
- C. Fund levy was exempted from the Tax Lid by statute in both 1988 and 1989.
- D. Health insurance costs were included in General Fund for the 1988 levy and in Employee Benefits Fund for the 1989 levy.
- E. The Ironclad Tax Lid limit for 1990 of \$1,638,031 will be the Total Levies for 1989 of \$1,911,174 less the levy amount attributable to Health Insurance Costs (\$267,900) and Bond and Interest (\$5,243). The Ironclad Tax Lid limit would be increased for increases in valuation from 1989 to 1990 and further adjusted for other factors.
- F. The total levy for 1990 under the Ironclad Tax Lid will be \$1,638,031, as adjusted per explanation in E. above, plus the levies for Health Insurance Costs and Bond and Interest.

\* - There will be no individual levy limits on the individual funds. The only limit will be the Ironclad Tax Lid limit.

*possibly  
p7 + inflation*

*3/22/90*

Municipal Accounting Section  
February 8, 1990

*attachment 2*

HOUSE BILL No. 2700

By Committee on Taxation

1-24

3/22/90  
Attachment 3

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AN ACT relating to property taxation; concerning aggregate tax levy limitations; amending K.S.A. 2-129i, 12-110b, 12-1680, 12-1688, 13-14, 112, 19-101d, 19-436, 19-15, 142, 19-1930, 19-2122, 19-2651, 19-2698, 19-27, 156, 19-2881a, 19-28, 112, 19-3905, 19-4102, 19-4443, 19-4485, 20-356, 25-2201a, 27-322, 44-710e, 65-4060, 68-5, 100, 75-1122, 75-6110, 75-6113, 79-1482, 79-1607, 79-1946, 79-1947b, 79-2005, as amended by section 3 of 1989 Special Session House Bill No. 2001, 79-5021, 79-5022, 79-5024, 79-5025, 79-5026, 79-5028, 79-5032, 79-5036 and 82a-1425 and K.S.A. 1989 Supp. 2-162, 2-1318, 12-1257, 12-16, 102, 12-1933, 13-13a23, 13-13a26, 19-4606, 40-2305, 65-204, 65-3327, 65-6113, 71-301, 74-4920, 74-4967 and 74-5057 and repealing the existing sections; also repealing K.S.A. 12-4803, 13-10, 143, 79-5028a and 79-5035.

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

Section 1. K.S.A. 79-5021 is hereby amended to read as follows: 79-5021. As used in K.S.A. 1987 Supp. 79-5021 to 79-5035, inclusive, and amendments thereto; (a) "Taxing subdivision" means every taxing district in the state of Kansas other than the state; (b) and "reappraisal year" means the year in which the valuations established under the program of statewide reappraisal are first used as a basis for the levy of taxes; and (c) "assessed valuation amount [of the reappraisal year]" means the taxable tangible assessed valuation as shown on the November 1, 1989, abstract transmitted to the director of property valuation pursuant to K.S.A. 79-1806.

Sec. 2. K.S.A. 79-5022 is hereby amended to read as follows: 79-5022. (a) In [the reappraisal year] and in each year thereafter, all existing statutory fund mill levy rate and aggregate levy limitations on taxing subdivisions are hereby suspended.

(b) Except as otherwise provided in K.S.A. 1987 Supp. 79-5024 to 79-5027, inclusive, and amendments thereto, [in each of the two years next succeeding the reappraisal year,] no taxing subdivision city, county, township, [unified school district,] municipal university or community college shall certify to the county clerk of the county any tax levies upon tangible property, excluding levies specified in

"base year" means either 1988 or 1989, whichever is designated by the taxing subdivision as its base year

in 1989

less the amount of valuation reduced by assessment appeals or other changes in valuations which were made after such abstract was transmitted

1990

1 K.S.A. 1987 Supp. 79-5028, and amendments thereto, which in the  
2 aggregate will produce an amount in excess of the amount which  
3 was levied by such taxing subdivision in the prior ~~reappraisal~~ year.

base

4 (c) In ~~each~~ year after the reappraisal year, the fund levy limits  
5 shall be increased by multiplying the dollar amount produced by  
6 the levy limit for ~~the~~ year prior to the reappraisal year by the  
7 quotient determined by dividing the assessed tangible valuation  
8 amount of the current year by the assessed ~~tangible~~ valuation  
9 amount of ~~the~~ reappraisal year. *The provisions of this subsection  
10 shall not be applicable to any city, county, township, ~~unified school~~  
11 ~~district~~, municipal university or community college for each of the  
12 two years next succeeding the reappraisal year.*

1990, and each year thereafter

1988

1989

13 (d) Except for adjustments described in K.S.A. 1987 Supp.  
14 795024 to 795027, inclusive, and amendments thereto, in each  
15 year after the reappraisal year the aggregate levy limit for cities  
16 and counties shall be the authorized aggregate levy limit in  
17 effect for the year prior to the reappraisal year. All tax levies  
18 existing or authorized hereafter by law, except those levies  
19 specifically exempt pursuant to K.S.A. 1987 Supp. 795028, and  
20 amendments thereto, or levy authorizations exempted from the  
21 provisions of K.S.A. 1987 Supp. 795021 to 795027, inclusive,  
22 and amendments thereto, or levy authorizations exempted from  
23 the provisions of K.S.A. 795001 to 795016, inclusive, as  
24 existing prior to January 1, 1989, shall be subject to the  
25 aggregate limit prescribed hereunder.

26 Sec. 3. K.S.A. 79-5024 is hereby amended to read as follows:  
27 79-5024. (a) ~~In each of the two years next succeeding the reappraisal~~  
28 ~~year and in each year thereafter,~~ whenever the taxable assessed  
29 tangible valuation of any city or county, township, ~~unified school~~  
30 ~~district,~~ municipal university or community college is increased by  
31 new improvements on real estate or by increased personal property  
32 valuation, or both, the amount which would be produced by the  
33 aggregate tax levy authorized under K.S.A. 79-5022, and  
34 amendments thereto, shall be adjusted to increase the amount  
35 authorized in the proportion that the assessed valuation of the new  
36 improvements and the increased personal property valuation bears  
37 to the total ~~taxable~~ assessed ~~tangible~~ valuation of the city or county  
38 ~~excluding the assessed valuation of the new improvements and the~~  
39 ~~increased personal property valuation.~~

amount in 1989

40 (b) In each year after the reappraisal year, whenever the  
41 value of personal property increases over such value of the  
42 reappraisal year, the aggregate limit for the year prior to the  
43 reappraisal year shall be divided by the taxable assessed

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tangible valuation of the taxing subdivision in the reappraisal year to derive a levy rate. The levy rate so computed shall then be applied to the assessed valuation of such added personal property.

(e) (b) Such city or county, township, [unified school district,] municipal university or community college may then levy the amount permitted under K.S.A. 1987 Supp. 79-5022, and amendments thereto, and in addition thereto the amount produced by the levy on such new improvements and added personal property as provided in this section.

Sec. 4. K.S.A. 79-5025 is hereby amended to read as follows: 79-5025. In the event that any territory is added to an existing city or county, township, [unified school district] municipal university or community college, the amount which would be produced by the aggregate tax levy otherwise authorized under K.S.A. 1987 Supp. 79-5022 and 79-5024, and amendments thereto, shall be adjusted to increase the amount authorized in the proportion that the assessed valuation of the tangible taxable property in the territory added bears to the total taxable assessed tangible valuation of the city or county, township, [unified school district] municipal university or community college, excluding the property in such added territory.

Sec. 5. K.S.A. 79-5026 is hereby amended to read as follows: 79-5026. In the event that any taxable tangible property is excluded from the boundaries of any city or county, township, [unified school district] municipal university or community college, the amount which would be produced by the aggregate tax levy authorized under the provisions of K.S.A. 1987 Supp. 79-5022 and 79-5024, and amendments thereto, shall be adjusted to decrease the amount authorized in the proportion that the assessed valuation of the tangible property excluded bears to the total taxable assessed valuation of the city or county, township, [unified school district] municipal university or community college, including such excluded property.

Sec. 6. K.S.A. 79-5028 is hereby amended to read as follows: 79-5028. The provisions of K.S.A. 1987 Supp. 79-5021 to 79-5035, inclusive, and amendments thereto, shall not apply to or limit the levy of taxes for the payment of:

- (a) Principal and interest upon ~~bonds and temporary notes~~ and
- (b) no-fund warrants authorized by the state board of tax appeals subject to the conditions and requirements of K.S.A. 79-2938, 79-2939, 79-2941 and 79-2951 and 79-5030, and amendments thereto, and where such board in addition specifically has found that an extreme emergency exists;

state infrastructure loans,

79-2005,



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(e) (b) judgments rendered against taxing subdivisions; ~~or~~

~~[(c) employer contributions for health care costs.]~~

(d) expenses for legal counsel and defense of legal actions against officers or employees of taxing subdivisions or premiums on insurance providing such protection as authorized by article 61 of chapter 75 of the Kansas Statutes Annotated and amendments thereto;

(e) employer contributions for social security, workers compensation, unemployment insurance, health care costs and employee retirement and pension programs;

(f) expenses incurred by counties for district court operations under the provisions of K.S.A. 20348 or 20349, and amendments thereto;

(g) special assessments;

(h) expenses for which tax levies are authorized or required under K.S.A. 1211a01, 121617h, 19262, 194004, 194011, 194102, 194443, 71301 and 724424, and amendments thereto;

(i) expenses for which tax levies are authorized or required by law if the act specifically in its provisions exempts such levy from the limitation imposed under the provisions of K.S.A. 1987 Supp. 795021 *et seq.*, and amendments thereto; or

(j) added expenditures which are specifically mandated or required by state or federal law and which are initially incurred by the taxing subdivision after the effective date of this act, less any expenditures which were specifically mandated or required by state or federal law prior to the effective date of this act and are no longer mandated or required.

Amounts produced from any levy specified in this section shall not be used in computing any aggregate limitation under the provisions of this act.

Sec. 7. K.S.A. 79-5032 is hereby amended to read as follows: 79-5032. Whenever any ~~taxing subdivision~~ of this state city, county, township, unified school district, municipal university or community college shall be required by law to levy taxes for the financing of the budget of any political or governmental subdivision of this state which is not authorized by law to levy taxes on its own behalf, and the governing body of such ~~taxing subdivision~~ city, county, township, unified school district, municipal university or community college is not authorized or empowered to modify or reduce the amount of taxes levied therefor, the tax levies of such political or governmental subdivision shall not be included in or considered in computing the aggregate limitations upon the property tax levies of the ~~taxing subdivisions~~ city, county, township, unified

(c) expenses incurred by counties for payment of out-district tuition to community colleges pursuant to K.S.A. 71-301, and amendments thereto;

(d) employer contributions for social security, workers compensation, unemployment insurance, health care costs and employee retirement and pension programs; or

(e) expenses incurred by counties for district court operations under the provisions of K.S.A. 20-348 or 20-349, and amendments thereto.

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school district, municipal university or community college levying taxes for such political or governmental subdivision. The fund levy limits of such political or governmental subdivision shall be established in accordance with subsection (c) of K.S.A. 79-5022, and amendments thereto.

Sec. 8. K.S.A. 79-5036 is hereby amended to read as follows: 79-5036. (a) The governing body of any city, in the third year next following the reappraisal year in which the valuations established under the program of statewide reappraisal are used as a basis for the levy of taxes or in any year thereafter, may elect, in the manner prescribed by and subject to the limitations of section 5 of article 12 of the Kansas Constitution, to exempt such city from the provisions of K.S.A. 1985 Supp. 79-5021 to 79-5033, inclusive.

(b) The governing body of any county, in the third year next following the reappraisal year in which the valuations established under the program of statewide reappraisal are used as a basis for the levy of taxes or in any year thereafter, may elect, in the manner prescribed by and subject to the limitations of K.S.A. 19-101b, and amendments thereto, to exempt such county from the provisions of K.S.A. 1985 Supp. 79-5021 to 79-5033, inclusive.

(c) The governing body of any other taxing subdivision subject to the provisions of K.S.A. 1985 Supp. 79-5021 to 79-5033, inclusive, in the year next following the year in which the valuations established under the program of statewide reappraisal are used as a basis for the levy of taxes or in any year thereafter, may elect, in the manner prescribed by and subject to the limitations of K.S.A. 19-101b, and amendments thereto, insofar as such section may be made applicable, to exempt such subdivision from the provisions of K.S.A. 1985 Supp. 79-5021 to 79-5033, inclusive.

Sec. 9. K.S.A. 2-129i is hereby amended to read as follows: 2-129i. The board of county commissioners of any county designated as an urban area by K.S.A. 19-2654, and amendments thereto, and in which there is a county fair association officially recognized by the state board of agriculture, upon request of the fair association may make an annual tax levy of not to exceed one-tenth (1/10) 1/10 mill upon all the taxable tangible property of the county for the purpose of raising funds to be used for the purchase of land and the erection and maintenance of buildings and improvements thereon, including construction of streets and sewers for such fair association and to pay a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774, and amendments thereto, by cities located in the county. No levy shall be made under

or to modify the provisions thereof

(c) The governing body of any other taxing subdivision subject to the provisions of K.S.A. 79-5021 to 79-5033, inclusive, may elect, in the manner prescribed by and subject to the limitations of K.S.A. 19-101b, and amendments thereto, insofar as such section may be made applicable, to exempt such subdivision from the provisions of K.S.A. 79-5021 to 79-5033, inclusive, or to modify the provisions thereof.