

Approved August 17, 1990
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

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

11:00 a.m./~~p.m.~~ on Wednesday, April 4, 1990 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

Bill Ervin, Department of Administration
Ernie Mosher, League of Municipalities

Chairman Thiessen called the meeting to order at 11:03 a.m. and told the members they have minutes in front of them, dated March 5 and March 6, 1990 and he would call for a motion at the end of the meeting. He turned attention to HB2700 and said it is similar to SB777, and he recognized Bill Ervin, Department of Administration to update the committee members on some of the differences.

HB2700 As Amended by House Committee on Taxation: would reimpose beginning in 1990 the aggregate dollar levy lid contained in K.S.A. 79-5021 through 79-5034 for cities, counties, townships, municipal universities, and community colleges, using the amount levied in 1988 or 1989 as the base. Individual fund levy limits would be reimposed on most funds, including levies by unified school districts other than for their general funds. All exemptions contained in K.S.A. 79-5028 would be repealed except for bonds, temporary notes, state infrastructure loans, nofund warrants, judgments, out-district tuition to community colleges, employer contributions for Social Security, workers compensation, unemployment insurance, health care costs, employee benefit plans, employee retirement and pension programs, tort claims, and district court operations.

Aggregate limitations for subdivisions such as library boards which certify a levy to be made for them by a city, county, township, unified school district, municipal university, or community college would be calculated separately when that taxing subdivision has no authority to change the levy. Examples of these types of subdivisions include cemetery districts, fire districts, and library districts.

Adjustments are provided for increases in valuation and added territory. Local units could remove themselves from this new lid with an election or via procedures similar to those for exercising home rule.

Sections 9 through 58 of the bill amend current statutes to remove language exempting certain tax levies from a tax limitation law. Most, but not all, of these statutes refer to the pre-reappraisal tax lid law, which has been repealed.

Bill Ervin said he has no special new information this morning, and on the advise of Tom Severn, he re-copied the comparison he used last time, and that basically is where we are, now. There are some things that Ernie Mosher will be talking about later on, and as far as the comparison between present law and HB2700, is the iron-clad tax lid, and the amendments to HB2700 and SB777, those are shown on the hand-out passed by him the last time, and he just duplicated it this time. (ATTACHMENT 1)

He pointed out, the big changes that were made, from the original HB2700 is the iron-clad tax lid, and some big changes made by the amendments in the House, was the increasing the number of exemptions from 3 in the iron-clad tax lid to about 8 in HB2700 as amended. The tax lid was made permanent arrangement, whereas the iron-clad tax lid, was for 2 years.

Senator Fred Kerr asked how it would work, with the base year that was amended in 1988 or 1989, that local units could use either one, and if they used 1988, then what?

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A2

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Wednesday, April 4, 1990

Mr. Ervin said they would choose the one that would give them the most taxing power, if '88 was greater than '89, they would want to choose '88, to give them more taxing power and a higher base to build on.

The rules would be the same, after selecting the base year. For example, if the base year for '88 was a \$100.M, and '89 was \$800,000 then they would choose the year of '88 as their base, and to that base they would be allowed certain increases for valuation on top of the \$100.M

Senator Fred Kerr said one of the criticisms in many of the proposals, has been, the counties that really didn't do any padding, etc. those are the counties that are being hurt now, and that is one reason for putting 1988 in there, but still those that want to get as much taxing authority as possible, will be the one's that padded the most in 1989, and then they can use that base. Mr. Ervin said there is no penalty for them having padded and use their base, and on the other side, is there some concession for those that held the line before, there really isn't a special built-in concession for those that held the line before, except for the fact, "as you mentioned" the ability to select, either for '88 or '89 as their base year.

Senator Fred Kerr asked about community colleges, and they are in the bill as subjected to the lid, so they would be the same as other units, they could have a larger base if their county valuation expanded? Mr. Ervin said yes, but that is the natural increase in taxing power, you do have the exemption of availability. There are several exemptions from the tax lid that are available.

Chairman Thiessen said we will have other problems in some counties, in addition to the community colleges, where they have new obligations like Montgomery County has a new Judicial Jail Center that they are going to have to fund the operation of. How would they handle that under this bill? Mr. Ervin said Montgomery County does have a problem, and that would be additional costs that would be financed out of the general fund, and he said, he thought they would be under a squeeze, for the increased cost of the Judicial Center, and they would directly have to decrease someplace else to allow the financing for their increased cost requirements on the Center.

Chairman Thiessen asked, "then the only option they would have, would be to vote to exceed the tax lid? Mr. Ervin said that would be one option, they could have an election to exempt themselves from the lid, and they could go before the tax appeals and use the home rule powers.

Tom Severn asked "all the exemptions for the current law and for HB2700 would be exemptions for certain funds that are levied by counties and cities?" Mr. Ervin said yes, that is right. Counties and cities and others covered by the tax lid.

Senator Martin asked "What happens if the valuation in 1990, goes down? Mr Ervin said the tax lid base that is established is not forced down by valuation decreases. The provision is there, that it allows for increasing taxing power, as valuation goes up, but it doesn't provide a penalty, of pulling away or subtraction from taxing power, if valuation goes down.

Senator Karr said in following up the same question as Senator Martin, if you are in a situation where valuation drops through an adjustment process, and you have maybe more than one or two years in valuation, that would mean that the entities in that area would be on a flat budget"? Mr Ervin said yes, pretty much. He said, for instance, a municipality that was covered by the tax lid, had a tax lid base of \$1,000 if they lost valuation, they would still use the \$1,000 as their base. They would be guaranteed to have a \$1,000 base, in this example, where they had established \$1,000 in their base year. If their valuation was going down, and did go down in 1990, then they would not get the normal increase in taxing power, attributable to valuation increase, because there wasn't an increase in valuation, but they would be guaranteed the \$1,000.

Senator Francisco said looking at the hand-out, he did not understand why out of district tuition would be exempt, and he asked "could we provide an amendment to set up a provision to anything that is mandated by the legislature, for judicial on a city or county, could we take some of the lids out for jails, juvenile facilities, etc.? Mr Ervin said that would be possible.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Wednesday, April 4, 1990.

Chairman Thiessen asked Don Hayward if he could answer Senator Francisco's question.

Don Hayward said on page 5 of the (balloon hand-out) that would need to be an exemption.

Senator Langworthy said she would like someone to explain, "the rationale for the bill".

Bill Ervin said the reason for tax lids, is to limit tax. Local taxing power of those municipalities that have the power to raise taxes.

Senator Langworthy then someone feels it is our responsibility at the State level, to limit local taxing units? Bill Ervin said yes, there certainly is that feeling, or we wouldn't have tax lids. He said, he personally is not saying, he thinks the legislature should impose tax lids.

Tom Severn said originally this was proposed together with Proposition 13, and it was a 2 year coverage, just to carry us into that time when Proposition 13 would take effect, and when that began to look like it might not go, this was changed to, permanently.

Senator Langworthy said with regard to gross enrollment to community colleges, is there any provision in the bill, that will take that into account? Bill Ervin said no, there is no provision for increased taxing power attributable to increased enrollment. There are other provisions that do allow increasing taxing power as valuation increases, and exemption options are always available for community colleges, and the exemptions are the same as in the hand-out (ATTACHMENT 1)

After committee discussion Chairman Thiessen recognized Ernie Mosher, Secretary, League of Municipalities.

Ernie Mosher said his balloon on amendments has been passed to the members (ATTACHMENT 2) and before he proceeds with the amendments, he wanted to re-state what has been said, to make sure all the members understands that this tax lid and everyone, since 1970's is a 100% tax lid, there is no natural growth, the only increases in taxes under the tax lid, can occur from new improvements on real estate and added personal property, and changes in valuation, as the result of reappraisal, do not benefit from that. The average community gets a 1% to 1½% growth in taxing authority.

The balloon, has some changes proposed by the League and KS Association of Counties. He explained the amendments to the members and said he would be glad to stand for questions by the members.

After committee discussion with Mr. Mosher regarding his proposed amendments, The Chairman asked the committee's pleasure on the proposed amendment.

Senator Lee moved to, on page 5 of the proposed amendment (ATTACHMENT 2) to put the stricken language on lines 4 thru 9 back into the bill, 2nd by Senator Francisco.

After committee discussion on the motion, Chairman Thiessen recognized Senator Fred Kerr.

Senator Fred Kerr made a substitute motion to adopt all the amendments by Ernie Mosher, in ATTACHMENT 2, 2nd by Senator Petty. The motion carried.

Senator Langworthy said she did not favor the bill, but she thought, if the bill were to pass there are problems and the committee would have to look whether they want to amend to allow for the loss of motor vehicle tax, and also for all taxing units, and for the community colleges to allow for increased enrollment.

Chairman Thiessen reminded Senator Langworthy that Ernie Mosher said "they can do that by home-rule", and he asked Ernie Mosher is we needed anything more for the loss of motor vehicle tax. Ernie Mosher said no, there are 39 cities that had tax rates drop by 10% or more, that would be adversely affected by the change of valuation, and they proposed to the House Committee that this should be done by State Law, and that would require all local units to take separate action. The committee rejected that, and there was an attempt to do it on the floor, and the floor rejected it. He said, they thought, it would be controversial on the Senate floor, so we put a home rule on it.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Wednesday, April 4, 1990.

He said, if you want a specific exemption for loss of revenue for vehicle tax, the answer is, yes.

Senator Langworthy conceptually moved to amend that the loss of motor vehicle tax, to make up for that would be outside the realm, 2nd by Senator Karr.

Senator Montgomery said he is not opposed to the motion but, he felt there was no way we would get that through the House, with the tax lid.

Senator Montgomery made a substitute motion to favorably pass the proposed amendments in Attachment 2, 2nd by Senator Francisco. The motion carried 6 to 3.

Senator Montgomery moved to adopt the minutes of March 5, and March 6, 1990, 2nd by Senator Karr. The motion to adopt the minutes carried.

The Chairman adjourned the meeting at 12:35 p.m.

GUEST LIST

COMMITTEE: SENATE
ASSESSMENT & TAXATION

DATE: Wednesday 4-4-90

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Rich McKee	Topeka	KLA
Woody Woodman	WMO	HCPL
Paul E. Fleener	Manhattan	Ks. Farm Bureau
Bob Corkins	Topeka	KCCI
Jerry Conness	Law	KG-E
Tim Gartner	Topeka	SWBT
Jim Ludwig	Topeka	KPL
Curt Carpenter	Great Bend	Centel
George Banbee	Topeka	Banbee Assoc's
Kevin Roberts	Topeka	Ks. Logging Assn
Jacque Oakes	Topeka	Ks. Ind. Auto Dealers Assn
JANET STUBBS	"	HBA of Ks.
Jim McBride	Topeka	Observer
Pat Baker	Topeka	KASB
John Kuepfer	Topeka	KASB
Pauline Vank	KC MO	Hallmark Cards
Art SPROWN	KC MO	KS Limmer dealer
Willie Martini	Wichita	Sedgwick
Tom Whitaker	Topeka	Ks. Milk Producers Assn
Kay Cels	"	K-NEA
Ed Walhoun	Topeka	Workhouse Inc.
KAREN FRANCE	Topeka	KAR
Cathy Holdeman	Wichita	City of Wichita
TREVA POTTER	TOPEKA	PEOPLES NAT. GAS
MARSHA R CLARK	TOPEKA	KEC

<u>Subject</u>	<u>K.S.A.</u>	<u>Present Law (PL)</u>	<u>HB 2700</u>	<u>HB 2700 (As Amended 3/22/90)</u>	<u>SB 777</u>
Defini- tions	79-5021	(a) Taxing subdivision (TS) defined. (b) Reappraisal year defined. Assessed valuation not addressed in PL.	[SECTION 1] (a) No change from present law (PL). (b) No change from PL. (c) "assessed valuation amount of the reappraisal year" means the taxable tangible assessed valuation as shown on the Nov. 1, 1989 abstract transmitted to the PVD per 79-1806.	[SECTION 1] (a) No change from PL. (b) "Reappraisal Year" changed to "1989." Base year = 1988 or 1989. (c) "assessed valuation amount of the reappraisal year" means the taxable tangible assessed valuation as shown on the Nov. 1, 1989 abstract transmitted to the PVD per 79-1806, less the amount of valuation reduced by assessment appeals or other changes in valuation which were made after such abstract was transmitted.	[SECTION 1] (a) No change from PL. (b) No change from PL/HB 2700. (c) Same as HB 2700.
Who is covered by Tax Lid (TL)?	79-5022(b)	All TSs covered by TL for 1 year (1989). The 1989 TL tied to 1988 levies.	[SECTION 2] Cities, counties, townships, USDs, Washburn, comm. colleges. Term of coverage = 2 years (1990 & 1991).	[SECTION 2] USDs stricken. Term of coverage permanent.	[SECTION 2] USDs stricken. Term of coverage = 2 years (1990 & 1991).
For TSs not covered by TL.	79-5022(c)	Starting in 1990, the fund levy limits for TSs not covered by TL will use 1988 as base. Tax increases allowed for valuation increases over 1989 valuation.	Essentially no change from PL except for specifying who TL applies to/does not apply to.	Essentially no change from PL.	Same as HB 2700 except striking USDs.

SENATE ASSESSMENT AND TAXATION COMMITTEE
WEDNESDAY, APRIL 4, 1990 ATTACHMENT 1

A#1

<u>Subject</u>	<u>K.S.A.</u>	<u>Present Law (PL)</u>	<u>HB 2700</u>	<u>HB 2700 (As Amended 3/22/90)</u>	<u>SB 777</u>
Allowable increases of taxing power under TL.	79-5024(a) 79-5024(b)	In 1989 and after for TSs covered by TL, increases to taxing power allowed for valuation increases over 1989 valuation.	[SECTION 3] In 2 years (1990 & 1991) the TSs covered by TL, increases to taxing power allowed for valuation increases over 1989 valuation.	[SECTION 3] Reference to 1990 and 1991 stricken. USDs stricken.	[SECTION 3] Same as HB 2700 except for striking USDs.
Added territory adjustment.	79-5025	Cities and counties.	[SECTION 4] Cities, counties, townships, USDs, Washburn, comm. colleges.	[SECTION 4] Cities, counties, townships, Washburn, comm. colleges.	[SECTION 4] Same as HB 2700, as amended.
Excluded territory adjustment.	79-5026	Cities and counties.	[SECTION 5] Cities, counties, townships, USDs, Washburn, comm. colleges.	[SECTION 5] Cities, counties, townships, Washburn, comm. colleges.	[SECTION 5] Same as HB 2700, as amended.
Exemptions	79-5028	All exemptions shown on TAX LID EXEMPTIONS LISTING.	[SECTION 6] Three exemptions, see LISTING. The only exempt employee benefit is health insurance.	[SECTION 6] Eight exemptions, see LISTING. Employee Benefits includes soc. sec., work comp, unemploy ins., health ins., retirement, & employee benefit plans.	[SECTION 6] Seven exemptions, see LISTING. Employee Benefits includes soc. sec., work comp, unemploy. ins., health ins., & retirement.
Levies passed on to other entities	79-5032	Where TS (say, a city) makes levy that is passed on to (say, to a library) that levy not in TS TL limit.	[SECTION 7] Generally, same as PL.	[SECTION 7] Generally, same as PL.	[SECTION 7] Generally, same as PL.

2-1

<u>Subject</u>	<u>K.S.A.</u>	<u>Present Law (PL)</u>	<u>HB 2700</u>	<u>HB 2700 (As Amended 3/22/90)</u>	<u>SB 777</u>
Home Rule Exemption	79-5036	Home Rule powers extended to all TSs for exempting from TL.	[SECTION 8] Cities & counties have Home Rule, but can't use for 2 years for TL exemption.	[SECTION 8] Same as PL.	[SECTION 8] Same as HB 2700.
Codifying exemptions	Various	N/A	SECTIONS 9-58 remove exemption language from levy statutes. All exemptions now shown in SECTION 6. See LISTING.	Generally, same as HB 2700; see LISTING.	Generally, same as HB 2700; see LISTING.
Repeals statutes	Various	N/A	[SECTION 59] Repeals various K.S.A.s.	[SECTION 59] Same as HB 2700.	[SECTION 59] Same as HB 2700.
Eff. date		N/A	[SECTION 60] KS Regis pub date.	[SECTION 60] Same as HB 2700.	[SECTION 60] Same as HB 2700.

Municipal Accounting Section
March 26, 1990

TAX LID EXEMPTIONS LISTING

K.S.A.	Name of Fund	Tax Levy Year			Amenda.		
		1988	1989	1990	HB2700	HB2700	SB777
2-129i	Sec 9	Fair Associations (urban counties)	X		X		
2-162	Sec 10	Fair Associations (Shawnee County)	X		X		
2-1318	Sec 11	Noxious Weed	X		X		
12-110b	Sec 12	Spec. Law Enf., Pur. Ambulance or Fire Equip.	X		X		
12-11a01	Sec 6	Spec. County Law Enforcement	X	X	X		
12-1257	Sec 13	Spec. Library Bldg. (urban counties)	X		X		
12-1617h	Sec 6	Economic Development	X	X	X		
12-1680	Sec 14	Service Programs for the Elderly	X		X		
12-1688	Sec 15	Historical Museum	X		X		
12-16,102		Employee Benefits	X	X	X	X	X
12-16,102		Health Insurance		X	X	X	X
12-1933	Sec 17	Recreation	X		X		
12-4803	Repealed	Child Care Center	X		X		
13-10,143	Repealed	Flood Damage Repair	X		X		
13-13a23	Sec 18	Washburn University - Sinking Fund	X		X		
13-13a26	Sec 19	Out-Dist. Tuition, Washburn Univ.	X		X		
13-14,112	Sec 20	Convention Center/Sports Arena	X		X		
19-101d	Sec 21	Enforcement of County Code Violations	X		X		
19-436	Sec 22	County Appraiser (if published)	X		X		
19-15,142	Sec 23	Coliseum (two year limit)	X		X		
19-1930	Sec 24	Sedgwick Co. - Maintenance of Prisoners	X		X		
19-2122	Sec 25	Home for the Aged	X		X		
19-2651	Sec 26	Preservation of Historical Records	X		X		
19-2698	Sec 27	Serv. for Physically Handicapped	X		X		
19-27,156	Sec 28	Golf Course	X		X		
19-2881a	Sec 29	Johnson Co. - Rec. Contract With U.S. Gov	X		X		
19-28,112	Sec 30	Zoo Levy in Counties Over 300,000 Population	X		X		
19-3905	Sec 31	Youth Service Bureau	X		X		
19-4004	Sec 6	Mental Health	X	X	X		
19-4011	Sec 6	Mental Retardation	X	X	X		
19-4102	Sec 32	Economic Development	X	X	X		
19-4443	Sec 33	County Law Enforcement Agency	X	X	X		
19-4485	Sec 34	County Law Enforcement Agency	X		X		
19-4606	Sec 35	County Hospitals	X		X		
20-348		District Court - County General	X	X	X	X	X
20-356	Sec 36	District Court - New Divisions	X		X		
25-2201a	Sec 37	Election Expense - County	X		X		
27-322	Sec 38	Surplus Property or Public Airport Authority	X		X		
65-204	Sec 41	County Health	X		X		
65-3327	Sec 42	Waste Water Project	X		X		
65-4060	Sec 43	Special Alcohol and Drug Programs	X		X		
65-6113	Sec 44	Ambulance or Emergency Medical Serv.	X	X	X		
68-5,100	Sec 45	County Roads	X		X		
71-301		Out-District Tuition	X		X	X	X
72-4424	Sec 6	Community College Vocational Ed.	X	X	X		
74-5057	Sec 49	Infrastructure Loan Agreement	X	X	X		
75-1122	Sec 50	Audit Cost - 3rd Class Cities (Gen.)	X		X		
75-6110	Sec 51	Special Liability Expense	X	X	X	X	
75-6113	Sec 52	Warr. or Bonds for Pmt. of Judgments	X	X	X		
79-1482	Sec 53	Reappraisal	X		X		
79-1607	Sec 54	Reappraisal Appeals Hearing Cost	X				
79-1946	Sec 55	Co Gen - Add 1 1/2 Mills For Certain Counties	X		X		
79-1947b	Sec 56	Home for Aged - Levy Exceeding 1/2 Mill	X		X		
79-2005		NFW Payments Due to Protest of Taxes	X	X	X	X	X
79-5011(e)	Repealed	Rent Due - Public Bldg. Comm.	X	X	X		
79-5028	Sec 6	Spec. Assess. Against Political Subdivisions	X	X	X		
79-5028		Debt Serv. for Bonds, Temp. Notes & NFW	X	X	X	X	X
79-5028		Judgments	X	X	X	X	X
79-5028a		Infrastructure Loan Agreement	X	X	X	X	X
79-5035	Repealed	U.S.D. General Fund	X	X	X		
82a-1425	Sec 58	Weather Modification	X		X		
Employee Benefits:							
13-14,100	Sec 6	City Pension Fund	X	X	X		
13-14a02	Sec 6	City Pension Funds	X	X	X		
40-2305	Sec 39	Social Security	X	X	X		
44-505c		Workmen's Compensation	X	X	X		
44-710	Sec 40	Unemployment Insurance	X	X	X		
74-4920	Sec 47	KPERS	X	X	X		
74-4967	Sec 48	Kansas Police & Fire Retirement	X	X	X		

An "X" indicates an exemption from the tax lid. The absence of an "X" indicates there is no exemption from the tax lid

[As Amended by House Committee of the Whole]

As Amended by House Committee

Session of 1990

HOUSE BILL No. 2700

By Committee on Taxation

1-24

11 AN ACT relating to property taxation; concerning aggregate tax levy
 12 limitations; amending K.S.A. 2-129i, 12-110b, 12-1680, 12-1688,
 13 13-14,112, 19-101d, 19-436, 19-15,142, 19-1930, 19-2122, 19-2651,
 14 19-2698, 19-27,156, 19-2881a, 19-28,112, 19-3905, 19-4102, 19-
 15 4443, 19-4485, 20-356, 25-2201a, 27-322, 44-710e, 65-4060, 68-
 16 5,100, 75-1122, 75-6110, 75-6113, 79-1482, 79-1607, 79-1946, 79-
 17 1947b, 79-2005, as amended by section 3 of 1989 Special Session
 18 House Bill No. 2001, 79-5021, 79-5022, 79-5024, 79-5025, 79-
 19 5026, 79-5028, 79-5032, 79-5036 and 82a-1425 and K.S.A. 1989
 20 Supp. 2-162, 2-1318, 12-1257, 12-16,102, 12-1933, 13-13a23, 13-
 21 13a26, 19-4606, 40-2305, 65-204, 65-3327, 65-6113, 71-301, 74-
 22 4920, 74-4967 and 74-5057 and repealing the existing sections;
 23 also repealing K.S.A. 12-4803, 13-10,143, 79-5028a and 79-5035.

24
 25 *Be it enacted by the Legislature of the State of Kansas:*

26 Section 1. K.S.A. 79-5021 is hereby amended to read as follows:
 27 79-5021. As used in K.S.A. 1987 Supp. 79-5021 to 79-5035, inclu-
 28 sive, and amendments thereto: (a) "Taxing subdivision" means every
 29 taxing district in the state of Kansas other than the state; (b) and
 30 "reappraisal year" means the year in which the valuations es-
 31 tablished under the program of statewide reappraisal are first
 32 used as a basis for the levy of taxes "base year" means either
 33 1988 or 1989, whichever is designated by the taxing subdivision as
 34 its base year; and (c) "assessed valuation amount of the reappraisal
 35 year in 1989" means the taxable tangible assessed valuation as shown
 36 on the November 1, 1989, abstract transmitted to the director of
 37 property valuation pursuant to K.S.A. 79-1806 ~~less the amount of~~
 38 ~~valuation reduced by assessment appeals or other changes in val-~~
 39 ~~uations which were made after such abstract was transmitted.~~

40 Sec. 2. K.S.A. 79-5022 is hereby amended to read as follows:
 41 79-5022. (a) In the reappraisal year 1990 and in each year there-
 42 after, all existing statutory fund mill levy rate and aggregate levy
 43 limitations on taxing subdivisions are hereby suspended.

Amendments

Explanation

- (1) Since 1989 assessed valuations are still being changed, "for" appears to be the appropriate word--see line 16 on page 2 and line 3 on page 3.
- (2) To recognize that valuation changes made since November 1 could be increased as well as decrease Since taxes under the lid can be increased only by the proportional growth in valuation from "new improvements on real estate or by increased personal property valuation" (line 39:40, p.2) accurate base year valuation figures are important. Changes made to 1989 valuations after July 1, 1990 would not be reflected in the base.
- (3) To clarify meaning.

for (1)
 adjusted by (2)
 prior to July 1, 1990
 rate (3)

Amendments

Explanation

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

(c) In each year after the reappraisal year 1990, and each year thereafter, the fund levy limits shall be increased by multiplying the dollar amount produced by the levy limit for the year prior to the reappraisal year 1988 by the quotient determined by dividing the assessed tangible valuation amount of the current year by the assessed tangible valuation amount ~~of the reappraisal year 1989.~~ for (4)

~~The provisions of this subsection shall not be applicable to any city, county, township, unified school district, municipal university or community college for each of the two years next succeeding the reappraisal year.~~ (language stricken) (5)

(d) Except for adjustments described in K.S.A. 1987 Supp. 79-5024 to 79-5027, inclusive, and amendments thereto, in each year after the reappraisal year the aggregate levy limit for cities and counties shall be the authorized aggregate levy limit in effect for the year prior to the reappraisal year. All tax levies existing or authorized hereafter by law, except those levies specifically exempt pursuant to K.S.A. 1987 Supp. 79-5028, and amendments thereto, or levy authorizations exempted from the provisions of K.S.A. 1987 Supp. 79-5021 to 79-5027, inclusive, and amendments thereto, or levy authorizations exempted from the provisions of K.S.A. 79-5001 to 79-5016, inclusive, as existing prior to January 1, 1989, shall be subject to the aggregate limit prescribed hereunder.

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

(4) See explanation to amendment (1), page 1.

(5) To make consistent with other changes; see lines 2:3 and line 35, this page.

28
28

1 valuation of the new improvements *and the increased personal prop-*
2 *erty valuation* bears to the total ~~taxable assessed tangible val-~~
3 ~~uation assessed valuation amount in 1989 of the city or county~~
4 ~~excluding the assessed valuation of the new improvements and~~
5 ~~the increased personal property valuation.~~

for (6)

(6) See amendment (1), page 1.

6 (b) In each year after the reappraisal year, whenever the
7 value of personal property increases over such value of the
8 reappraisal year, the aggregate limit for the year prior to the
9 reappraisal year shall be divided by the taxable assessed tan-
10 gible valuation of the taxing subdivision in the reappraisal year
11 to derive a levy rate. The levy rate so computed shall then be
12 applied to the assessed valuation of such added personal
13 property.

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

20 Sec. 4. K.S.A. 79-5025 is hereby amended to read as follows:
21 79-5025. In the event that any territory is added to an existing city
22 or, county, township, *unified school district,* *municipal university*
23 *or community college,* the amount which would be produced by the
24 aggregate tax levy otherwise authorized under K.S.A. 1987 Supp.
25 79-5022 and 79-5024, and amendments thereto, shall be adjusted to
26 increase the amount authorized in the proportion that the assessed
27 valuation of the tangible taxable property in the territory added bears
28 to the total taxable assessed tangible valuation of the city or, county,
29 township, *unified school district,* *municipal university or com-*
30 *munity college,* excluding the property in such added territory.

31 Sec. 5. K.S.A. 79-5026 is hereby amended to read as follows:
32 79-5026. In the event that any taxable tangible property is excluded
33 from the boundaries of any city or, county, township, *unified school*
34 *district,* *municipal university or community college,* the amount
35 which would be produced by the aggregate tax levy authorized under
36 the provisions of K.S.A. 1987 Supp. 79-5022 and 79-5024, and
37 amendments thereto, shall be adjusted to decrease the amount au-
38 thorized in the proportion that the assessed valuation of the tangible
39 property excluded bears to the total taxable assessed valuation of
40 the city or, county, township, *unified school district,* *municipal*
41 *university or community college,* including such excluded property.

42 Sec. 6. K.S.A. 79-5028 is hereby amended to read as follows:
43 79-5028. The provisions of K.S.A. 1987 Supp. 79-5021 to 79-5035,

2-3

Amendments

Explanation

1 inclusive, and amendments thereto, shall not apply to or limit the
2 levy of taxes for the payment of:

3 (a) Principal and interest upon ~~bonds and temporary notes;~~
4 ~~and state infrastructure loans, bonds, temporary notes, and~~

5 ~~(b) no-fund warrants authorized by the state board of tax appeals~~
6 ~~subject to the conditions and requirements of K.S.A. 79-2005, 79-~~
7 ~~2038, 79-2039, 79-2041 and 79-2051 and 79-5030, and amendments~~
8 ~~thereto, and where such board in addition specifically has found that~~
9 ~~an extreme emergency exists;~~

(language stricken) (7)

(7) To simplify, by making payment of all no-fund warrants exempt. Such warrants are debt in the same manner as bonds. Warrants issued under 79-2005, for revenue shortages because of protested tax appeals, are not subject to board of tax appeals approval.

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

* and

11 ~~(e) employer contributions for health care costs.~~

(8)

(8) To clarify, and make certain that taxes levied for reserve funds as well as liability insurance premiums, the payment of settlements as well as judgments, and the payment of other legally authorized liability protection expenses are exempt.

12 ~~(c) expenses for legal counsel and defense of legal actions against~~
13 ~~the taxing subdivision, officers or employees of taxing subdivisions~~
14 ~~or premiums on insurance providing such protection as authorized~~
15 by article 61 of chapter 75 of the Kansas Statutes Annotated and
16 amendments thereto;

protection against liability to the extent such expenses are

A

17 (c) ~~(d)~~ employer contributions for social security, workers compen-
18 sation, unemployment insurance, health care costs, employee ben-
19 efit plans, and employee retirement and pension programs;

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

* settlements

23 (e) ~~(f)~~ expenses incurred by counties for payment of out-district
24 tuition to community colleges pursuant to K.S.A. 71-301, and
25 amendments thereto[, and expenses incurred by counties and town-
26 ships for payment of out-district tuition to municipal universities
27 pursuant to K.S.A. 13-13a26, and amendments thereto].

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

33 (e) employer contributions for social security, workers com-
34 pensation, unemployment insurance, health care costs and em-
35 ployee retirement and pension programs;

36 (f) expenses incurred by counties for district court opera-
37 tions under the provisions of K.S.A. 20-348 or 20-349, and
38 amendments thereto;

39 (g) special assessments;

40 (h) expenses for which tax levies are authorized or required
41 under K.S.A. 12-11a01, 12-1617h, 19-262, 19-4004, 19-4011, 19-
42 4102, 19-4443, 71-301 and 72-4424, and amendments thereto;

43 (i) expenses for which tax levies are authorized or required

2-4

Amendments

Explanation

1 by law if the act specifically in its provisions exempts such
2 levy from the limitation imposed under the provisions of K.S.A.
3 1987 Supp. 79-5021 *et seq.*, and amendments thereto; or

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

10 Amounts produced from any ~~levy~~ specified in this section shall
11 not be used in computing any aggregate limitation under the pro-
12 visions of this act.

13 Sec. 7. K.S.A. 79-5032 is hereby amended to read as follows:
14 79-5032. Whenever any ~~taxing subdivision~~ of this state ~~city,~~
15 ~~county, township, unified school district, municipal university or~~
16 ~~community college~~ shall be required by law to levy taxes for the
17 financing of the budget of any political or governmental subdivision
18 of this state which is not authorized by law to levy taxes on its own
19 behalf, and the governing body of such ~~taxing subdivision~~ ~~city,~~
20 ~~county, township, unified school district, municipal university or~~
21 ~~community college~~ is not authorized or empowered to modify or
22 reduce the amount of taxes levied therefor, the tax levies of such
23 political or governmental subdivision shall not be included in or
24 considered in computing the aggregate limitations upon the property
25 tax levies of the ~~taxing subdivisions~~ ~~city, county, township, unified~~
26 ~~school district, municipal university or community college~~ levying
27 taxes for such political or governmental subdivision. *The fund levy*
28 *limits of such political or governmental subdivision shall be estab-*
29 *lished in accordance with subsection (c) of K.S.A. 79-5022, and*
30 *amendments thereto.*

31 Sec. 8. K.S.A. 79-5036 is hereby amended to read as follows:
32 79-5036. (a) The governing body of any city, ~~in the third year next~~
33 ~~following the reappraisal year in which the valuations estab-~~
34 ~~lished under the program of statewide reappraisal are used as~~
35 ~~a basis for the levy of taxes or in any year thereafter,~~ may elect,
36 in the manner prescribed by and subject to the limitations of section
37 5 of article 12 of the Kansas Constitution, to exempt such city from
38 the provisions of K.S.A. 1985 Supp. 79-5021 to 79-5033, inclusive,
39 or to modify the provisions thereof.

40 (b) The governing body of any county, ~~in the third year next~~
41 ~~following the reappraisal year in which the valuations estab-~~
42 ~~lished under the program of statewide reappraisal are used as~~
43 ~~a basis for the levy of taxes or in any year thereafter,~~ may elect,

taxes levied for purposes (9) (9) To clarify that a separate, special tax levy fund is not required to finance the exempt purpose.

2-2

Note

No amendments are proposed as to the remaining 52 sections of the bill.

These sections would remove the tax lid exemptions of about 50 levies for various special funds or purposes. This includes such repealed exemptions as:

- noxious weeds
- economic development
- service programs for the elderly and physically handicapped
- ambulance and emergency medical service
- mental health and retardation
- county health programs
- special alcohol and drug programs

Further, some exemptions which have existed for many years would be repealed, such as taxes levied to pay special assessments.

In addition, an estimated 290 city home rule charter ordinances and 78 county home rule resolutions relating to the tax lid would be invalidated by passage of HB 2700.

HB 2700 is a 100% tax lid--no increased property taxes may be levied for any and all purposes under the lid except from new improvements and added personal property. With existing property tax exemptions, reduced personal property assessment levels, and present economic conditions, most local units in most areas of the state will have very little statutory tax lid growth in the future.

1 in the manner prescribed by and subject to the limitations of K.S.A.
2 19-101b, and amendments thereto, to exempt such county from the
3 provisions of K.S.A. 1985 Supp. 79-5021 to 79-5033, inclusive, or
4 to modify the provisions thereof.

5 (c) The governing body of any other taxing subdivision subject
6 to the provisions of K.S.A. 79-5021 to 79-5033, inclusive, may elect,
7 in the manner prescribed by and subject to the limitations of K.S.A.
8 19-101b, and amendments thereto, insofar as such section may be
9 made applicable, to exempt such subdivision from the provisions of
10 K.S.A. 79-5021 to 79-5033, inclusive, or to modify the provisions
11 thereof.

12 (e) ~~The governing body of any other taxing subdivision sub-~~
13 ~~ject to the provisions of K.S.A. 1985 Supp. 79-5021 to 79-5033,~~
14 ~~inclusive, in the year next following the year in which the~~
15 ~~valuations established under the program of statewide reap-~~
16 ~~praisal are used as a basis for the levy of taxes or in any year~~
17 ~~thereafter, may elect, in the manner prescribed by and subject~~
18 ~~to the limitations of K.S.A. 19-101b, and amendments thereto,~~
19 ~~insofar as such section may be made applicable, to exempt such~~
20 ~~subdivision from the provisions of K.S.A. 1985 Supp. 79-5021~~
21 ~~to 79-5033, inclusive.~~

22 Sec. 9. K.S.A. 2-129i is hereby amended to read as follows: 2-
23 129i. The board of county commissioners of any county designated
24 as an urban area by K.S.A. 19-2654, *and amendments thereto*, and
25 in which there is a county fair association officially recognized by
26 the state board of agriculture, upon request of the fair association
27 may make an annual tax levy of not to exceed ~~one-tenth~~ ^(1/10) 1/10
28 mill upon all the taxable tangible property of the county for the
29 purpose of raising funds to be used for the purchase of land and
30 the erection and maintenance of buildings and improvements
31 thereon, including construction of streets and sewers for such fair
32 association and to pay a portion of the principal and interest on
33 bonds issued under the authority of K.S.A. 12-1774, and amendments
34 thereto, by cities located in the county. No levy shall be made under
35 the provisions of this section until a resolution authorizing the making
36 of such levy is passed by the county commissioners and published
37 for two consecutive issues in the official county paper. Whereupon,
38 such levies may be made unless a petition in opposition thereto
39 signed by not less than ~~five percent~~ ^(5%) 5% of the qualified electors
40 of the county, as determined by the vote for secretary of state at
41 the last preceding election, is filed with the county election officer
42 within ~~sixty~~ ⁽⁶⁰⁾ 60 days following the last publication of the res-
43 olution of the board. In the event such a petition is filed, it shall

9-2