

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Joan Wagnon at _____
Chairperson

8:30 a.m./~~p.m.~~ on Wednesday, April 24, 1991 in room 521-S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn & Chris Courtwright, Legislative Research;
Don Hayward & Bill Edds, Revisors;
Linda Frey, Committee Secretary & Douglas E. Johnston, aide

Conferees appearing before the committee:

Chairman Wagnon called the committee to order at 8:30 a.m. for hearings on HB 2637, HCR 5025, HCR 5017, and SB 416.

Hearings were opened on HB 2637, moratorium on collection of motor fuel taxes on Indian reservations.

The following people testified in favor of HB 2637.

Julene Miller, Deputy Attorney General
Mark Burghart, General Counsel for the Dept. of Revenue
Bill McCormick, Director of Federal & State Affairs for the Governor's office
Steve Cadue, Tribal Chairman of the Kickapoo Nation
Sandra Keo, representing the Sac and Fox Nation

Miller stated that the Attorney General favored HB 2637. She described the status of current negotiations and the role of the Attorney General. Burghart stated that the Dept. of Revenue believed the moratorium was necessary because negotiations between the State of Kansas and the Indian nations couldn't be concluded before the Legislative Session ended. He also thought any agreement might require legislative action. In response to a question, McCormick had no objections to changing the ending date of the moratorium to the second Monday in January 1992.

Cadue suggested an amendment to HB 2637, as follows:

"Line 28 through 31: The provisions of this act shall not relieve any retailer from the requirement to collect and remit any Indian tribal or county local option tax on the prairieband Pottowatomie Indian reservation on sales to non-tribal members occurring on the reservation."

Cadue said the proposed amendment would recognize the taxing authority of the Indian tribes and that those taxes would be levied and utilized by the four Indian nations. In reply to a question, Cadue said the Kickapoo Nation was interested in entering into a compact with the State of Kansas. Keo stated that the Sac and Fox Nation did not favor the provisional line in the bill. She also replied that the Sac and Fox Nation was interested in entering into a compact with the State of Kansas.

The following people testified against HB 2637.

Melvin D. Wells, Chairman of the Board of County Commissioners of Jackson County (attachment 1)
Ray Hallauer, owner and operator of Hallauer gas station in Holton (attachment 2)
Mark A. Pruett (written testimony only) (attachment 3)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

room 521-S, Statehouse, at 8:30 a.m./p.m. on Wednesday, April 24, 1991

Public hearings were closed on HB 2637 and opened on HCR 5017 and HCR 5025, two resolutions allowing counties the option to adjust the assessment rates for property.

Rep. Kerry Patrick testified in favor of HCR 5017 (attachment 4). In reply to a question, Rep. Patrick said the 4R Act prevented the taxation of railroad properties at a higher rate than other businesses.

Rep. Vince Snowbarger testified in favor of HCR 5025 (attachment 5).

The committee recessed at 9:55 a.m. and reconvened at 12:03 p.m.

Rep. Snowbarger stated that the central issue regarding HCR 5025 and HCR 5017 was providing a county option for classification of property. In reply to a question, he said that HCR 5025 continued the ad valorem property tax for inventories and livestock except that public utilities' inventories could be taxed. He also said the proposal would not lead to a narrowing of tax bases in counties which choose the option. He also stated that HCR 5025 would not have a detrimental effect on the School District Equalization Act.

Gerry Ray, Inter-governmental Coordinator for the Johnson County Board of Commissioners, testified in favor of HCR 5025 (attachment 6).

Bob Corkins, Director of Taxation for the Kansas Chamber of Commerce and Industry, testified regarding HCR 5025 and HCR 5017 (attachment 7).

Hearings were closed on HCR 5025 and HCR 5017 and opened on SB 416.

Chris Courtwright, Legislative Research, reviewed the history of local sales tax revenue bonds in Kansas (attachment 8).

Several people testified in favor of SB 416. There were no opponents.

Rep. Tom Thompson said the bill was necessary to redevelop a blighted urban area in Roeland Park and that bonds were necessary because of the limited tax base in the city.

Judy Katz, Mayor of Roeland Park said Roeland Park was one of the first cities in Kansas to utilize the municipal improvement bond statutes to redevelop urban areas and that the city commission had pledged improvement site work at an amount greater than their annual budget.

Neil Shortlidge, Roeland Park City Attorney, said he disagreed with a portion of the memorandum by Courtwright. He said that there were provisions in the municipal self-improvement statutes that would prevent the use of the bonds for improvement of any commercial buildings (attachment 9).

E.A. Mosher, Executive Director, League of Kansas Municipalities (attachment 10) supported the bill and gave a brief history of using sales tax revenues to back bonds.

Rep. Elizabeth Baker requested an amendment (attachment 11).

Hearings were closed on SB 416.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

room 521-S, Statehouse, at 8:30 a.m./~~p.m.~~ on Wednesday, April 24, 1991.

Chairman Wagnon brought up HB 2637 for discussion and action.

Rep. Adam moved and Rep. Wiard seconded changing the moratorium to end on January 1, 1992.

Concern was stated that the moratorium time period was too long. Several ending dates for the moratorium were discussed including both the state and federal fiscal year ending dates. Miller stated that since legislative action might be necessary to enact any compact or other agreement with the Indian nations the time frame should coincide with the legislative session

Rep. Smith distributed two handouts to the committee (attachments 12 and 13). He said that approximately \$740,000 in potential gas revenues was being lost annually on sales on the Potawatomie reservation and that an additional \$0.25 million was being lost in excise taxes on cigarettes and some sales taxes.

Burghart stated in reply to a question that a recent U.S. Supreme Court case made it clear that the state did have the right to collect taxes from non-tribal members on sales on Indian lands. He said the current negotiations with the four Indian nations could lead to the state relinquishing some of that taxing authority such as had been done in other states. Such an agreement would require legislative action.

July 1, 1991 was discussed as an ending date for the moratorium. One representative stated his concern that a non-tribal merchant currently doing business on Indian land was earning approximately \$35,000 per month from untaxed gasoline sales and that neither the Indians nor the state of Kansas was benefiting.

The committee adjourned at 1:50 p.m. until 7:30 a.m. Thursday, April 25, 1991.

GUEST LIST

8:30 A.M.

COMMITTEE:

Delegation

DATE:

4/24/91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Neil Shortlidge	Oreland Park	City of Oreland Park
Judy Foy	Oreland Park	Mayor, City of Oreland Park
Helen D'Welle	Havensville	Co. Comm - Jackson Co
Ray Hallam	Holton	Hallam Oil Co.
Joe Hallam	Holton	Hallam Oil Co.
George Barber	Topeka	KS Consulting Eng'g
BRYAN MCDANIEL	HOLTON	HOLTON RECORDER
Jenny Peterson	Topeka	Kn Lodging Assn.
Tom Nichols	Topeka	KS
Bob Corkins	Topeka	KCCI
Mark Tallman	Topeka	KAR
Cindy Lower	Holton	City of Holton
Sherry Ray	Alathia	Johnson Co. Commission
BEV BRADLEY	TOPEKA	KS Assoc of Counties
Cliff M. Brude	Topeka	observer
Sandy Keo	Roseau	Sag + Fox Nation
VERNA R. SIMON	KICKAPOO RESERVATION, KICKAPOO NATION	
Keith Keo	Kickapoo tribe	Kickapoo
Lance W. Burr	Kickapoo Nation	Kickapoo Nation
Steve Cadore	KICKAPOO NATION	TRIBAL CHAIRMAN
MARK A. BURGHART	TOPEKA REVENUE	REVENUE

GUEST LIST

COMMITTEE:

Separation

DATE:

12:03 p.m.
4/24/91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Jim Ludwig	Topeka	KPL Gas Service
Thomas McBride	Lawrence	Observer
Dennis Tietze	Topeka	Av of Jay
Willie Martin	Wichita	Sedgwick Co
Gerry Ray	Olathe	Johnson Co.
Bill Henny	Topeka	Ks Engineering Society
Christy Young	Topeka	Gov. Topeka Chamber of Com.
Judith Miller	"	ATTY GEN
George Barber	Topeka	ENRON
KAREN FRANCE	TOPEKA	KAR
KEVIN ROBERTSON	TOPEKA	ATA Lodging Assn
Judy Dixon	"	AMER INSTITUTE OF ARCHITECTS
Mark Tallman	"	Ks Assoc of School Boards
Bob Corkins	Topeka	KCCI
LISA Getz	WICHITA	Ks ASSO. FOR SMALL BUSINESS
Nancy Hempen	Lawrence	Douglas County
Judy Getz	Overland Park	Mayor City of Overland Park
FRANCES KASTREK	Topeka	Ks Food Dealers Assn
Steve Jones	Wich.	Boeing
Mike Gammun	Wichita	The Boeing Company
Neil Shortlidge	Overland Park	City of Overland Park
Dan Haas	Overland Park	KCPH
Ellen Haas	Topeka	League of Women Voters
ELIZABETH E. TAYLOR	"	IND. TOBACCO UNIONS
Anne Smith	Topeka	Ks Assoc of Counties

Melvin D. Wells, Chairman
Board of County Commissioners
Jackson County

Re: HB 2637
April 24, 1991

As you well know, Jackson County is not one of the more wealthy counties in the state. The economic stress of untaxed businesses on our county is such that even two to three months would be a long time. Not being able to collect this alternative tax translates in the end into higher property taxes. With re-evaluation, some business may pay higher property taxes than they do now, while their income is reduced because untaxed businesses can undersell them. If some of those businesses close, the county tax base will be reduced still further.

We stand against House Bill 2637. The one-year moratorium is too long; maybe two to three months at the most would be necessary to work out problems. We feel that the sooner things can be worked out, the quicker the tax dollars will be going to their proper places. It has been my experience that the longer a situation is left unresolved, the longer it takes to remedy that situation, and the more difficult it becomes to do the proper thing. Therefore, we request that you vote against HB 2637.

HOUSE TAXATION
Attachment #1
04/24/91

April 24, 1991

Testimony opposing a one year moratorium

I am Ray Hallauer. I own and operate a gasoline station in Holton. Last year I paid to the state, taxes of \$272,204.00. That amount includes state gasoline tax, state diesel tax, state sales tax, county sales tax, county heating tax, Kansas Department of Health and Environment tax on tanks, state tax on the Kansas Right to Know program, real estate tax, personal property tax, excise tax on cigarettes and tobacco. and state unemployment tax. Some of my competitors on the reservation pay none of these taxes. Can I compete much longer, not hardly.

With the reservations now exempt from paying state gasoline and diesel tax I can not compete with the price of their gasoline and diesel consequently I have very few cash customers coming in for fuel. Credit card sales are down 40% making a total of all sales down 50% and more then they were a few years ago. Figures from the department of revenue shows that gasoline sales with tax collected on it is down 36.5% from a year ago in Jackson County alone. This does not include the neighboring counties of Nemaha, Brown, Pottawatomia, and Jefferson which are loosing revenue also because reservation prices are to great to pass up.

Can you really justify this one year moratorium when in just two month the state is going to add another 1 cent on to the state gasoline and diesel tax to bring in more revenue. 21% of my cost of gasoline is state tax. At the end of every month I have to compile figures, fill out forms and send the state of Kansas the tax dollars I collected for them. Some of my reservation competition has a very good price advantage over me and are paying nothing in taxes.

Because reservation are not scattered out across the state of Kansas you are not giving the citizens in the rest of the state a tax break like you are the citizens of northeast Kansas. Are the citizens of northeast Kansas really better people? I don't think so. Lets oppose this moratorium and treat all citizens in Kansas equal. The state cannot afford another year of loosing revenue.

Ray Hallauer



HOUSE TAXATION
Attachment #2
04/24/91

April 24, 1991

I come before you today to oppose the moratorium for one year, on legal actions against the Tribes. For the state to even consider this action, is ludicrous. Legal actions to collect taxes is an unavoidable link in a working government, whether they be property taxes, income taxes or fuel and sales taxes.

This controversy has been ongoing for over four years and there has not been much headway made towards getting the problems resolved. It would seem that at this time the only real option the state has left is legal action. Why throw away your ace in the hole while the game is still being played? Mr McCormick should continue to negotiate with the Tribes and try to come to terms. But, instead of holding off all legal action for another year of sitting dead in the water, a two month time limit should be set in motion to reach some type of an agreement before legal action is taken. During a visit to the state a short time ago, Senator Kassebaum said if it came down to it (a legal battle) she thought the Supreme Court would rule in favor of the state. This should be reason enough to leave the courtroom door open at this time.

Thank You,
Mark A Pruett

HOUSE TAXATION
Attachment #3
04/24/91

Mark A. Pruett

KERRY PATRICK
 REPRESENTATIVE, TWENTY-EIGHTH DISTRICT
 JOHNSON COUNTY
 10009 HOWE DRIVE
 LEAWOOD, KANSAS 66206



TOPEKA

HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 RANKING MINORITY MEMBER:
 COMPUTERS, COMMUNICATION, AND TECHNOLOGY
 MEMBER: APPROPRIATIONS
 ENERGY AND NATURAL
 RESOURCES
 LEGISLATIVE POST AUDIT

To: House Taxation Committee
 From: Kerry Patrick
 Date: April 24, 1991

RE: Constitutional Amendment on Property Taxes to HCR 5017
 - County Option Amendment to the State Constitution; where
 each county is permitted to broaden or expand their
 property tax base as they see fit.

I. Key Provisions of proposed amendment

1. Provisions of current property tax classification amendment to state constitution stays in effect unless the County commission of an individual county wishes to change on their own initiative the structure of their local property tax base.

2a. Be voted on in 1992 general election and if it is approved county commissions have one year from its passage to change the current classification scheme

2b. Once county commission has passed this ordinance changing the structure of the tax base, it can only be changed in the future by a vote of the people in the individual county.

3. County commission will hold hearings and they will have the power within the limitations prescribed in the amendment to put back on any and all inventories and to proscribe the taxing of nonprofit fraternal lodges, halls etc., at a different rate.

4. Under this Amendment no current property tax payer can assessed at a higher level than they presently are; only the potential for it to be lowered.

5. This Amendment introduced as HCR 5017 by a bipartisan group of your colleagues: Representatives Patrick, Sawyer, Hackler, Long, Macy, Sader, Shallenburger and Thompson

b. Rationale

1. Allows those counties that were adversely impacted to have hearings and to get input from their local taxing subdivisions, local chambers of commerce, typical citizens, etc. to develop the proper

HOUSE TAXATION
 Attachment #4
 04/24/91

mix of local property tax base that would maximize economic development and social welfare.

2. Topeka does not know how or what is the best type of property tax structure for each individual county. Johnson County is dramatically different from Wichita County, etc.

a. Only one size to fit all as determined by Topeka hasn't and doesn't work out best.

b. If your county commissioners don't want to change current scheme they are not required to.

3. Since 98% of all property taxes levied are spent at the local level, we should allow local units of government to determine their local property tax base free of too much state interference.

4. This version solves any possible problem with the 4R Act.

VINCENT K. SNOWBARGER

REPRESENTATIVE, 26TH DISTRICT
JOHNSON COUNTY
1451 ORLEANS DRIVE
OLATHE, KANSAS 66062
(913) 764-0457

ROOM 302-S, CAPITOL BLDG.
TOPEKA, KANSAS 66612
(913) 296-7695



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
VICE CHAIRMAN: RULES AND JOURNAL
RANKING REPUBLICAN MEMBER:
LEGISLATIVE, JUDICIAL AND
CONGRESSIONAL APPORTIONMENT
MEMBER: JUDICIARY
TAXATION

TESTIMONY ON HCR 5025

HOUSE TAXATION COMMITTEE

April 24, 1991

For the past two years, the Legislature has been struggling with a variety of issues related to the property tax crisis. I hope it has become clear that any solution to the problem of property taxes will involve solutions to several individual problems. One component of both the problem and solution concerns **classification**. While it is only one part, for many areas it is a crucial element. If that issue cannot be addressed, the property tax problem **cannot** be solved.

BACKGROUND

Prior to November, 1986, the rules of the property tax game were "uniform and equal." All property on the tax rolls was to be appraised at fair market value and assessed at a uniform rate of 30%. If everyone had played by the rules, there would have been no need for either classification or reappraisal. Unfortunately, **no one** played by the rules.

Classes of property had been treated differently since the last appraisal in the late 1960's. As a result a return to "uniform and equal" threatened to bring major tax increases to certain classes of property. Classification was proposed to help alleviate those predicted shifts.

When all classes were treated the same, the rules could be uniform statewide. **Our big mistake was in assuming that one set of classification numbers based on statewide averages would prevent major shifts from the then status quo.** Classification failed to account for the dramatic differences in the way counties had handled appraisal and assessment over a 20-year period. It assumed that statewide application of assessment rates would bring equity back into the system.

However, the effects varied drastically from county-to-county. Each county has a **unique** mix of property within its borders.

HOUSE TAXATION
Attachment #5
04/24/91

Applying uniform rates based on statewide averages led to tax shifts of unanticipated magnitude between classes in some counties. In some counties, residential properties were adversely affected. Commercial or agricultural properties received the burden in other counties.

PREMISE OF "COUNTY OPTIONS"

Property taxes are, for the most part, **local taxes**. Responsibility for levying those taxes and decisions about the services to be provided with that funding rest with local units of government. The local units can control all of the process **except** the ability to deal with the shifts between classes.

Counties, as subdivisions of the state, should be given the ability to address problems of shifts between classes without adversely affecting other counties.

In its most open form, "county option" classification would allow each county to determine which classes of property it would tax and at what rates. This was the thrust of HCR 5053 which I sponsored last session.

PREMISE OF HCR 5025

"Politics is the art of the possible." (I don't remember who said it first, but he knew what he was talking about.) A wide open approach has not met with a lot of support. However, the idea of some form of "county option" has been gaining interest and support. This is particularly true as we look at our track record on classification amendments over the last two years.

I have tried to address as many of the criticisms about my original proposal as possible. The result is a very **restricted** approach to "county option". Statewide changes are minimal but calculated to address the most serious needs we've heard expressed. The "optional" plan would only apply to the four largest counties where commercial property is concentrated. (I have no objection to expanding the availability of the optional portion.) The exemption for inventory and livestock is maintained. The "optional" classes contain specific ranges to reduce the possibility or effectiveness of competition between counties on this basis.

As currently drafted, this would go to a popular vote on June 4, 1991. The county commissions in the option counties would then, by resolution, adopt a new set of rates on or before April 1, 1993. Any future changes could then only be made with a vote of the people.

The attached outline provides an overview of the major provisions of the HCR.

VINCENT K. SNOWBARGER

REPRESENTATIVE, 26TH DISTRICT
JOHNSON COUNTY
1451 ORLEANS DRIVE
OLATHE, KANSAS 66062
(913) 764-0457

ROOM 302-S, CAPITOL BLDG.
TOPEKA, KANSAS 66612
(913) 296-7695



TOPEKA

HOUSE OF
REPRESENTATIVES

COUNTY DETERMINATION -II
CLASSIFICATION AMENDMENT PROPOSAL

COMMITTEE ASSIGNMENTS
VICE CHAIRMAN: RULES AND JOURNAL
RANKING REPUBLICAN MEMBER
LEGISLATIVE, JUDICIAL AND
CONGRESSIONAL APPORTIONMENT
MEMBER: JUDICIARY
TAXATION

Vincent Snowbarger #26

I. Statewide classification scheme

- A. Current classes and assessment rates
- b. Add a new class -

Fraternal organizations - 12%

- c. Clarify that utility personal property includes utility inventory

II. Optional classification scheme

- A. Counties with populations above 100,000 can opt out of statewide scheme.
- B. Can establish own classification scheme within limits set out below.

C. Real Property

- i. State assessed
 - a. Utilities (including inventory) - 30%
 - b. Railroads - average for C & I
- ii. Residential
 - a. Up to four units - 10 to 15%
 - b. Multi-family - 10 to 15%
 - c. Used for mobile homes 10 to 15%
- iii. Agricultural land - 30% use-value
- iv. Vacant lots - 10 to 15%
- v. Land devoted to open spaces - 10 to 15%

- vi. Fraternal lodges - 10 to 15%
- vii. Commercial and Industrial - 20 to 25%
- viii Buildings and improvements on ag land - 25 to 30%
- ix. All other - 25 to 30%

D. Personal Property

- i. State assessed
 - a. Utility including inventory - 30%
 - b. Railroad - average C & I
- ii. Mobile homes for residential - 10 to 15%
- iii. Mineral leaseholds - 25 to 30%
- iv. Motor vehicles - 20 to 30%
- v. C & I machinery and equipment - 25 to 30%, 7-year, straight-line depreciation
- vi. All other - 25 to 30%

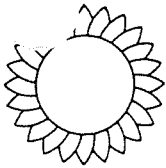
E. Exempt property the same.

F. Clarify that this would not prevent these counties from levying an alternative tax on merchants' and manufacturers' inventories or on livestock.

G. Legislative power to provide for equity in tax burden in those districts that cross county lines.

III. Implementation

- A. Vote by public on amendment - June 4, 1991
- B. Rates established by Board of County Commissioners after public hearings.
- c. After initial rates established, can only be changed by popular vote.



Johnson County
Kansas

April 24, 1991

House Taxation Committee

Hearing on House Concurrent Resolution 5025

Testimony of Gerry Ray, Intergovernmental Coordinator
Johnson County Board of Commissioners

Madam Chairman, members of the committee, my name is Gerry Ray. Thank you for allowing me to appear today to express the views of the Johnson County Commission on HCR 5025, pertaining to County-Option Classification.

For a number of years the Legislature and local officials have struggled with the problems brought about by classification. The attempts to solve the problems always result in the same outcome. There is not enough support for any one proposal, because what helps some areas is disastrous to others. Even similar counties cannot agree on a plan with a common denominator to address their diversified needs.

Johnson County has supported county-option classification for two legislative sessions, as a method to bring about a solution. Concerns were expressed earlier about the ability of smaller counties to set classification percentages. However, those objections should be answered with the limits HCR 5025 sets on population. Further assurances are added with the parameters set for classification percentages.

When the county option resolution was first introduced in 1990, many did not consider it a serious proposal or saw it as unworkable. One year later it is being taken seriously and the number of those who oppose it have significantly decreased. We believe this is due to the continued frustration in attempting to find an answer.

In Johnson County we have a very serious problem with classification and the effect it has had on commercial property. At first it was hoped it would work itself out, however this has not happened. The problems only seem to grow worse. We are now projecting a downtrend in new business and loss of existing. Johnson County needs help if it is to continue to provide jobs in our area and contribute to the economic health of the state.

HOUSE TAXATION
Attachment #6
04/24/91

It is difficult to understand why anyone would object to offering a county option on classification. It applies to only four counties in the state, and if any of them do not wish to utilize the option that is their prerogative.

Our Commissioners support the proposal because they believe in the philosophy of home rule, not just when the decisions are easy, but also when they are extremely difficult. It is understood that no commissioner will enjoy handling the task of determining classification, but they also understand that state legislators do not enjoy it either.

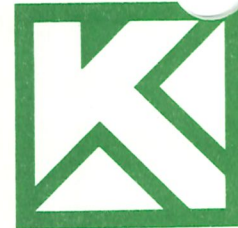
At issue is the revenue that supports the local units and the economic well being of the local communities. Counties are responsible for the property appraisal, setting the mill levies and collecting and distributing the taxes. Thus, the classification option can be considered as just another step in the taxing process.

If the Legislature and the voters determine that this is an acceptable method, our Board welcomes the opportunity to assume the responsibility, because they believe it is a local problem that can be solved at the local level. The committee is urged to recommend HCR 5025 for passage and provide a means to solve what has been described as an unsolvable situation.

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

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



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

HCR 5017 and HCR 5025

April 24, 1991

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
House Taxation Committee

by

Bob Corkins
Director of Taxation

Madam Chairman and members of the Committee:

My name is Bob Corkins, representing the Kansas Chamber of Commerce and Industry. Thank you for the chance to comment on both of the property tax classification proposals before you today.

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

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

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

HOUSE TAXATION
Attachment #7
04/24/91

Clearly, our biggest concern with these proposals is their authorization of business inventory taxes. Inventory taxes, in whatever form, are punitive, counter-productive, economically damaging, and job-threatening. For this reason, KCCI opposes both HCR 5017 and HCR 5025 in their present form.

Aside from inventories, counties must consider the effect on tax stability. First, businesses would have additional uncertainty in trying to guess whether their situs county will opt to reclassify. Second, they could only speculate what form any reclassification might take. Third, firms seeking to enter Kansas would have little guarantee that the tax structure in their targeted location would not change in the near future. Fourth, classification changes could be accomplished more easily and frequently at the county level than at the state level. And fifth, if there is any threat of a community's "piracy" of businesses located elsewhere in Kansas, that threat would multiply under county-option classification.

Both of these county-option proposals attempt to limit the instability of the general approach. The limits within HCR 5017 (classes redefined and set; maximum 30% rates,...) are rendered meaningless, however, because there is no minimum rate established for any class. A dramatic reduction in one class of property, for example, could negate a modest reduction given to some other class. Furthermore, the fact that HCR 5017 would permit every county to reclassify could easily lead to a patchwork state quilt of differing county tax policies. Under this scenario, all prospective investors may be inclined to bypass Kansas entirely to avoid tax confusion and a risky tax climate.

It appears that HCR 5025 largely avoids these disadvantages due to its narrow application. The problems of piracy and tax instability are lessened (though not eliminated) by the restriction of this plan to only our largest counties and to specific assessment rate ranges. Though creating lesser economic risks, this proposal also offers fewer potential tax benefits. In many (if not most) counties having a population under 100,000, commercial real estate taxes have jumped at least 75% since 1988. This proposal

would do nothing for them -- except perhaps provide the basis for constitutional lawsuits on the issue of federal equal protection standards.

Everyone in this room is aware of the exceptional difficulty with efforts to classify property for the purpose of taxation. That is why county-option proposals such as these originated in the first place. Perhaps a better property tax structure would be easier to create within the more limited scope of a local government's jurisdiction. This approach would permit counties to make positive changes regarding business real estate and personal property which KCCI has advocated for quite some time. It would also allow counties to adapt their tax structures to fit changes in their tax base. Furthermore, a county-option approach places another tool for controlling property taxes into the hands of those who impose property taxes - local units of government.

MEMORANDUM

Kansas Legislative Research Department

Room 545-N -- Statehouse
Topeka, Kansas 66612-1586
(913) 296-3181

April 18, 1991

To: Representative Joan Wagnon
From: Chris Courtwright, Research Analyst
Re: History of Local Sales Tax Revenue Bonds

This memorandum is in response to your request for background information on the history of local sales tax revenue bonds in Kansas. As you know, H.B. 2188, which has been approved by the Legislature, and S.B. 416, which has been referred to the House Taxation Committee, amend K.S.A. 1990 Supp. 12-195 to expand the authority of local units to issue revenue bonds backed by the local sales tax.

1987 S.B. 407

The first widespread authorization of local sales tax revenue bonds was made with the enactment of 1987 S.B. 407. Prior to 1987, only counties could issue revenue bonds backed by local sales taxes for certain limited purposes (county law enforcement facilities and highway improvements which were to receive federal matching funds). S.B. 407 authorized both cities and counties to issue bonds to provide for public facilities and improvements which could otherwise be funded through the issuance of general obligation bonds. A specific prohibition was included against the bonds being used for any facilities or improvements to be used for commercial or retail purposes.

The proposition to issue the bonds and pledge the revenues was made subject to protest petition, and all bonds issued under the statute were specifically exempted from statutory bonded indebtedness limitations.

1988 H.B. 2959

H.B. 2959, enacted in 1988, made two fairly significant changes in the local sales tax revenue bond authorization. Cities and counties were authorized to issue revenue bonds under the statute backed by local sales taxes in combination with other revenue sources. The 1987 law had stipulated that the bonds had to be payable solely from local sales taxes.

The second change provided an exemption from the prohibition against the bonds being used for facilities used for commercial or retail purposes when such bonds were issued for the payment of the cost of constructing or improving convention centers, exposition halls, and public auditoriums.

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1991 H.B. 2188

H.B. 2188, approved by the Legislature and awaiting the Governor's signature, allows cities and counties to issue general obligation bonds with the pledge of revenues received from local sales taxes. Bonds authorized under this bill would be considered general obligations of the cities and counties payable from the pledged sales tax revenues but would be payable from property taxes if not so paid. K.S.A. 1990 Supp. 12-195 is specifically amended to allow the issuance of these bonds.

These particular bonds could only be used to finance the cost of public facilities and improvements which could be financed through the issuance of standard general obligation bonds, and they are, with a few exceptions, subject to bonded indebtedness limitations. Exemptions from bonded indebtedness are provided if: (1) the law authorizing the issuance of the bonds specifically excludes them from statutory limitation on bonded indebtedness; (2) the bonds are excluded from the bonded indebtedness computation pursuant to K.S.A. 10-307 or 10-309; or (3) the bonds are issued by a Class C city (Wichita).

The proposed issuance of bonds pursuant to H.B. 2188 also would be subject to protest petition, although the requirements are slightly different from the protest petition requirements for the original sales tax revenue bonds.

1991 S.B. 416

S.B. 416 would amend K.S.A. 1990 Supp. 12-17,103 to allow cities having formed self-supported municipal improvement districts to issue bonds not considered to be general obligations of the cities which would be backed by a pledge of all or a portion of sales tax revenues. Also authorized are bonds backed by a combination of a pledge of local sales tax revenues and a property tax levy or, in the case of revenue-producing improvements, a pledge of the income and receipts from such improvements. Under current law, the principal and interest on the municipal improvement district bonds are required to be payable from a general property tax levy or, in the case of revenue-producing improvements, from a pledge of the income and receipts.

K.S.A. 1990 Supp. 12-195 would again be amended to clarify that these bonds (as well as the original local sales tax revenue bonds and the general obligation bonds authorized pursuant to H.B. 2188) would be added as yet another exception to the prohibition against local units committing funds received from sales taxes as a guarantee for the payment of bonds. Should the House Committee decide to act favorably on S.B. 416, a technical amendment should be added to reflect that the statute has been previously amended by H.B. 2188.

S.B. 416 does not appear to contain any prohibition whatsoever against the bonds being used for any facilities or improvement to be used for commercial or retail purposes. The bill was requested for introduction by the City of Roeland Park, whose mayor told the Senate Assessment and Taxation Committee that the city hoped to use the bonds to renovate a shopping mall. Roeland Park currently imposes a 1.0 percent sales tax. The House Committee on Appropriations amended the bill to take effect upon publication in the *Kansas Register*.

The self-supported municipal improvement district bonds also would be subject to protest petition, but under a different set of requirements from those relative to the protest petitions for the local sales tax revenue bonds or the general obligation sales-tax backed bonds authorized by H.B. 2188.

Sales Tax Revenue Bond Protest Petition Requirements

The local sales tax revenue bonds authorized by KSA 1990 Supp 12-195(b), the general obligation sales-tax backed bonds authorized by 1991 HB 2188, and the self-supported municipal-improvement district sales tax revenue bonds which would be authorized by 1991 SB 416 all require the governing body to publish the proposition for 2 consecutive weeks in official newspapers. Petitions requesting election on the proposed issuance would be required to be filed within 30 days. The number of signatures required for each type of bonds are as follows:

Local Sales Tax Revenue Bonds (Cities & Counties)	Sales-Tax Backed G.O. Bonds (Cities & Counties)	Muni Imprvmnt District Bonds (Cities)
4 percent of electors voting for Sec of State in last preceding general election	5 percent of electors voting in last preceding general election	10 percent of electors voting in last preceding general election

THE CITY OF
ROELAND PARK, KANSAS

4600 WEST FIFTY-FIRST STREET
ROELAND PARK, KANSAS 66205

TELEPHONE
(913) 722-2600

MEMORANDUM

TO: Taxation Committee
Kansas House

FROM: Neil R. Shortlidge, Roeland Park City Attorney

DATE: April 24, 1991

RE: Senate Bill 416

Senate Bill 416 was introduced at the request of the City of Roeland Park. The amendments made to the bill by the Senate Assessment and Taxation Committee and the House Appropriations Committee are acceptable to the City. In order to fully understand the reasons for the City's requesting the legislation, some background information is in order.

At present, the central business district of Roeland Park consists of a shopping center which was initially constructed in the early 1950's. Over the years, some of the buildings within the shopping center have deteriorated. Some of the buildings are vacant and boarded up. Because of the deteriorating conditions, for several years the City has been attempting to facilitate redevelopment of the area. A study was done which found the area to be blighted within the meaning of several Kansas statutes. The area has been designated an enterprise zone. The City solicited requests for proposals from developers in an attempt to identify a responsible development company which would be interested in redeveloping the business district. Those previous attempts were unsuccessful, in part due to the meddling of the then shopping center owner, who had been resistant to the City's attempts to revitalize and redevelop the area. Late last fall, however, the City was encouraged to find that there might be light at the end of the tunnel, when it learned that a contract had been executed for the sale of the property to a development company.

We won't bore you with the details of the proposed redevelopment project, other than to tell you that it is an exciting plan which includes a PACE Wholesale Club store of approximately 108,000 square feet as the anchor tenant, and is expected to generate an increase in the City sales tax due to redevelopment of approximately \$600,000 per year. This is clearly a significant benefit to the City of Roeland Park, which has an adopted 1991 operating budget totalling less than \$1 million (out of a total budget of less than \$2.5 million). Obviously, the redevelopment project not only has a vital effect on economic development activities within the central business district, but

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April 24, 1991
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perhaps more significantly will ultimately provide the opportunity for significant property tax relief for the citizens of Roeland Park.

As part of a redevelopment agreement which the City entered into with the redeveloper, legally known as the Roeland Park Development Company, the City has committed to expend up to \$986,000 for certain public improvements associated with the redevelopment of the central business district. Conceptually, the City intends to meet its obligations using the proceeds of half of the increased sales tax revenue over the first four years following the opening of the new shopping center. Although the City is optimistic that the sales tax revenues will match the projections, the Governing Body was concerned that there might be a shortfall. Because the Governing Body had committed that the property taxpayers would not be required to pay any portion of the \$986,000 committed to the project, it was necessary to find a mechanism by which those costs could be passed on to the developer in the event of such a shortfall. The only legal and feasible method of doing so identified by attorneys for the City and the developer was the creation of a self-supported municipal improvement district authorized by Kansas statutes, K.S.A. 1990 Supp. 12-1795 et seq.

Simply stated, the municipal improvement district legislation authorizes the creation of a special district within the boundaries of the central business district of a city which is authorized to undertake certain improvements within the district. One section of the statute -- the section to be amended by Senate Bill 416 -- authorizes the district to issue bonds for the costs of the improvements authorized by the act. As presently written, the only revenue sources which may be committed to the repayment of the principal and interest on the bonds are ad valorem taxes to be levied on property within the district and the income and receipts from revenue producing improvements. While we are advised by bond counsel that other sources of revenue, such as a city retailers' sales tax, may be used to make payments on the principal and interest of the bonds, such other sources of revenue cannot be legally committed to such purpose. The City is further advised by bond counsel that given the present language of the statute, bonds issued by a municipal improvement district are of quite limited marketability. Allowing the City the opportunity to pledge a portion of its sales tax revenues to pay off the bonds could substantially increase the marketability of the bonds and result in a lower interest rate.

The City's interest in requesting legislation amending K.S.A. 1990 Supp. 12-17,103 is intended to promote fulfillment of its commitment to use portions of the increase in sales tax revenues

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resulting from the redevelopment to fund its share of the improvements, and to do so in a manner which will make the bonds more marketable, resulting in a lower interest rate, which will in turn reduce the cost to the taxpayers of the City. Initially, we thought the least threatening way of doing this would be to have special legislation introduced which would relate only to Roeland Park. However, legislation of that nature would make the entire statutory scheme non-uniform and subject to charter ordinance, a result which might not be desirable in the eyes of some legislators. Consequently, we opted to request legislation which would be uniformly applicable to all cities.

You should know, however, that as a practical matter, this bill will have a very limited effect statewide and, in fact, may only affect Roeland Park. To date, no other city has created a municipal improvement district, notwithstanding the fact that the legislation has been on the books for ten years. From my conversations with municipal officials who have explored the municipal improvement district as an option for their city, I have discovered that the reasons the statute has not been utilized previously are two-fold: 1) the statute is procedurally cumbersome, involving a drawn out process of jumping through a number of hoops in order to create the district; and 2) as a practical matter, a municipal improvement district cannot be created without the willing support of the property owners within the proposed district. Due to these circumstances, it is clear that a municipal improvement district will result only where there is a public/private partnership between a city and a property owner which has assembled a significant amount of property within the central business district (or a group of property owners owning a sufficient amount of land within the central business district), which have come to terms concerning their mutual obligations in an effort to redevelop the central business district, including the willingness of the property owner or owners to be subject to taxation to that end.

We believe those circumstances are present in Roeland Park. The City held a public hearing on the creation of the district on April 1st. There was no opposition. The Roeland Park Development Company, which ultimately will be the only owner of property within the district, committed its support to the creation of the district. We are asking the legislature to provide us with the mechanism by which the City can fulfill its economic commitment to the project in a manner which will render the bonds marketable and cost-efficient.

#3939

Attachment 9-3



League of Kansas Municipalities

Municipal Legislative Testimony

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL 112 W. 7TH TOPEKA, KS 66603 (913) 354-9565 FAX (913) 354-4186

TO: House Committee on Taxation
FROM: E.A. Mosher, Executive Director, League of Kansas Municipalities
RE: SB 416--Self-Supported Municipal Improvement Districts
DATE: April 24, 1991

On behalf of the League and its member cities, I appear in support of 416.

This bill would authorize cities which have established a "self-supported municipal improvement district" under K.S.A. 12-1795 et seq. to issue bonds for improvements within the district, pledging local sales tax revenue to finance the bonds as well as revenue from a special tax on property within the district and any net income from revenue producing improvements. If local sales tax revenues are pledged to pay any of the principal and interest on the bonds, then the proposed issue is subject to a referendum when a petition is filed signed by 10% of the electors who voted at the last city election.

As background, it should be noted that this type of improvement district may only be formed in the central business district of a city. The type of improvements which may be financed by bonds is defined in K.S.A. Supp. 12-1795 and includes such things as storm and sanitary sewers, streets, sidewalks, and parking facilities, as well as other physical improvements normally found in a planned commercial shopping district.

The present law, enacted in 1981, was initiated by the City of Lawrence in its effort to preserve its downtown business district and avoid a "cornfield" mall. It has never been used in Kansas, in part because of the cumbersome procedure for their establishment and the uncertainty that the bonds could ever be sold at a reasonable cost if financed only from added property taxes within the district.

Absent a special fact situation, such as exists in Roeland Park, it appears doubtful that the self-supporting municipal improvement district law will ever be used. Under K.S.A. 12-17,100, such a district must have an area equivalent to at least four square blocks within the central business district, which typically involves a large number of property owners with widely diverse interests. However, many Kansas cities are strongly committed to preserving the downtown heart of the city, and are looking for ways to accomplish this objective. If a feasibility study indicates that additional sales tax collections resulting from the formation of the district will permit the issuance of bonds to finance the needed improvements, then creation of such a district may be workable and beneficial to the city. We think cities concerned about their central business district should have this opportunity, and that SB 416 should be passed.

Finally, we call to your attention that (1) HB 2188 also amends K.S.A. Supp. 12-195 (found in Sec. 2 of SB 416) and (2) the House Appropriations Committee has recommended the passage of SB 416 with an amendment to make it effective on publication in the Kansas Register (HJ 792). HB 2188, scheduled for action by the Governor on Thursday, does not take effect until publication in the statute book. Under these conditions, it may be advisable for this Committee to also recommend the amendment to make SB 416 effective with Kansas Register publication, with the intent to refer the bill to Conference Committee to reconcile the two bills.

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President: Frances J. Garcia, Commissioner, Hutchinson * Vice President: Bob Knight, Mayor, Wichita * Past President: Irene B. French, Mayor, Merriam * Directors: Michael A. Conduff, City Manager, Manhattan * Ed Eilert, Mayor, Overland Park * Harry L. Felker, Mayor, Topeka * Greg Ferris, Councilmember, Wichita * Idella Frickey, Mayor, Oberlin * William J. Goering, City Clerk/Administrator, McPherson * Judith C. Holinsworth, Mayor, Humboldt * Jesse Jackson, Commissioner, Chanute * Stan Martin, City Attorney, Abilene * Mark Mingenback, Councilmember, Great Bend * Joseph E. Steineger, Jr., Mayor, Kansas City * Bonnie Talley, Commissioner, Garden City * Executive Director: E. A. Mosher

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend Senate Bill No. 416, As Amended by House Committee, as follows:

On page 5, following line 1, by inserting:

"Sec. 3. Section 16 of 1991 House Bill No. 2450 is hereby amended to read as follows:

(a) The governing body of any city shall be authorized to create a special assessment benefit district in any portion of the city's incorporated area.

(b) If the special assessment benefit district either overlaps or abuts the unincorporated area of the county, then no such district shall be created without the county's consent. The county's consent shall not be required when the district is created pursuant to K.S.A. 12-693, and amendments thereto.

(c) If the area of a proposed improvement district includes property within an industrial district established pursuant to K.S.A. 19-3801 et seq., and amendments thereto, or pursuant to a charter resolution adopted pursuant to K.S.A. 19-101a, and amendments thereto, which effected changes in K.S.A. 19-3801 et seq., and amendments thereto, the board of directors of such industrial district shall have the right to approve or disapprove the improvement prior to the undertaking of any improvement. If the board disapproves, the industrial district shall not be liable for the cost of any such improvement."

By renumbering sections accordingly;

Also on page 5, in line 2, by striking "and" and inserting a comma; also in line 2, before "are", by inserting "and section 16 of 1991 House Bill No. 2450";

In the title, by striking all in lines 11, 12, 13 and 14 and

inserting:

"AN ACT concerning municipalities; relating to special benefit districts; amending K.S.A. 1990 Supp. 12-195, 12-17,103 and section 16 of 1991 House Bill No. 2450 and repealing the existing sections."

District.

MISCELLANEOUS IMPROVEMENTS

12-693. Improvements by cities within unincorporated territory within three miles of corporate limits; financing and payment of cost of improvement; agreement with county to establish improvement district for road and street improvements. (a) All cities are hereby authorized to make improvements authorized by and in the manner provided for in the general improvement and assessment law as contained in chapter 12, article 6a of Kansas Statutes Annotated, in those unincorporated areas beyond their corporate limits and within three miles thereof. Before any such improvements shall be made, the city shall have adopted, in the manner provided by law, regulations governing the subdivision of land in such unincorporated area. Such improvements may be located in a proposed improvement district which is wholly outside the corporate limits of the city or partially within the city limits. Improvements within such three mile area located in a proposed improvement district which is wholly outside the corporate limits of the city shall be commenced only upon a petition signed by both a majority of the owners of record of property and the owners of record of more than one-half of the area liable for special assessment under the proposal. Except as provided in subsection (b), improvements within such three mile area located in a proposed improvement district which is partially within the corporate limits of the city shall be commenced only upon a petition found sufficient by the provisions of K.S.A. 12-6a04, and amendments thereto, except that for the purpose of determining the sufficiency of the signatures to such petitions only, that area which is outside the corporate limits of the city shall be considered to constitute the proposed district. Financing of the improvements, including the levying of special assessments, shall be made in the same manner as if the improvements were made within the corporate limits of the city. In the event the improvements authorized hereunder are for water, storm water drain or sanitary sewer systems, the city is hereby authorized to impose upon the property served, user fees which may be based upon the cost of the operation and maintenance of such improvements and also the recovery of an equitable portion of the capital improvement costs of any of such improvements originally charged to or assessed against property within the corporate limits of

such city. The user fees herein authorized shall be a lien against the property served and may be collected in the same manner as delinquent real estate taxes.

(b) If the area of a proposed improvement district is located partly within and partly outside the city, and the construction, reconstruction or other improvement to roads or streets which lie upon the corporate boundary limits of the city is proposed, the governing body of the city and the board of county commissioners of the county may enter into agreements whereby the city or county may initiate such improvements by the establishment of an improvement district by the city under the provisions of K.S.A. 12-6a04, and amendments thereto. Such agreement shall provide for the proportionate share of the total costs of the improvement which shall be paid by the city and by the county and the share to be paid by the levying of special assessments against the benefiting property within the improvement district. If the proposed boundary line road or street improvement involves a road under the jurisdiction of a township, the governing body of the township also may enter into an agreement with the governing body of the city to contribute a share of the cost of the improvement. If the area of a proposed improvement district includes property within an industrial district, established by a charter resolution adopted pursuant to K.S.A. 19-101a, and amendments thereto, which effected changes in the provisions of K.S.A. 19-3801, *et seq.*, and amendments thereto, the board of directors of such industrial district shall have the right to approve or disapprove the agreement prior to the undertaking of any improvement. If the board disapproves the agreement, the industrial district shall not be liable for the cost of any improvement undertaken pursuant to such agreement.

History: L. 1968, ch. 122, § 1; L. 1969, ch. 98, § 1; L. 1976, ch. 73, § 1; L. 1988, ch. 270, § 1; July 1.

LIMITATIONS ON ACTIONS TO SET ASIDE
SPECIAL ASSESSMENTS

12-6,105. Limitation on actions to set aside special assessments under civil rights statute. (a) It is in the public interest to allow local units of government to finance the costs of public improvements by levying special assessments against the property which benefits from the improvements. It also is in the public interest, following timely notice and the op-

Representative Elizabeth Baker
Chair, Sedgwick County Delegation
Statehouse
Topeka, Kansas 66612

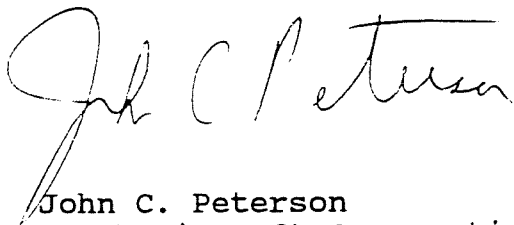
Re: Proposed amendment to SB 416

Dear Elizabeth,

Several weeks ago both Houses passed and sent to the Governor House Bill 2450, a bill allowing for the creation of benefit districts by Sedgwick County. As that bill was progressing through the legislature it was felt by both Sedgwick County and by Beech Aircraft that the already existing statutory language regarding industrial districts in K.S.A. 12-693 was included in HB 2450 by reference. By the time it was acted on by the Senate Committee, it became clear that that was not correct and that an amendment was needed to insert the same language that already exists for joint city-county improvement districts.

The parties agreed not to attempt to amend 2450 at that time but to look for a later vehicle. SB 416 appears to be such a vehicle, as it deals with bonding statutes and is currently on the House calender. We would urge your support for an amendment to SB 416 to correct the language in House Bill 2450.

Sincerely yours,

A handwritten signature in cursive script that reads "John C. Peterson". The signature is written in dark ink and is positioned above the typed name.

John C. Peterson
Beech Aircraft Corporation

Court News

District Court

Filiberto Barraza, Omaha, expired registration, pled guilty, \$62.

David J. Kaff, Onaga, 85/55, no contest, \$62.

Marie L. Gold, Goff, 81/55, pled guilty, \$80.

Gary R. Strawn, Overland Park, 70/55, no contest, \$52.

Randy L. McAtee, Topeka, failure to display current tag, no contest, \$32.

Mikael R. Boyd, Strong City, no current physical card, pled guilty, \$42.

Wilfred R. Johnson, Horton, drove left of center in a marked no passing zone, no contest, \$52.

David Ringwald, Mayetta, 67/55, no contest, \$46.

Pamela R. Doyle, Holton, 67/55, no contest, \$46.

Limited Civil

Dispositions

Indian Country Lumber vs. Paula C. Tsuglis, recovery of money, damages, costs and attorney fees; dismissed.

Filed

Holton Discount Foods vs. Janet Banaka, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Pamela M. Willbourn, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Michael G. Schmitz, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Nelson E. Jessepe, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Tessa McClintock, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Lucinda Thomas, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Kenneth C. Auten, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Laura L.

Viergever, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. John Darr, d/b/a S. & J. Enterprises, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Harry P. Tsuglis, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Corinne A. Hale, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Caroline L. Mowles, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Janice Kessler, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Nancy S. Sullivan, judgment, damages, attorney fees and costs.

Holton Discount Foods vs. Paula Finson, judgment, damages, attorney fees and costs.

Ron's vs. Galen Fields, judgment, damages, attorney fees and costs.

Emergency Physicians of Topeka, PA vs. Gary L. and Carole E. Starbird, judgment plus interest and costs.

Criminal

Dispositions

State of Kansas vs. Christopher J. Cain, insufficient funds check; dismissed.

State of Kansas vs. Marvin Turley, convicted of aggravated battery; sentenced to jail term minimum of three years, maximum of 10 years.

State of Kansas vs. Leslie Reed, insufficient funds check; dismissed.

Filed

State of Kansas vs. Richard Pahmahmie Jr., insufficient funds check.

State of Kansas vs. Theresa M. Darnell, insufficient funds checks.

State of Kansas vs. Patricia C. Mayfield, insufficient funds checks.

State of Kansas vs. Thomas E. Criqui, insufficient funds check.

State of Kansas vs. Ricky R. Eastwood, transporting an open container, possession of marijuana, possession of drug paraphernalia.

State of Kansas vs. Kenneth M. Levitt, disorderly conduct, transporting an open container, criminal damage to property.

State of Kansas vs. Clint R. Potts, possession of marijuana, conspiracy to dispose or sell a hallucinogenic drug.

State of Kansas vs. Mario L. Kitchkemie, disposition or sale of marijuana, conspiracy to dispose or sell a hallucinogenic drug.

State of Kansas vs. Martie A. Mitchell, possession of alcoholic liquor by person under legal age.

Small Claims

Dispositions

Harvey Buehler, d/b/a Westview Trailer Ct., vs. Sharon Cochran and Mike Spiker, recovery of money plus interest and costs; judgment against Cochran and Spiker.

Jefferson County Medical Clinic, PA vs. Robert and Chris Maddox, recovery of money plus interest and costs; judgment against Maddoxes.

Omer B. Cell, vs. Louis Franz, recovery of money plus interest and costs; claim denied.

Heinen P-H-E Services, Inc., vs. Larry and Pat Haineline, recovery of money plus interest and costs; dismissed without prejudice.

Lynn's Fertilizer by Clarence Lynn vs. Mark Bolley, recovery of money plus interest and costs; judgment against Bolley.

Denison State Bank vs. Patricia Mayfield, recovery of money plus interest and costs; judgment against Mayfield.

Carl Henry, d/b/a C-J's Refrigeration vs. Michael Snavelly d/b/a Wooden Drink, recovery of money plus interest, costs and expenses; judgment against Snavelly.

Filed

Denison State Bank vs. Kevin Weaver,

STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1575

(913) 296-2436
FAX (913) 296-0231

JOAN FINNEY, GOVERNOR
Gary Stotts, Acting Director

February 27, 1991

The Honorable Herman Dillon, Chairperson
Committee on Transportation
House of Representatives
Third Floor, Statehouse

Dear Representative Dillon:

SUBJECT: Fiscal Note for HB 2164 by Representatives Smith,
et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2164 is respectfully submitted to your committee.

HB 2164 would amend KSA 79-3475 and 1990 Supp. KSA 79-3408 to remove the federal government tax exemption status on the sale and delivery of motor fuels when a retail dealer is located on an Indian reservation. In addition, the bill would remove the motor fuel tax exemption status for those individuals who purchase motor fuels on an Indian reservation but who are not members of that reservation.

The Department of Transportation estimates that the passage of HB 2164 would increase revenues to the State Highway Fund by approximately \$744,138 in FY 1992. For a two-month period in FY 1991, there were actually 730,600 gallons of regular motor fuel and 125,200 gallons of special fuels delivered to Indian reservations within the state. Assuming the following: the actual gallons consumed could be annualized; that 90.0 percent of the motor fuels are sold to non-Indian reservation members; that 100.0 percent of regular and 60.0 percent of special fuels are for highway use; the following fiscal impact could be calculated:

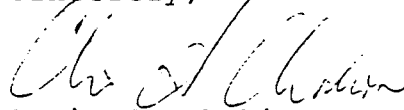
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The Honorable Herman Dillon
February 27, 1991
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	<u>Gasoline</u>	<u>Special Fuels</u>
2 Months Actual Consumption	730,600	125,200
Divided by 2	/2	/2
1 Month Consumption	365,300	62,600
% Non -Indian Use	<u>90%</u>	<u>90%</u>
% Highway Use	<u>100%</u>	<u>60%</u>
Estimated Taxable Usage Per Month	328,770	33,804
One Month @ FY 1991 Rate	\$ 52,603	\$ 6,085
11 Months @ FY 1992 Rate	<u>614,800</u>	<u>70,650</u>
Total	\$ 667,403	\$ 76,735

Because the bill places the responsibility of compliance with the distributor, the costs of notifying them of the statutory change would be the only fiscal impact to the Department of Revenue.

Sincerely,


Louis S. Chabira
Deputy Director

cc: Ken Stodgell, KDOT
Mark Beshears, Department of Revenue
Neil Woerman, Attorney General
LN Collier, Legal Services, DOR

2910