

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. on Thursday, March 7, 1991 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Assistant Revisor
Bill Edds, Assistant Revisor
Tom Severn, Research Department
Chris Courtwright, Research Department
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Ernie Mosher, Executive Director, League of KS Municipalities
Bev Bradley, Deputy Director, KS Association of Counties
Gerry Ray, Intergovernmental Officer, Johnson County Board of Commissioners
James C. Marvin, Director-Topeka Public Library
Duane Johnson, State Librarian
David Monical, Vice President of Research-Washburn University
Colonel Jonathan P. Small, Judge Advocate General-KS National Guard
Kevin Robertson, KS Lodging Association & Hotel Associations

Chairman Dan Thiessen called the meeting to order at 11:09 a.m. and said the members have minutes before them dated February 26, 1991, and he said he would ask for a motion at the end of the meeting.

The Chairman turned attention to SB320 and recognized Ernie Mosher, Executive Director, League of KS Municipalities.

SB320: AN ACT relating to property taxation; requiring all property tax levies to be approved by an elected governing body.

THE FOLLOWING CONFEREES ARE PROPONENTS OF SB320.

Ernie Mosher said in his handout is a copy of their convention adopted policy statement in support of legislation that would require that all general property taxes be levied and only levied by elected governing bodies or approved by governing bodies.

He said (1) they did not ask for a public hearing on this bill, and he said they suggested that it be held in the concepts of the property tax lid. He said they think it probable that this Committee will consider a tax lid bill sometime before sine die adjournment of this session. (2) He said they are aware of the constitutional frailties of SB320 and it may well amend by implication various state laws which now authorize the certification of property taxes, either directly to the county clerk or to another general governmental unit which has no power to modify the amount of taxes levied. He said if SB320 passes, a "trailer bill" may be necessary.

He said they think the basic thrust of the bill is workable and is sound public policy. (ATTACHMENT 1)

Bev Bradley, Deputy Director, KS Association of Counties said the their Association is in support of SB320. She said they support the philosophy expressed in the bill—the idea that property taxes should be levied only by "elected" governing bodies. She said, if only elected officials have the power to levy property taxes and a positive case is not made by those officials the ballot box will be the time of reckoning. (ATTACHMENT 2)

Gerry Ray, Intergovernmental Officer, Johnson County Board of Commissioners said there are many incidents when taxes can be legally levied by boards and commissions that are not elected by the voters.

She said, the taxpayers should expect and be given better safeguards than the current law offers in this area, and any group with the authority to levy taxes should also be required to stand for election every four years, providing a way for the public to participate. (ATTACHMENT 3)

THE FOLLOWING CONFEREES ARE OPPONENTS OF SB320.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Thursday, March 7, 1991

James C. Marvin, Director, Topeka Public Library said public libraries represent about 2-4% of the local property tax load. The percentage of all government expenses is even smaller, since libraries, characteristically, do not share in any sales tax revenue.

He said KS public libraries are limited by the tax levy authority and limits contained in KS Statutes. He said, SB320 asks all Library Boards to continue to have the responsibility required by law, including the usual process of publishing their budgets and conducting hearings, and then suddenly lobbing them over to another jurisdiction to see if any funding will be approved. He said, the bill risks needless confrontation, since KS Statutes clearly outline library board duties and responsibilities, plus the fixed mill levy they may spend.

He said, libraries are 1st amendment operations, dedicated to free inquiry and education. The setting which they have at this time, independent of political pressure helps ensure their educational role. He said, Topeka Public Library currently has 58,599 active card holders, who borrow 1,237,870 books and other materials each year. He said, this user base exceeds the student enrollment at KU, KSU, and Washburn U combined.

He said, while we tell you each year that we need added funding for better service, the statutory vehicles are available to us to utilize. (ATTACHMENT 4)

Duane Johnson, State Librarian said the State Library opposes SB320 because it would remove an important protection to local library information service and it would create a very difficult and controversial budget administration procedure for the regional systems of cooperating libraries.

He said the regional systems of cooperating libraries, operating under statutes different from those defining public libraries, would have a near impossible task in certification of a budget. A regional system would be required to obtain the agreement of from 6 to 16 boards of county commissioners in order to certify the budget. The year to year irregularity of this process would make it impossible to maintain a reliable program of services. (ATTACHMENT 5)

David Monical, Vice President of Research-Washburn University said he was appearing before the committee to express concerns on behalf of Washburn University. He said, their concerns regarding SB320 prohibiting the levy of property tax by any non-elected governing body unless approved by an elected body.

He said, as a University they cannot take the risk of adopting a budget issuing contracts to faculty, notifying students of tuition fees only to have the city council reject the proposed tax levy.

He asked the committee members to exempt Washburn University from SB320. (ATTACHMENT 6)

Chairman Thiessen concluded hearings on SB320 and turned attention to SB319 recognizing Colonel Jonathan P. Small, Judge Advocate General, KS National Guard.

SB319:AN ACT relating to taxation of income; concerning extensions of time for the performance of acts by certain persons.

Colonel Jonathan P. Small said he was appearing in support for SB319 as the Judge Advocate General for the KS National Guard.

He said SB319 provides a new definition of "combat zone" and he said the bill will apply to all active duty U.S. armed forces personnel whether or not they are activated national guardsmen or reservists.

He said, the bill will enhance the income tax benefits which will help all personnel in most situations where they are not otherwise in a position to help themselves because of their military duty. (ATTACHMENT 7)

Chairman Thiessen concluded hearings on SB319 and turned attention to SB321 recognizing Kevin Robertson, KS Lodging Assoc.

SB321:AN ACT relating to transient guest taxes; concerning bed and breakfast facilities.

Kevin Robertson, representing both KS Lodging Association and Hotel Associations, said they strongly support SB321.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Thursday, March 7, 1991

He said the current statute basically defines a hotel, motel or tourist court as a facility which provides rooms for transient guests which have more than eight rooms. He said, a problem that arises is that many bed and breakfast facilities, though providing the same service as a hotel or motel, have fewer than nine rooms and therefore, are not required to collect a transient guest tax from its guests and in turn, transmit it to their local community. He said there is not a definition in SB321 for "bed and breakfast facilities" He also said, they would like to clarify an existing discrepancy with the transient guest tax, he said, the statute is quite clear that revenue generated from the transient guest tax be used for "the promotion of conventions and tourism" He said, this is not always the case, and some cities and counties use this revenue for general fund expenditures. He said they would like to offer an amendment for this.

He said attached to his handout is their proposed amendments to SB321. (ATTACHMENT 8)

After committee discussion on the proposed amendments on SB321, The Chairman concluded hearings on SB321 and turned attention to SB339 recognizing Bev Bradley, Deputy Director, KS Association of Counties.

SB339:AN ACT relating to property taxation; concerning the rate of interest imposed on delinquent property tax.

THE FOLLOWING CONFEREES ARE OPPONENTS OF SB339

Bev Bradley said their position is that if the interest rate is as low or close to that charged for a loan, the county assumes the role of a bank and even more people will allow their taxes to become delinquent and allow the county to carry them. She said, she spoke with a bank loan officer and he suggested that a 12% rate would be in line with that charged for a loan. She said, a higher interest rate is a deterrent to allowing ones taxes to become delinquent. She said, KS Association of Counties strongly oppose SB339. (ATTACHMENT 9)

Gerry Ray, Intergovernmental Officer, Johnson County Board of Commissioners, said she is appearing in opposition of SB 339. She said SB339 would lower the interest rate on deliquent taxes to 12%, at a time when local governments are being caught in a combination of budgetary limitations and the need to hold down taxes, she said, it seems a less than appropriate time to take such action.

She said, bills reducing the interest rate have been proposed many times in the past but were not passed by the legislature. She said, it is hoped that the trend will continue and SB339 will not be passed. (ATTACHMENT 10)

Chairman Thiessen concluded hearings on SB339 and asked for a motion on the minutes, dated February 26, 1991.

Senator Audrey Langworthy moved to approve the minutes of February 26, 1991, 2nd by Senator Lana Oleen. The motion carried.

Chairman Dan Thiessen adjourned the meeting at 12:06 p.m.

WRITTEN TESTIMONY WAS TURNED IN BY THE FOLLOWING

- (1) David Feldhaus, Law student at the University of KS, and an intern for Senator Lana Oleen. Attached to his handout, is a proposed amendment for SB319. (ATTACHMENT 11)
- (2) Jean Pritchett, Director-Columbus Chamber of Commerce regarding SB321 (ATTACHMENT 12)
- (3) Kent Oliver, Library Director, Olathe Public Library regarding SB320 (ATTACHMENT 13)
- (4) Jane Hatch, Director, Dodge City Public Library and Southwest Kansas Library System regarding SB320 (ATTACHMENT 14)



**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: Senate Committee on Assessment and Taxation
FROM: E.A. Mosher, Executive Director, League of Kansas Municipalities
RE: SB 320--All Property Tax Levies Approved by Elected Governing Bodies
DATE: March 7, 1991

On behalf of the League and its member cities, I appear in support of SB 320. The bill is consistent with our convention-adopted Statement of Municipal Policy provision which provides:

"Property taxes should be levied only by elected governing bodies. The amount of taxes levied by a non-elected political subdivision should be subject to approval by the elected governing body of the general government whose jurisdiction includes the political subdivision."

At the out-set, let me make two preliminary comments. First, the League did not request a public hearing on this bill until such time as "the tax lid bill" is considered by the Committee. Notwithstanding the action taken by the House floor on Tuesday, we think it probable that this Committee will consider a tax lid bill sometime before sine die adjournment of this session. Secondly, we are aware of the constitutional frailties of SB 320. It may well amend by implication various state laws which now authorize the certification of property taxes, either directly to the county clerk or to another general governmental unit which has no power to modify the amount of taxes levied. If SB 320 passes, a "trailer bill" may be necessary.

It seems to us that this is the kind of bill that should be dealt with on a policy or philosophic basis before the details of its application are considered. The basic policy question is whether any kind of public agency or entity, notwithstanding its noble public purpose, should be authorized to levy property taxes, or should this be a power vested exclusively in governing bodies elected in the normal political process at the April or November election? Notwithstanding some Kansas traditions to the contrary, we believe that achieving political responsibility and accountability under our governmental system means that only elected bodies exercise the power of taxation.

We acknowledge that the tax levies of many boards, commissions and special districts, not governed by an elected body, are typically small in amount, with some major exceptions. Further, the great bulk of property taxes levied in Kansas are now levied or finally approved by county, city, township, school district, or community college elected bodies. We suggest

President: Frances J. Garcia, Commissioner, Hutchinson * **Vice President: Robert G. 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. Hollinsworth**, 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**

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ATT. 1

these points argue in support of the bill, rather than against it.

As members of this Committee know, the League has been, is now and probably forever will be in opposition to state property tax lid laws, as a matter of principle. Our argument is that these decisions should be left to locally-elected and locally-accountable governing bodies. To be consistent in this argument, we support SB 320 to provide assurance to the legislature, and to the public that somewhere, someplace, those elected at the polls make the final property tax decisions, and if they do a bad job, the people can throw the rascals out.

Finally, we would acknowledge that implementation SB 320 may well present some problems. Controversy may occur at the local level. In some cases, we (the League) don't know whether the tax "certified" by some boards and commissions are legally subject to review by a city or county governing body. Further, I suspect there are some local-elected officials who do not want this additional authority, since that brings on additional responsibility. Persons holding appointed offices on boards, commissions and special districts are often prominent citizens, strongly dedicated to their singular mission. I suspect they do not want to deal with all those elected politicians that meet at city and township halls, county courthouses and school administrative centers. Nonetheless, I do not think we will face a dearth of people willing and able to serve on these important appointed bodies. And elected governing bodies may need to develop a broader perspective than in the past, with all these "problems" and implications since they will need to balance competitive public needs; in some areas, for example taxes levied for library purposes may be in competition with taxes levied for park improvements, or cemeteries in competition with township roads. But, instead of roughly 5,000 taxing and political subdivisions making various kinds of property tax decisions, the final authority will be vested in about 1,050 county, city and school elected bodies, plus possibly 1,000 township boards that are active.

We think the basic thrust of the bill is workable, and is sound public policy.



"Service to County Government"

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Executive Director

John T. Torbert

March 7, 1991

To: Senator Dan Thiessen, Chairman
Senate Assessment and Taxation Committee Members

From: Bev Bradley, Deputy Director
Kansas Association of Counties

Re: SB 320 Property tax levies approved by elected governing bodies

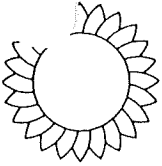
The Kansas Association of Counties is in support of SB 320. We support the philosophy expressed in this bill--the idea that property taxes should be levied only by "elected" governing bodies. The follow up then is that taxes proposed to be levied by non-elected public agency, shall be approved by resolution of an elected governing body.

Much has been said about property tax increases. If only elected officials have the power to levy property taxes and a positive case is not made by those officials the ballot box will be the time of reckoning.

KAC is in support of this concept.

TSB320

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ATH 2



MARCH 7, 1991

SENATE ASSESSMENT AND TAXATION

HEARING ON SENATE BILL 320

TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL OFFICER
JOHNSON COUNTY BOARD OF COMMISSIONERS

The Johnson County Board of Commissioners strongly supports Senate Bill 320.

There are many incidents when taxes can be legally levied by boards and commissions that are not elected by the voters. We feel this is inappropriate public policy and should be remedied soon.

The taxpayers should expect and be given better safeguards than the current law offers in this area. Any group with the authority to levy taxes should also be required to stand for election every four years, thus providing a way for the public to participate.

Senate Bill 320 offers a solution to a problem that has existed for some time and we would urge the Committee to recommend the bill favorable for passage.

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Remarks prepared by James C. Marvin, Director, Topeka Public Library, for delivery at the Kansas Senate Assessment and Taxation Committee hearing on S.B. 320.

I speak against S.B. 320.

Our Kansas public libraries (over 300 in all) are small boats in a large ocean, small frogs in a big pond. There is no way in the world their collective tax funding can be honed or curtailed to solve or even put a dent in the tax problem which our state appears to have.

Typically, public libraries represent about 2-4% of the local property tax load. The percentage of all government expenses is even smaller, since libraries, characteristically, do not share in any sales tax revenues.

Our Kansas public libraries are all limited, absolutely, by the tax levy authority and limits contained in Kansas Statutes. Property owners can know that the library tax for operating expenses will not exceed the statutory limit. (As a homeowner, I wish I had the same defense when it comes to other jurisdictions which tax my home).

Kansas public libraries should be closely connected with Kansas law and funding since our libraries are so inter-related. We share our resources, in a formal manner, in order to provide excellent service, as well as to avoid costly duplication. A patron's library need in Sylvan Grove can be met by a loan from Topeka, and vice versa, through organized interlibrary sharing. I can think of no other local governmental units as connected. Our largest library in Kansas cannot stand alone when it comes to adequacy, and even the smallest has something of value to share. Libraries need continuing encouragement to work cooperatively.

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Over two thousand concerned and dedicated Kansans serve on our local library boards, appointed by their elected local officials. This is a wonderful opportunity for stewardship, in increasing citizen involvement in the democratic process, while operating within the absolute funding limit set by Kansas law. Students of government call this pluralism. I think it is just good citizenship.

S.B. 320 asks all Library Boards to continue to have the responsibility required by law, including the usual process of publishing their budgets and conducting hearings, and then suddenly lobbying them over to another jurisdiction to see if any funding will be approved. This makes no sense.

I do not speak here to create dissension between government officials, I respect the efforts that all make in providing decent communities in which we live. This bill risks needless confrontation, since Kansas Statutes clearly outline library board duties and responsibilities -- plus the fixed mill levy they may spend. Library boards, like school boards, are accustomed to carrying out their obligations--as required by law.

Libraries, furthermore, are 1st amendment operations, dedicated to free inquiry and education. The setting which they have at this time, independent of political pressure, helps ensure their educational role.

Topeka Public Library currently has 58,599 active card holders, who borrow 1,237,870 books and other materials each year. This user base exceeds the student enrollment at KU, KSU, and Washburn U combined. I think we can continue to serve these people efficiently and effectively under our present laws. While we tell you each year that we need added funding for better service, the statutory vehicles are available to us to utilize.

Please let us continue to do our jobs.

Thursday, March 7, 1991

To: Senate Committee on Assessment and Taxation
Senator Dan Thiessen, Chair

From: Duane Johnson, State Librarian

About: Speaking as an opponent of Senate Bill 320

1. The State Library opposes SB 320 because it would remove an important protection to local library information service and it would create a very difficult and controversial budget administration procedure for the regional systems of cooperating libraries.

2. The protection to library information service which would be lost is that which occurs when the library board has budget authority, within prevailing limitations, while the governing body holds levy authority. This balance between the governing body and the library board gives the board a buffer, or a measure of protection from political pressure or personality pressure as the board fulfills its responsibility to the public by insuring open, objective and nonpartisan information services. With this buffer, it is less likely that the pressure from a short-term controversy can be used to change a library's long-term policy for public access to all facets of information.

Without this buffer, the library can be subjected to undue pressure for the removal of information with which the governing body disagrees, or other manipulations of the library's information service. With the possibility of this kind of pressure, the library's information service cannot be guaranteed to be objective, unbiased and nonpartisan. The strength of a library's information service rests on the foundation of truth and credibility which the current statutory protection helps to provide. Take away this protection and the library's stance for truth and unbiased information cannot be guaranteed.

Library boards are controlled by the governing body's authority for appointments to the board.

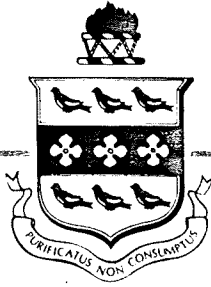
Library boards are controlled by a statutory levy limitation, which is a permanent lid, or by the home rule charter ordinance authority of the governing body.

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Att. 5

Library boards are controlled by the steady pressure of public opinion and public expression to the citizens who make up the library board.

Under these controls, the library board sets policy for the operation of the library without unfair and inappropriate influence from partisan interests.

3. The regional systems of cooperating libraries, operating under statutes different from those defining public libraries, would have a near impossible task in certification of a budget. A regional system would be required to obtain the agreement of from six to 16 boards of county commissioners in order to certify the budget. The year to year irregularity of this process would make it impossible to maintain a reliable program of services.



WASHBURN UNIVERSITY OF TOPEKA

Vice President for Planning and Governmental Relations
Topeka, Kansas 66621
Phone 913-295-6712

Thank you Mr. Chairman, Members of the Committee

On behalf of Washburn University, I appear before you to express our concerns regarding Senate Bill 320 prohibiting the levy of property tax by any non-elected governing body unless approved by an elected body.

If it is your intent to seriously seek the passage of this bill, I urge you to exempt Washburn University from it.

There are several reasons why Washburn University seeks such exemption:

- a) Washburn University is unique among the many taxing entities. Our unique characteristics include:
 - a) A board of regents composed of the Mayor and his four appointees: the Governor appoints three and a representative from the State Board of Regents.
 - b) Washburn's ability to levy taxes is already limited by State law.
 - c) Washburn's budget cycle is in the same cycle as the state fiscal year, unlike budget cycles of some other governmental units.
 - d) The amount of local property tax Washburn levies is only 1/4 of the general fund budget.

As a University, we cannot take the risk of adopting a budget, issuing contracts to faculty, notifying students of tuition fees only to have the city council reject the proposed tax levy.

Ladies and gentlemen, for these reasons I ask you to exempt Washburn University from this bill. Washburn already has city and state representatives in its governing body. SB 320 has debilitating consequences for us.

Thank you very much. I will be more than willing to answer any questions.

3-7-91
BY DAVID MEDICAL
VICE PRES. RESEARCH
ATT. 6



REPLY TO
ATTENTION OF

DEPARTMENTS OF THE ARMY AND AIR FORCE
NATIONAL GUARD OF KANSAS
ADJUTANT GENERAL OF KANSAS
P.O. BOX C-300
TOPEKA, KANSAS 66601-0300



TESTIMONY ON SENATE BILL 319

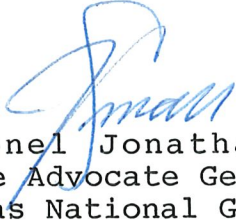
Colonel Jonathan P. Small

I am Colonel Jonathan P. Small and I am here today as the Judge Advocate General for the Kansas National Guard.

I appear today to support Senate Bill 319. Its amendatory provisions amend K.S.A. 79-3221 by providing a new definition of "combat zone" for definitional purposes as that term applies to the enumerated benefits found at the top of page 2 subsection 1(d)(1). The other amendments found in the bill which directly affect the Kansas income tax statutes are designed to eliminate several apparent discrepancies between the federal and state codes.

This bill will apply to all active duty U.S. armed forces personnel whether or not they are activated national guardsmen or reservists.

It is designed to enhance the income tax benefits which will help all personnel in most situations where they are not otherwise in a position to help themselves because of their military duty.


Colonel Jonathan P. Small
Judge Advocate General
Kansas National Guard

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3-7-91
ATT. 7



Date: March 7, 1991
To: Senate Committee on Assessment and Taxation
From: Kevin Robertson
Executive Director
Re: SB 321 - transient guest tax on bed and breakfast facilities

Mr. Chairman and members of the committee, I am Kevin Robertson, Executive Director of both the Kansas Lodging and Hotel Associations. **We are strongly in support of SB 321.**

Current statute basically defines a hotel, motel or tourist court as a facility which provides rooms for transient guests which have more than eight rooms. The problem which arises is that many bed and breakfast facilities, though providing the same service as a hotel or motel, have fewer than nine rooms and, therefore, are not required to collect a transient guest tax from its guests and, in turn, transmit it to there local community.

As many of you are aware, the transient guest tax statute is simply enabling legislation for cities and counties - many communities in the state do not impose this tax. In the cities and counties where this tax is imposed, however, small bed and breakfast facilities are blessed with an unfair competitive advantage over hotels which must add this tax on to the rental price of its guest rooms. This local tax varies from 2% to 6% statewide.

In reviewing SB 321, it appears as if the main intention of the bill has not adequately been accomplished. "Bed and breakfast facility" has been inserted in those areas of the statute which state who must pay the tax, however, nowhere is there a definition for "bed and breakfast facility". The Kansas Lodging and Hotel Associations would like to offer some amendments which we believe would help strengthen the intent of this legislation. These proposed amendments are attached. I would like to take a few moments to go through them.

Further, we would like to take this opportunity to clarify an existing discrepancy we see with the transient guest tax. The statute is quite clear that revenue generated from the transient guest tax be used for "the promotion of conventions and tourism." This is not always the case, and some cities/counties use this revenue for general fund expenditures. I would like to offer an amendment found on

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the last page of my attachments to insert a definition of "convention and tourism promotion."

We believe this definition will more clearly define those uses and activities which are acceptable for the transient guest tax. All cities/counties which impose a guest tax of over 2% have "chartered out" of this statute and will not be effected be this definition. Its addition to statute, however, will serve to clarify with local governments what the intent of this tax is.

Thank you for your attention and I will be happy to respond to any questions you may have.

Session of 1991

SENATE BILL No. 321

By Committee on Assessment and Taxation

2-26

8 AN ACT relating to transient guest taxes; concerning bed and break-
9 fast facilities; amending K.S.A. 1990 Supp. 12-1693 and 12-1697
10 and repealing the existing sections.

K.S.A 12-1692 and 12-1696, and

11
12 *Be it enacted by the Legislature of the State of Kansas:*

12-1692. Promotion of tourism and conventions; definitions. As used in this act, the following words and phrases shall have the meanings respectively ascribed to them herein:

(a) "Person" means an individual, firm, partnership, corporation, joint venture or other association of persons;

(b) "Hotel, motel or ~~tourist court~~" means any structure or building which contains rooms furnished for the purposes of providing lodging, which may or may not also provide meals, entertainment or various other personal services to transient guests, and which is kept, used, maintained, advertised or held out to the public as a place where sleeping accommodations are sought for pay or compensation by transient or permanent guests, ~~and having more than eight (8) bedrooms furnished for the accommodation of such guests.~~

bed and breakfast facility

(c) "Transient guest" means a person who occupies a room in a hotel, motel or ~~tourist court~~ for not more than twenty-eight (28) consecutive days;

bed and breakfast facility

(d) "Business" means any person engaged in the business of renting, leasing or letting living quarters, sleeping accommodations, rooms or a part thereof in connection with any motel, ~~hotel or tourist court.~~

bed and breakfast facility

8-3

0013

13 Section 1. K.S.A. 1990 Supp. 12-1693 is hereby amended to read
 14 as follows: 12-1693. (a) In order to provide revenues to promote
 15 tourism and conventions, the governing body of any county having
 16 a population of more than 300,000 or the governing body of any
 17 city, all or any portion of which is located within such county, is
 18 hereby authorized to levy a transient guest tax at not to exceed the
 19 rate of 2% upon the gross receipts derived from or paid by transient
 20 guests for sleeping accommodations in any hotel, motel, *bed and*
 21 *breakfast facility*, ~~or tourist court~~. The percentage of such tax shall
 22 be determined by the governing body levying the same and shall
 23 be specified in the resolution authorizing the same.

or

24 (b) Any transient guest tax levied pursuant to this section shall
 25 be based on the gross rental receipts collected by any business.

26 (c) The taxes levied pursuant to this section shall be paid by the
 27 consumer or user to the business and it shall be the duty of each
 28 and every business to collect from the consumer or user the full
 29 amount of any such tax, or an amount equal as nearly as possible
 30 or practicable to the average equivalent thereto. Each business col-
 31 lecting any of the taxes levied hereunder shall be responsible for
 32 paying over the same to the state department of revenue in the
 33 manner prescribed by K.S.A. 12-1694, and amendments thereto,
 34 and the state department of revenue shall administer and enforce
 35 the collection of such taxes.

36 (d) A transient guest tax authorized by this section shall not be
 37 levied until:

38 (1) The governing body of such county has either passed, or has
 39 received from the governing body of any city within such county,
 40 a resolution calling for an election for approval by the qualified
 41 electors of a transient guest tax;

42 (2) the governing body of the county has notified all of the in-
 43 corporated cities, all or any portion of which are located within such

1 county, of the intent to call such election. Incorporated cities, all
 2 or any portion of which are located within such county, shall have
 3 the option to decline participation in such election within 30 days
 4 of the date of such notification. The governing body of the county
 5 shall have the option to decline participation in such election within
 6 the same 30 day period as provided to incorporated cities, in which
 7 case individual cities may hold separate elections to submit the prop-
 8 osition to the qualified electors of such city and such propositions,
 9 if approved, would have force only in cities adopting the tax. If the
 10 governing body of the county resolves to participate in such election,
 11 it shall submit such proposition for approval by the qualified electors
 12 of the unincorporated portions of such county and all incorporated
 13 cities within such county which have not declined participation in
 14 the election; and

15 (3) the governing body of the county or, if the county declines
 16 to hold such election, the governing body of the city, has given
 17 notice of its intention to submit any such proposition for approval
 18 by the qualified electors in the manner required by K.S.A. 10-120,
 19 and amendments thereto, for giving notice of elections for the is-
 20 suance of bonds. The notice shall state the time of the election and
 21 the rate and effective date of the proposed tax. If a majority of the
 22 votes cast and counted on any such proposition are not in favor
 23 thereof, such proposition may be resubmitted under the conditions
 24 and in the manner provided herein. If a majority of the votes cast
 25 and counted on any such proposition are in favor thereof, the gov-
 26 erning body of the county or city shall provide by resolution for the
 27 levy of such tax. Any repeal of such tax or any reduction or increase
 28 in the rate thereof shall be accomplished in the manner provided
 29 herein for the adoption and approval of such tax.

30 (e) The collection of any county transient guest tax authorized at
 31 a primary or general election or a transient guest tax levied by a
 32 city authorized at a city primary or general election shall commence
 33 on the first day of the calendar quarter next following the 30th day
 34 after the date of the election authorizing the levy of such tax. The
 35 collection of any transient guest tax of a county or city approved at
 36 any other election shall commence on the first day of the calendar
 37 quarter next following the 60th day after the date of the election
 38 authorizing the levy of such tax.

39 Sec. 2. K.S.A. 1990 Supp. 12-1697 is hereby amended to read
 40 as follows: 12-1697. (a) In order to provide revenues to promote
 41 tourism and conventions, the governing body of any county or the
 42 governing body of any city is hereby authorized to levy a transient
 43 guest tax at not to exceed the rate of 2% upon the gross receipts

12-1696. Promotion of tourism and conventions; definitions. As used in this act, the following words and phrases shall have the meanings respectively ascribed to them herein:

(a) "Person" means an individual, firm, partnership, corporation, joint venture or other association of persons;

(b) "Hotel, motel or ~~tourist court~~" means any structure or building which contains rooms furnished for the purposes of providing lodging, which may or may not also provide meals, entertainment or various other personal services to transient guests, and which is kept, used, maintained, advertised or held out to the public as a place where sleeping accommodations are sought for pay or compensation by transient or permanent guests, ~~and having more than eight (8) bedrooms furnished for the accommodation of such guests;~~

bed and breakfast facility

(c) "Transient guest" means a person who occupies a room in a hotel, motel or ~~tourist court~~ for not more than twenty-eight (28) consecutive days;

bed and breakfast facility

(d) "Business" means any person engaged in the business of renting, leasing or letting living quarters, sleeping accommodations, rooms or a part thereof in connection with any motel, hotel or ~~tourist court~~.

bed and breakfast facility

1 derived from or paid by transient guests for sleeping accommoda-
2 tions, exclusive of charges for incidental services or facilities, in any
3 hotel, motel, ~~bed and breakfast facility or tourist court.~~ The per-
4 centage of such tax shall be determined by the board of county
5 commissioners or the city governing body and shall be specified in
6 the resolution or ordinance authorizing the same.

or

7 (b) Any transient guest tax levied pursuant to this section shall
8 be based on the gross rental receipts collected by any business.

9 (c) The taxes levied pursuant to this section shall be paid by the
10 consumer or user to the business and it shall be the duty of each
11 and every business to collect from the consumer or user the full
12 amount of any such tax, or an amount equal as nearly as possible
13 or practicable to the average equivalent thereto. Each business col-
14 lecting any of the taxes levied hereunder shall be responsible for
15 paying over the same to the state department of revenue in the
16 manner prescribed by K.S.A. 12-1698, and amendments thereto,
17 and the state department of revenue shall administer and enforce
18 the collection of such taxes.

19 (d) A transient guest tax authorized by this section shall not be
20 levied until the governing body of such county or city has passed a
21 resolution or ordinance authorizing the same.

22 (e) The collection of any county or city transient guest tax au-
23 thorized to be levied pursuant to this section shall commence on
24 the first day of the calendar quarter next following the 30th day after
25 the date of the receipt by the department of revenue of the resolution
26 or ordinance authorizing the levy of such tax.

27 Sec. 3. K.S.A. 1990 Supp. 12-1693 and 12-1697 are hereby
28 repealed.

and
K.S.A. 12-1692 and 12-1696

29 Sec. 4. This act shall take effect and be in force from and after
30 its publication in the statute book.

INSERT IN K.S.A. 12-1692 and 12-1696 (Definition sections)

"convention and tourism promotion" means

to attract visitors into the community through marketing efforts, including advertising, directed to at least one of the five basic convention and tourism market segments of: (a) group tours, (b) pleasure travelers, (c) association meetings and conventions, (d) trade shows, and (e) corporate meetings and travel; and, specifically, to support those activities and organizations which encourage increased hotel, motel or bed and breakfast facility occupancy.



"Service to County Government"

212 S.W. 7th Street
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(913) 233-2271
FAX (913) 233-4830

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John T. Torbert

March 7, 1991

To: Senator Dan Thiessen, Chairman
Members Senate Assessment and Taxation Committee

From: Bev Bradley, Deputy Director
Kansas Association of Counties

Re: SB 339 concerning the rate of interest imposed on
delinquent property tax.

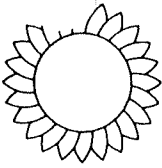
Thank you Mr. Chairman and members of the committee.
I am Bev Bradley representing the Kansas Association of
Counties. I come before you today in opposition to SB
339.

This topic of interest charged by the county on
delinquent taxes has been discussed periodically since
1976 when I became vitally interested in county
government. Our position is that if the interest rate
is as low or close to that charged for a loan, the
county assumes the role of a bank and even more people
will allow their taxes to become delinquent and allow
the county to carry them. I spoke to a loan officer
this morning at a local bank and he suggested that a
12% rate would be in line with that charged for a loan.
A higher interest rate is a deterrent to allowing ones
taxes to become delinquent.

The Kansas Association of Counties opposes SB 339.

TSB339

3-7-91
ATT.9



MARCH 7, 1991

SENATE ASSESSMENT AND TAXATION COMMITTEE

HEARING ON SENATE BILL 339

TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL OFFICER
JOHNSON COUNTY BOARD OF COMMISSIONERS

Mr. Chairman, members of the committee, my name is Gerry Ray representing the Johnson County Board of Commissioners and appearing today in opposition to Senate Bill 339.

This bill would lower the interest rate on delinquent taxes to 12%. At a time when local governments are being caught in a combination of budgetary limitations and the need to hold down taxes, it seems a less than appropriate time to take such action. The bill, if passed, will cause not only a monetary loss to counties, it may also increase the number of delinquencies. It should be pointed out that the existing interest on delinquencies, is several points below the rate charged on charge cards and other commercial accounts.

Bills reducing the interest rate have been proposed many times in the past but were not passed by the legislature. It is hoped that the trend will continue and Senate Bill 339 will not be passed.

S.B. 319

TESTIMONY BEFORE THE SENATE ASSESSMENT & TAXATION COMMITTEE

MARCH 7, 1991

Goodmorning. I am David Feldhaus, a third-year law student at the University of Kansas and also an intern to Sen. Oleen. I have been asked to briefly explain S.B. 319 to the members of the committee.

S.B. 319 is this state's version of P.L. 102-2 passed by the Congress and signed by the President earlier this year. That law enacts three changes to Section 7508 of the I.R.C.:

1) It suspends the period of time for performing various acts under the I.R.C. for individuals serving in the Armed Forces, or in their support, who are in an area designated by the President as the "Persian Gulf Desert Shield area". The various acts include such things as filing federal tax returns, paying taxes, and filing claims for credit or refund of taxes. The suspension of time includes (a) the period of service in the Desert Shield area, (b) any period of continuous qualified hospitalization attributable to an injury received in the area, (c) any time spent as a prisoner of war, and (d) any time spent in missing in action status, plus the next 180 days.

Old federal law, like current Kansas law, suspended the time for performing these acts only for individuals serving in a combat zone designated by the President, such as Desert Storm. This provision, therefore, only affects personnel who were part of Desert Shield but not Desert Storm. It affords them the same treatment in this area.

2) It provides for interest to be paid on refunds due to individuals who served in Desert Shield as well as those who serve in any combat zone. The period of time which is suspended for performing the various acts mentioned above is nonetheless included in calculating the amount of interest. Under old federal law, any suspension period was not included when determining the interest.

3) It also changes the definition of "continuous qualified hospitalization" to include hospitalization within the United States for up to five years, as well as outside the U.S. Previously, only hospitalization outside the country qualified for suspending time.

3-7-91
ATT. 11-1

S.B. 319 amends section 79-3221 of the Kansas Code to conform to the current section 7508 of the I.R.C.. In doing so, it adopts the same three provisions of P.L. 102-2 described above.

Also included are subsections applying the suspension provisions to spouses of entitled individuals and to personnel listed as missing in action. Finally, a subsection outlining exceptions to the general provisions has been included.

Two minor oversights occurred during the drafting process of the bill. A brief amendment has been drafted redressing the mistakes and its adoption is necessary to achieve the original intent of the measure.

I would like to thank all of you for allowing to address your committee this morning and for giving me your attention. If there are any questions, I would be happy to answer them as best I can.

It is recommended that the Committee address two minor oversights that occurred in the drafting process.

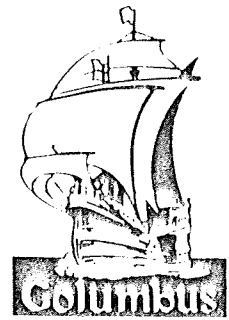
The bill should be amended:

(1) On page 1, in line 38, after "continuous" by inserting "qualified"; and

(2) On page 2, in line 20, by striking ", including interest".

Columbus Chamber of Commerce

320 E. Maple • Columbus, Kansas 66725 • Area Code 316-429-1492



March 7, 1990

Senate Assessment & Taxation Committee
Senator Dan Thiessen, chairman
Senate Post Office
State Capitol
Topeka, Kansas 66612

Dear Chairman Thiessen and Committee Members:

Thank you for allowing me to submit testimony on behalf of the Columbus Chamber of Commerce in this format rather than direct oral presentation. Your understanding is most appreciated.

The community of Columbus supports SB 321 relating to the addition of bed and breakfast facilities to those establishments required to collect a transient guest tax. However, we draw the committees attention to KSA 12-1692, in which a minimum is determined at eight (8) rooms for the collection of the tax. Because most bed and breakfasts have less than eight (8) bedrooms, making a change in KSA 12-1693 will have little revenue impact in light of KSA 12-1692.

May we suggest the committee also amend KSA 12-1692 to read, in paragraph (b),.....and having more than two (2) bedrooms? This would reduce from eight (8) to two (2) as the minimum to collect the transient guest tax. I have attached a copy of KSA 12-1692 and 12-1693 for your review.

On behalf of our community, we again thank you for the opportunity to submit this testimony.

Sincerely,
Jean Pritchett

Jean Pritchett
Director

3-7-91
ATT-12-1

STATE OF KANSAS
DEPARTMENT OF REVENUE

TRANSIENT GUEST TAX LAWS

CERTAIN CITIES AND COUNTIES

12-1692. Promotion of tourism and conventions; definitions. As used in this act, the following words and phrases shall have the meanings respectively ascribed to them herein:

(a) "Person" means [an] individual, firm, partnership, corporation, joint venture or other association of persons;

(b) "Hotel, motel or tourist court" means any structure or building which contains rooms furnished for the purposes of providing lodging, which may or may not also provide meals, entertainment or various other personal services to transient guests, and which is kept, used, maintained, advertised or held out to the public as a place where sleeping accommodations are sought for pay or compensation by transient or permanent guests and **having more than eight (8) bedrooms** furnished for the accommodation of such guests;

(c) "Transient guest" means a person who occupies a room in a hotel, motel or tourist court for not more than twenty-eight (28) consecutive days;

(d) "Business" means any person engaged in the business of renting, leasing or letting living quarters, sleeping accommodations, rooms or a part thereof in connection with any motel, hotel or tourist court. History: L. 1975, ch. 490, Section 1; Feb. 27.

12-1693. Same; tax levy by city or county; basis of tax; payment and collection; requirements prior to levy; election; reduction or increase in rate. (a) In order to provide revenues to promote tourism and conventions, the governing body of any county having a population of more than three hundred thousand (300,000) or the governing body of any city, all or any portion of which is located within such county, is hereby authorized to levy a transient guest tax at not to exceed the rate of two percent (2%) upon the gross receipts derived from or paid by transient guests for sleeping accommodations in any hotel, motel or tourist court. The percentage of such tax shall be determined by the governing body levying the same and shall be specified in the resolution authorizing the same.

(b) Any transient guest tax levied pursuant to this section shall be based on the gross rental receipts collected by any business.

(c) The taxes levied pursuant to this section shall be paid by the consumer or user to the business and it shall be the duty of each and every business to collect from the consumer or user the full amount of any such tax, or the amount equal as nearly as possible or practicable to the average equivalent thereto. Each business collecting any of the taxes levied hereunder shall be responsible for payment over the same to the state department of revenue in the manner prescribed by K.S.A. 12-1693, and the state department of revenue shall administer and enforce the collection of such taxes.

(d) A transient guest tax authorized by this section shall not be levied until:

(1) The governing body of such county has either passed, or has received from the governing body of any city within such county, a resolution calling for an election for approval by the qualified electors of a transient guest tax;

(2) the governing body of the county has notified all of the incorporated cities, all or any portion of which are located within said county, of the intent to call such election. Incorporated cities, all or any portion of which are located within such county, shall have the option to decline participation in such election within thirty (30) days of the date of such notification. The governing body of the county shall have the option to decline participation in such election with the same thirty (30) day period as provided to incorporated cities, in which case individual cities may hold separate elections to submit the proposition to the qualified electors of such city: *Provided*, That such propositions, if approved, would have force only in cities adopting the tax. If the governing body of the county resolves to participate in such election, it shall submit such proposition for approval by the qualified electors of the unincorporated portions of such county and all incorporated cities within such county which have not declined participation in the election; and

(3) the governing body of the county or, if the county declines to hold such election, the governing body of the city, has given notice of its intention to submit any such proposition for approval by the qualified electors in the manner required by K.S.A. 10-120 for giving notice of elections for the issuance of bonds. Said notice shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the votes cast and counted on any such proposition are not in favor thereof, such proposition may be resubmitted under the conditions and in the manner provided herein. If a majority of the votes cast and counted on such proposition are in favor thereof, the governing body of the county or city shall provide by resolution for the levy of such tax. Any repeal of such tax or any reduction or increase in the rate thereof shall be accomplished in the manner provided herein for the adoption and approval of such tax. History: L. 1975, ch. 490, Section 2, Feb. 27.

12-1694. Promotion of tourism and conventions; collection, payment and disposition of transient guest tax; administration by secretary of revenue; rules and regulations. (a) Any tax levied and collected pursuant to K.S.A. 12-1693, and amendments thereto, shall become due and payable by the business monthly, on or before the last day of the month immediately succeeding the month in which it is collected, with the first payment due and payable on or before the last day of the month specified in the resolution of the governing body which levies the tax, but any person filing an annual or quarterly return under the Kansas retailers' sales tax act, as prescribed in K.S.A. 79-3607, and amendments thereto, may, with the approval of the secretary of revenue and upon such conditions as the secretary of revenue may prescribe, pay the tax required

OLATHE PUBLIC LIBRARY

201 East Park
OLATHE, KANSAS 66061

March 6, 1991

To: Committee on Assessment and Taxation
Kansas State Senate

Concerning: Senate Bill No. 320

From: Kent Oliver
Library Director
Olathe Public Library

Honorable Senators,

Senate Bill 320 has the potential to be a death blow to free public libraries in the State of Kansas which operate under a library board. This bill will effectively castrate the library board's budget and policy control over the library. Library boards are appointed by the governing body of their service area. Obviously, if you control a budget, you essentially control policy and service decision through that authority. Why is it important to have library boards govern public libraries?

-Library boards deal closely with technical issues concerning information technology and the development of that technology.

-Library boards are sensitive to the issues of intellectual freedom and the need for unrestricted access to information in our society.

-Library Boards realize the important role public libraries play in the educational structure of the community as well as economic and cultural development.

There are several additional points which are terribly wrong with this bill:

-A City Council approving a bottom line library budget, just as it would a city department, is not knowledgeable enough with library policies to make an equitable decision. A government department has input into their system year round, with the hopes a budget process will be somewhat objective.

-A separate governing body approving another's budget has no stake in acknowledging long range plans or practical service needs and goals.

-This piece of legislation ignores the fact that there currently exist mill levy limits for library boards. It also does not take into account there is the petition/election option for citizens in the case of libraries chartering out of their budget limits. In addition, KSA 12-1215 has specific safe guards should citizens be unhappy with the amount of taxes levied by a Library Board.

ATT. 13 3-7-90
WRITTEN ONLY

March 7, 1991

TO: Senator Dan Thiessen, Chair, and members of the
Senate Committee on Assessment and Taxation

Remarks prepared by Jane Hatch, Director, Dodge City Public Library and Southwest
Kansas Library System.

I speak against S.B. 320.

I have concerns about the impact of this bill on local public libraries and the regional
library systems. I also question the need specifically in relation to libraries because:

1. Under present law the amount of ad valorem property tax a public library board has available to finance operations is limited by state statute or local charter ordinance. The mayor in the case of city libraries and a statutorily defined official in the case of other types of libraries is a voting member of the library board. That offers the opportunity for very direct input and oversight.
2. The effect of this bill leaves the library board with little opportunity to plan for long-term and ongoing financial obligations of the library for which they are responsible and places the library board in competition for funding with other city, county, or township services. The absence of competition works to the advantage of the governing body because the library fund is outside the aggregate of the city or county.
3. The process of levy certification for regional library systems appears totally unworkable. In southwest Kansas this would mean 21 presentations to county commissions to certify levies or support county library budget submissions in the month of June as the budget cycle works now. There is no indication of how the process would be implemented for 1992 and successive years.
4. The heart of the regional library system operation is cooperation among local member libraries. The requirement that, in the case of SWKLS, 21 county commissions must agree on the proposed library system budget, creates a controversial and almost impossible process for the effective certification of the system budget.
5. Kansas is recognized nationally for the strong cooperative nature of resource sharing both in materials and human talent. This will strike at the heart of this cooperation by abridging the ability of local boards to guide, direct and finance operations that support the needs of young children, parents, business people and senior citizens in the community. The bill makes strong regional cooperation which the Kansas Legislature recognize over 20 years ago as desirable and has worked effectively across the state become unworkable through the proposed budget certification process. This does not seem to be supportive public policy in a world where access to information by all Kansas citizens is so vital.

3-7-91 ATT.14
WRITTEN ONLY