

Approved Saturday, April 27, 1991  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION

The meeting was called to order by Senator Dan Thiessen at  
Chairperson

11:00 a.m./~~p.m.~~ on Tuesday, March 26, 1991 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Assistant Revisor  
Tom Severn, Research Department  
Chris Courtwright, Research Department  
Lenore Olson, in the absence of the Committee Secretary

Conferees appearing before the committee:

Ted Freeman - Vice President, Greenwood County Fair Association, and Eureka Downs  
Karen Tolle - Kansas Quarterhorse Racing Association  
Del Locke - Kansas Horsemen's Association  
Bruce Rimbo - Executive Vice President, Woodlands racetrack  
Patsy McDonald - County Clerk, Shawnee County  
Linda Schreppel - County Clerk, Labette County  
Betty McBride - County Treasurer, Cherokee County  
Bill O'Brien - County Treasurer, Johnson County

Chairman Thiessen called the meeting to order at 11:05 a.m., and opened the hearing on SB 394.

SB 394: AN ACT concerning taxes on parimutual wagering

Ted Freeman, Greenwood County Fair Association and Eureka Downs, testified in support of SB 394. He stated that passage of this legislation will be of major assistance in negotiations currently underway between Eureka Downs and Delaware North. He said that the biggest problem over the past few years of operations has been larger taxes and expenses than income generated. (Attachment 1)

Karen Tolle, Kansas Quarterhorse Racing Association, testified in support of SB 394, stating that passage of this bill is vital to the long term growth of the horse industry of Kansas. She stated that the tax reduction would provide operating capital for the horse tracks and added purses for horsemen. (Attachment 2)

Del Locke, Kansas Horsemen's Association, testified in support of SB 394. He stated that with the management problems and cash flow problems experienced by Eureka Downs last year, his association has already seen about a 50 percent reduction in the number of horses in Kansas this spring. Mr. Locke said that owners have not quit running horses, they have simply sent those horses to Oklahoma, Nebraska, Colorado, and other places to be trained. (Attachment 3)

Bruce Rimbo, Woodlands racetrack, testified in support of SB 394, stating that this bill offers the Woodlands a chance for its horse operation to stand alone. He also stated that this bill when combined with simulcasting will produce little direct impact on the state's tax dollars, and the economic value of The Woodlands and horse racing will actually give the state a tremendous boost in potential tax revenue and additional jobs. (Attachment 4-A) In response to a Committee question, Mr. Rimbo replied that the Woodlands believes that rebates would satisfy a constitutional requirement. Mr. Rimbo also promised to provide the Committee with legal opinions from states which have gone to similar rebates. Mr. Rimbo also provided the Committee information from the Nebraska Racing Commission and copies of two bills from Nebraska related to horseracing and gaming. (Attachment 4-B)

Chairman Thiessen closed the hearing on SB 394 and opened the hearing on SB 390.

SB 390: AN ACT relating to property taxation; concerning the delivery date of tax rolls to the county treasurer.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,  
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Tuesday, March 26, 1991.

Patsy McDonald, Shawnee County Clerk, testified in support of SB 390, and gave her reasons why she was compelled to wait before finalizing the 1990 tax roll. She stated that she has been figuring taxes for about 20 years and missed the November 1 deadline in the 1989 Reappraisal year because Data Processing wasn't ready and no one cared. She also missed the deadline in 1990 and many people seemed to care. She believes that SB 390 as written will help. Also included in her written testimony were the Attorney General's Opinion 82-188 and miscellaneous articles and letters. (Attachment 5)

Linda Schreppel, Labette County Clerk, testified in support of SB 390. She stated that county clerks realize the time line creates a hardship for county treasurers. She also requested a different amendment which would be a compromise for county treasurers, as shown on page 1 of (Attachment 6)

Betty McBride, Cherokee County Treasurer, testified in opposition to SB 390. She stated that if tax rolls are not certified to the county treasurer until November 10th, the treasurer could not comply with KSA 79-1804. Ms. McBride said that passage of this bill would delay the process and would cause counties loss of revenue because of very few tax payments received during the month of November. (Attachment 7)

William "Bill" O'Brien, Johnson County Treasurer, testified in opposition to SB 390. He stated that having tax roll information by at least November 1 is extremely important because many taxpayers and title companies desire this information for tax payments, loan closing and pro rations. He also stated that a serious loss of interest income would result from advancing the date the certified tax roll is delivered to the treasurer. (Attachment 8)

Chairman Thiessen closed the hearing on SB 390.

The meeting adjourned at 12:05 p.m.

GUEST LIST

Tuesday

COMMITTEE: SENATE ASSESSMENT & TAXATION

DATE: March 26, 1991

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
WARRAN WIEBE	TOPEKA	A.G. / Ks. Racing Comm.
LOREN L. HIBBS	WELLINGTON	SOMMER CO. TREASURER
MIKE BILLWGER	HAYS	ELLIS CO. TREASURER
Alan Steppat	Topoka	Pete McCall + Associates
Nancy Hempen	Lawrence	County Treasurer
NANCY WEEKS	SUBLETTE	HASKELL CO. TREASURER
MARY Ladesic	Wyandotte	County Treasurer
JOANN HAMILTON	LYNDON	OSAGE CO. TREASURER
Kevin Jones	Minneapolis	Ottawa Co. Treasurer
Lois Schuppel	Dodge	Salath County Clerk
Pat McDonald	Shawnee + Pebe	Shawnee County Clerk
Barbara Butts	Topoka	Dept of Admin
Carol Frank	Minneapolis	Ottawa Co Clerk
Jim Morrow	Council Grove	KHA
Jack Foster	Bonne Springs	KTA
Marsene Locke	R. 2 Valley City, Mo	KTA, KHA
S. L. Locke	" " " "	" " "
S. J. Freeman	Eureka, Ks	Dir. + V.P. Eureka Downs
Karen Tolle	Topoka	Ks. Quarter Horse Raising Assoc.
Jeanne Dystari	Eureka, Ks	Eureka Downs
Martha Braden	Eureka, Ks	Dir. Govt. Co. Fair Assoc. + Eureka Downs
Myron Braden	Eureka, Ks	Dir. Govt. Co. Fair Assoc. + Eureka Downs
Betty M. Bride	Columbus, Ks	Cherokee County Treasurer
Wm E. O'Brien	Olathe, Ks	Johnson County Treasurer
Anne Smith	Topoka	Ks. Assoc. of Counties





TESTIMONY BY TED FREEMAN, VICE-PRESIDENT OF THE GREENWOOD COUNTY  
FAIR ASSOCIATION AND EUREKA DOWNS, BEFORE THE SENATE COMMITTEE ON ASSESSMENT AND  
TAXATION, CONCERNING SENATE BILL NO. 394.

Mr. Chairman and committee members:

I ask that you give your approval to Senate Bill No. 394, to assist not only the Horse Racing Industry of Kansas, but also rural economic development.

As you are aware, Eureka Downs is currently closed, but is in serious negotiations with Delaware North for that group to reopen and manage the race track.

The biggest problem over the past few years of operations has been larger taxes and expenses than income generated. Enclosed with this testimony is an audited report for the full year of racing in 1989. Senate Bill No. 394 would have returned \$194,574 to Eureka Downs, with half that amount used to offset costs, and the balance to supplement purses for the horse racing industry.

It would have made a big difference in the overall economic picture for rural Greenwood County, and can in the future when passed.

According to the Kansas Inc. 1990 report on County Economic Vitality And Distress, Greenwood County ranked 92 out of 105 counties, with 105 being the worst. In coming to this ranking, Kansas Inc. used population change, employment growth, per capita property tax valuation and per capita income. Prior to Eureka Downs running a full season in 1989, Greenwood County was ranked 94 out of the 105 counties, so you can see the impact the track had in just one year.

While closed, Eureka Downs generates no tax dollars for the State of Kansas. When open, sales tax, admissions tax, income tax, and yes, the pari-mutuel tax, are all collected at the track. In addition, most of those same taxes, as well as motor fuels taxes, are enhanced throughout the Greenwood County area, paid by those attending or working at Eureka Downs, or supplying goods or services to those associated with the track. We are asking that the State of Kansas, through Senate Bill No. 394, give back one of those taxes to help future development of the horse racing industry and rural economic development

The passage of this legislation will also be of major assistance in the negotiations currently underway between our organization and Delaware North. Being able to show that the State of Kansas, and the citizens of the Eureka area are all working for rural economic development, is always a benefit in promoting a product. Pari-Mutuel horse racing is an economic development product that deserves another chance at Eureka Downs.

Thank you for your time and consideration.

*Assess + Tax*  
*3/26/91*  
*Attachment 1*

EUREKA DOWNS  
 PROFIT/LOSS COMPARISON

AUDIT REPORT - 11-30-89

	TOTAL EXPENSE 65 DAYS	ADJUSTING ENTRIES
=====		
ATTENDANCE		
=====		
REVENUES		
-----		
PARI-MUTUEL COMMISSION TO TRACK	\$1,168,047	
PARKING, ADMISSIONS AND PROGRAMS	274,905	
CONCESSION INCOME NET	226,552	
OTHER OPERATING INCOME	36,827	
ENTRY FEES PAID BY HORSEMEN	213,530	
CIRCLE OF CHAMPIONS CONTRIBUTIONS	1,000	
LIFETIME MEMBERSHIP FEES	90,001	
FAIR INCOME	1,186	
INTEREST INCOME	32,945	(32,945) (1A)
STEWARDS AND VET REDUCTION	26,703	(26,703) (1B)
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TOTAL REVENUE	\$2,071,696	\$2,012,048

OPERATING EXPENSES

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SALARIES	\$448,127	
PAYROLL TAXES	43,475	
WORKMEN COMP	9,477	
CONTRACT LABOR	68,970	
STATE VETS	23,053	(23,053) (2)
STATE STEWARDS	64,559	(64,559) (2)
RACING LICENSE	13,000	
JOCKEY INSURANCE, NET	6,450	
STARTING GATE RENTAL	5,000	
PHOTO FINISH	17,875	
VIDEO	19,500	
TOTE MACHINE RENTAL	172,900	
HORSEMEN'S SOFTWARE	7,500	
AMBULANCE SERVICES	22,254	
MUTUEL REPAIRS	3,704	
CONDITION BOOKS	11,166	
RACING FORMS	68,556	
PROGRAM PRINTING	30,313	
JOCKEY/RACING SUPPLIES	1,302	
LAUNDRY SERVICES	1,610	
ADMISSIONS TAX	0	
STATE SALES TAX	0	
STATE LIQUOR TAX	0	
ADVERTISING AND PROMOTION	116,342	
GASOLINE/OIL	9,694	
MAINTAINANCE SUPPLIES	25,394	
REPAIRS AND MAINTENANCE	26,314	
MANURE REMOVAL	4,290	

TRASH REMOVAL	2,413	
ELECTRICITY	22,200	
GAS	3,744	
WATER	10,006	
TELEPHONE	10,631	
OTHER RACING EXPENSE	6,538	
OTHER SECURITY EXPENSE	2,100	
POSTAGE	4,235	
OTHER PRINTING	5,289	
INSURANCE	15,624	
PROFESSIONAL SERVICES	40,405	
MANAGEMENT FEES	14,138	(14,138) (1C)
OFFICE SUPPLIES	9,317	
BACKGROUND INVESTIGATIONS	7,349	
LICENSES AND OTHER TAXES	7,159	
TRAVEL AND PROMOTION	5,475	(5,475) (1D)
CASH OVER/SHORT	7,066	
DIRECTORS EXPENSES	337	(337) (1E)
BANK CHARGES	1,986	
CITY ADMINISTRATION FEE	10,000	
OTHER MISC EXPENSES	3,798	
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TOTAL OPERATING EXPENSES	(\$1,410,635)	(\$1,303,073)

#### OTHER OPERATING EXPENSES

PURSES PAID TO HORSEMEN	\$653,369	
STATE PARI-MUTUEL TAX	194,574	(194,574) (2)
DEPRECIATION	56,240	(56,240) (3)
FAIR EXPENSE	7,036	
INTEREST EXPENSE	150,048	(150,048) (4)
	-----	-----
TOTAL OTHER OPERATING EXPENSES	(\$1,061,267)	(660,405)
	-----	-----
TOTAL EXPENSES	(2,471,902)	(1,963,478)
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NET PROFIT/LOSS	(\$400,206)	\$48,570
	=====	=====

#### BASIC FACTS

PER CAPITA WAGER	\$68.00
AVERAGE DAILY ATTENDANCE	1,336

#### (1) NON TYPICAL

- A. EXCESS FUNDS NOT AVAILABLE TO GENERATE INCOME
- B. REFUND FROM PREVIOUS YEAR
- C. FAIR ASSN. MANAGEMENT FEES NOT APPLICABLE
- D. FAIR ASSN. TRAVEL EXPENSES NOT APPLICABLE
- E. FAIR ASSN. DIRECTORS EXPENSE NOT APPLICABLE

#### (2) REMOVED PENDING APPROVAL OF RACING COMMISSION

#### (3) NON CASH EXPENSE AVAILABLE FOR CASH FLOW

#### (4) CITY 1% SALES TAX COMMITTED

AREAS FOR CONSIDERATION BY RACING COMMISSION:

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THE CONTINUED SURVIVAL OF EUREKA DOWNS HAS SUBSTANTIAL DIRECT AND INDIRECT BENEFITS FOR BOTH THE LOCAL AREA AND STATEWIDE. SOME OF THOSE BENEFITS INCLUDE:

1. ADDITIONAL TAX REVENUE FOR CITY, COUNTY AND STATE GOVERNMENT IN THE FORM OF SALES TAX AND MOTOR FUELS TAX COLLECTED BECAUSE OF TRAFFIC GENERATED BY EUREKA DOWNS.
2. PER THE SEPTEMBER 1990 COUNTY ECONOMIC VITALITY AND DISTRESS REPORT COMPLETED BY KANSAS INC., GREENWOOD COUNTY RANKED 92 OUT OF 105 COUNTIES WITH 105 BEING THE WORST RANKING AVAILABLE. OF THE 13 COUNTIES RANKING BELOW GREENWOOD COUNTY, 7 ARE LOCATED IN THE SOUTHEAST QUARTER OF THE STATE. A OPERATIONAL EUREKA DOWNS WILL PROVIDE JOBS IN THIS ECONOMICALLY DISTRESSED AREA.
3. THE REOPENING OF EUREKA DOWNS WILL ASSIST IN THE DEVELOPMENT OF A GREATER SUPPLY OF QUALIFIED HORSES TO RUN AT THE WOODLANDS HORSE TRACK. THE INCREASED SUPPLY OF HORSES GENERATES MORE RACES, HIGHER HANDLES AND MORE TAX DOLLARS FLOWING BACK TO THE STATE.



March 26, 1991

Senator Thiessen, Chairman and Members of the Senate Assessment and Taxation Committee. My name is Karen Tolle and I am Executive Director of the Kansas Quarter Horse Racing Association. Al Becker, president of our association was scheduled to appear but was unable to and has asked me to appear in his place. I want to address you today on a very important bill for the economic growth of the quarter horse industry in Kansas. The passing of Bill No. 394 is vital to the long term growth of the horse industry of Kansas. We need to do all that we can to make it feasible for the horse tracks in Kansas to operate and the horsemen in Kansas to survive. The tax reduction would provide operating capital for the horse tracks and added purses for horsemen. All of these are needed at this time. It could help the small fair association tracks like Eureka Downs a chance to operate once again. It will help make it feasible for the large tracks to operate their horse facilities.

During the implementing legislation, concerns were raised regarding the cost of building and maintaining greyhound tracks and horse tracks. Due to the greater impact of horse racing for economic development, the consensus was that there would be concessions for horse only tracks and combination facilities. With the present legislation, neither the horse only track or the combination horse and greyhound track operators have any advantage over the greyhound only facility. Attached you will find a copy of the present tax schedule for all of the race tracks.

All horse tracks, The Woodlands, Eureka Downs and Anthony should be looked at as a vital part of the economic development of the horse industry. As you can see by the pari-mutuel take-out shown, the recommended change only makes greyhound facilities equal until the fifth year of operation for the greyhound facility and the eight year for the combination facility.

The Woodlands combination facility will need to see a profitability at least equal to the greyhound operation or they could begin phasing the horse track out by running fewer days and the only chance that the smaller tracks have for survival is your favorable consideration today on Senate Bill No. 394.

With the problems that will be facing the future of the quarter horse industry in Kansas at this time I ask for your favorable consideration and your support on bill No. 394.

Karen Tolle  
Executive Director, KQHRA

*Assess & Tax*  
*3/26/91*  
*Attachment 2*



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Tax Table explanation below (BASED ON STRAIGHT 18% TAKE-OUT)

GREYHOUND ONLY FACILITY:

YEAR 1 thru 4	YEAR 5	YEAR 6 & Beyond
4% greyhound purses	4% greyhound purses	4% greyhound purses
3% state tax	4% state tax	5% state tax
(11% track operator)	(10% track operator)	(9% track operator)
18% total	18% total	18% total

NOTE: Track operator receives 11%, 10% and 9% respectively. Horse track operators, whether combination or horse only receive only 9% for track operation, when building and operating the horse tracks cost more.

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GREYHOUND/HORSE COMBINATION FACILITY:

GREYHOUND TRACK	GREYHOUND TRACK	GREYHOUND TRACK
YEAR 1 thru 7	YEARS 8 thru 9	YEAR 10 & beyond
4% greyhound purses	4% greyhound purses	4% greyhound purses
3% state tax	4% state tax	5% state tax
(11% track operator)	(10% track operator)	(9% track operator)
18% total	18% total	18% total

HORSE TRACK	HORSE TRACK	HORSE TRACK
YEAR 1 thru 7	YEARS 8 & 9	YEAR 10 & beyond
6% horse purses	6% horse purses	6% horse purses
3% state tax	3% state tax	3% state tax
(9% track operator)	(9% track operator)	(9% track operator)
18% total	18% total	18% total

NOTE: There is no incentive for track operators to stop running greyhounds because the track operator's share of the greyhound track is greater until the tenth year of operation when it is 9% for both.

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HORSE ONLY FACILITY

YEAR 1 & beyond

6% horse purse  
3% state tax  
(9% track operator)

18% total

NOTE: The horse track only facility provides the track operator only 9% for track operation. This does not seem right when we are trying to provide incentives for building and operating horse tracks.

As you can see from the above figures, a track operator who operates a combination facility is penalized for running the horse track. Therefore, with knowledge that the expense in operating and building a horse track is greater as well as the economic impact of the horse racing industry upon our state, we submit to you that changes have to be made for the survival of the horse industry in Kansas.

Del Locke

# Kansas Horsemen's Association

TESTIMONY TO SENATE ASSESSMENT AND TAX  
SENATE BILL 394  
MARCH 26, 1991

THE KANSAS HORSEMEN'S ASSOCIATION WAS FORMED AFTER THE PASSAGE OF THE LEGISLATION TO IMPLEMENT PARIMUTUEL RACING IN KANSAS. THEIR PRIMARY FUNCTION IS CONTRACTING WITH THE RACING COMMISSION TO PROVIDE THE RECORDKEEPING OF THE OFFICIAL BREED REGISTRY FOR THE KANSAS HORSE BREEDING DEVELOPMENT FUND CREATED IN THE ACT. THE ASSOCIATION IS MADE UP OF PARTICIPANTS AND DIRECTORS FROM EACH OF THE BREEDS OF HORSES OFFICIALLY RECOGNIZED TO RACE IN THE STATE OF KANSAS. THIS ASSOCIATION IS VERY INVOLVED AND CONCERNED WITH THE CONTINUED DEVELOPMENT OF THE HORSE INDUSTRY IN KANSAS.

WE APPEAR TODAY IN SUPPORT OF THE TAX REBATE PROPOSED IN SENATE BILL 394. AT THE TIME PARIMUTUEL WAS APPROVED IN KANSAS, THE HORSEMEN AND THE CITIZENS OF THIS STATE ANTICIPATED THAT THERE WOULD BE SEVERAL TRACKS WHICH COULD PROVIDE A PLACE FOR HORSES TO RUN IN THIS STATE AND HELP PROVIDE A PLACE IN THIS STATE FOR HORSES BRED AND TRAINED IN KANSAS TO PARTICIPATE RATHER THAN HAVING TO HAUL THEM TO OTHER STATES TO COMPETE. FOR A NUMBER OF REASONS, THE LIVE RACING PERFORMANCES FOR HORSES TO COMPETE IN KANSAS HAS DWINDLED TO A MERE 75 DAYS PROPOSED FOR 1991. ONE OF THE PROBLEMS IS THE HIGH COST OF OPERATION FOR A RACE TRACK, AND THE DIFFICULTY IN SUPPLEMENTING ENOUGH MONEY TO THE PURSES TO MAKE IT COST EFFECTIVE TO RUN A HORSE TODAY. MANY OF OUR NEIGHBORING STATES HAVE FOUND IT ECONOMICALLY WISE TO REDUCE THE STATES SHARE OF TAX ASSESSED ON THE HANDLE GENERATED AT THE TRACK IN ORDER TO ENCOURAGE THE INDUSTRY. WE BELIEVE THIS DOES NOT LEAD TO ANY LOSS IN REAL DOLLARS TO THE STATE, BECAUSE THE REDUCTION, OR REBATE AS THIS BILL WOULD ALLOW, WOULD BE OFFSET BY THE DOLLARS WHICH WOULD BE GENERATED AND SPENT IN THE KANSAS ECONOMY. IF WE ARE ABLE TO KEEP TRACKS OPEN AND OPERATING, OR ENCOURAGE MORE FAIR ASSOCIATION TRACKS TO OPEN THEY WILL GENERATE INCOME FOR THE STATE IN THE FORM OF ADMISSIONS AND SALES TAXES. IN ADDITION, IT COSTS ALMOST \$40 PER DAY TO KEEP A RACE HORSE IN TRAINING. THAT IS REAL DOLLARS WHICH WOULD TURN OVER SEVERAL TIMES IN OUR ECONOMY IF SPENT IN KANSAS, PROVIDING INCOME FOR VARIOUS SERVICE INDUSTRIES, ADDITIONAL SALES AND INCOME TAXES, ETC.

CURRENTLY IN KANSAS, WITH THE MANAGEMENT PROBLEMS AND CASH FLOW PROBLEMS EXPERIENCED BY EUREKA DOWNS LAST YEAR, WE HAVE ALREADY SEEN ABOUT A 50% REDUCTION IN THE NUMBER OF HORSES IN TRAINING IN KANSAS THIS SPRING. LAST YEAR, THERE WERE ABOUT 200 HORSES ON THE GROUNDS IN

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TEL. (913) 233-1986



*Assess + Tax  
3/26/91*

*attachment 3*

TRAINING DOWN AT EUREKA, CURRENTLY THERE ARE ONLY A HANDFUL OF HORSES IN TRAINING AT THAT FACILITY. THOSE OWNERS HAVE NOT QUIT RUNNING HORSES, THEY HAVE SIMPLY SENT THOSE HORSES TO OKLAHOMA, NEBRASKA, COLORADO, AND OTHER PLACES TO BE TRAINED. THIS SAME SITUATION WILL BE APPARENT, HOPEFULLY TO A LESSER DEGREE WHEN THE WOODLANDS OPENS THIS SPRING. THIS IS BECAUSE WITH ONLY 70 SOME DAYS OF RACING, THERE IS NOT ENOUGH ECONOMIC INCENTIVE TO SPEND \$1200 OR MORE EACH MONTH TO KEEP A HORSE IN TRAINING IF IT WILL ONLY BE ABLE TO RUN 6 OR 7 TIMES DURING THE ENTIRE SUMMER MEET.

THE PROPOSED REBATE WOULD HAVE ALLOWED THE HORSEMEN AND THE TRACK AT EUREKA TO SHARE ADDITIONAL OPERATING CAPITOL IN 1989 (THEIR LAST FULL SEASON OF RACING) OF APPROXIMATELY \$170,000. THIS WOULD HAVE PROVIDED AN ADDITIONAL \$80,000+ FOR OPERATION AND EXPENSES OF THE TRACK, AND A 19-22% INCREASE IN PURSES FOR WINNING HORSES. AT THE WOODLANDS, DURING THE 1990 SEASON IT WOULD HAVE PROVIDED AN INCREASED PURSE INCENTIVE FOR HORSEMEN TO TRAIN AND RUN THEIR HORSES IN KANSAS OF APPROXIMATELY \$500,000 OR A 36% INCREASE IN PURSES.

THIS BILL WOULD NOT EFFECTIVELY COST THE STATE OF KANSAS ANY ADDITIONAL MONEY, AND THE POTENTIAL FOR INCREASED REVENUE FROM THE HORSE INDUSTRY WOULD BE OF BENEFIT TO THE ECONOMIC CONDITION OF THE ENTIRE STATE. WE URGE YOUR CAREFUL CONSIDERATION OF THIS BILL AND WILL BE HAPPY TO PROVIDE ANSWERS TO ANY QUESTIONS YOU MAY HAVE.

TESTIMONY PROVIDED BY DEBBIE SCHAUF, EXECUTIVE DIRECTOR.



Senator Dan Thiessen and Committee Members:

My name is Bruce Rimbo. I am a resident of Overland Park, Kansas and am Executive Vice President of The Woodlands. On behalf of The Woodlands, its organizational licensee Trak East, facility owner-manager licensee Sunflower Racing and the more than 800 employees that work at The Woodlands, I am here to speak in support of Senate Bill-394, legislation designed to rebate some state pari-mutuel taxes to tracks and horsemen at horse racing facilities only on a five-year trial basis.

If I may, let me tell you a little about The Woodlands. A recent study conducted at Kansas University demonstrates the economic impact of The Woodlands' project. The construction phase of the world's only dual racing complex resulted in a \$116.3 million impact on the local and state economy, which was 25% greater than had been anticipated when the license application was made. Tax revenues during construction increased by nearly 18% to \$1.313 million. In the track's first year of operation, the local economy has been impacted by \$57.6 million--an incredible 45% over what was anticipated. Tax revenues generated from operations have exceeded \$10 million and earlier this month it was announced that more than \$1.3 million from 1990 operations will be going to Kansas-based charities through The Woodlands' non-profit board Trak East.

The horse racing industry across America is a \$15.2 billion industry. While no formal study has been completed as of yet, conservatively speaking, it is believed the Kansas agri-business economy was impacted by more than \$46 million in direct expenditures and some \$100 million when those dollars are turned over from horse racing within the state of Kansas.

*Assess + Tax  
3/26/91  
Attachment 4A*



However, all is not a bed of roses.

At The Woodlands, we lost \$1.8 million on our horse operation alone during our first year. Horse purses had to be supplemented by track management by \$887,000 in an attempt to insure the best horses possible competing at The Woodlands. Needless to say, these type of purse supplements can not continue.

Horse racing on a statewide basis suffered as well. Eureka Downs could not complete its season in 1990 and eventually filed bankruptcy. As of today, there are no plans to get Eureka up and racing again in 1991. There also are no other concrete plans for horse racing anywhere else in the state. Horsemen complain that without a racing circuit in the state, the breeding industry that is so invaluable to this state's agri-business economy simply can not exist.

In many ways, Kansas is one of the lucky states in the racing industry. A quick look around the country shows the \$70 million Canterbury Downs in Minneapolis selling less than five years later for \$23 million and in severe financial trouble. The \$84 million Birmingham Downs in Alabama sold out of bankruptcy court for \$19 million only if greyhound racing is approved at the same facility. Prairie Meadows in Des Moines, Iowa has shown losses of more than \$5 million per year on a track whose \$40 million note is guaranteed by the county government.

Many states have gone to similar rebates and tax discounts to assist with debt service, capital improvements and purses. I offer into testimony a two-page letter from Nebraska Racing Commission Executive Secretary Dennis Oelschlager along with two bills that have effectively cut the state's portion of pari-mutuel tax to between zero and one-half of one percent from 1987 until 1994 in an effort to boost this vital segment of the Nebraska economy.

This bill would allow for horsemen to increase the amount of purse money to race for and thereby increase their breeding and farm business yet at the same time permit the tracks to continue offering the same level of employment and create the marketing necessary to generate fans and thereby revenues, including tax revenues. Senate bill 394 when combined with simulcasting will produce little direct impact on the state's tax dollars. Yet in the overall picture, the economic value of The Woodlands and horse racing will actually give the state a tremendous boost in potential tax revenue and additional jobs.

This bill offers The Woodlands a chance for its horse operation to stand alone. It offers fair meets and a track like Eureka its only chance of survival. And it offers horsemen their only hope of a sustained racing circuit in Kansas which in turn will produce a viable breeding business and purses in line with surrounding states.

The Woodlands hopes that this committee will look with favor upon SB-394.

Thank you.

# STATE OF NEBRASKA



STATE RACING COMMISSION  
E. BENJAMIN NELSON  
~~XXXXXXXXXX~~  
GOVERNOR

March 22, 1991

VINCE L. DOWDING  
Chairman

Bruce Rimbo  
Executive Vice President  
Woodlands Racecourse  
P.O. Box 12036  
9700 Leavenworth Road  
Kansas City, KS 66112

RICHARD H. HUDSON  
Vice Chairman

DENNIS P. LEE  
Commissioner

DENNIS OELSCHLAGER  
Executive Secretary

Dear Bruce:

JIM HABERLAN  
State Steward

Pursuant to your request concerning takeout and parimutuel tax on horse racing in Nebraska, I am enclosing copies of LB467 passed in 1987, and LB1055 passed in 1990.

JOSEPH E. COOK  
Director of Security  
& Investigations

LB467 - Passed in 1987:

LB467 established an amended tax rate for the period July 1, 1987 through December 31, 1990 as follows:

- the first \$10 million in handle not taxed
- amounts over \$10 but less than \$100 million taxed at the rate of two percent.

The entire amount taxed at two percent is retained by the track for capital improvements and maintenance. This provision had the affect of shifting 1% of the handle (in excess of \$10 million) otherwise allocated to purses to the track.

-- Handle in excess of \$100 million taxed at five percent, however, no track reached that level during the period this schedule was in effect.

-- The tax rate beginning January 1, 1991 was set at no tax on the first \$20 million, with a four percent tax over \$20 million. This provision was amended by LB1055 in 1990 before it became effective.

The takeout in Nebraska during this period at major tracks was 15% on win, place, and show wagers, and twenty percent on exotic wagers.

*Assess & Rep  
3/26/91*

*Att 4 B*

LB1055 - Passed in 1990:

LB1055 adjusted both the tax schedule and the takeout. Effective January 1, 1991 through December 31, 1993, the tax rate was set as follows:

- The first \$10 million in handle at a track (including its simulcast handle) tax exempt
- From \$10 million to \$80 million two and a half percent, with two percent retained by the track for capital improvements. The effective tax rate is thus one half of one percent.
- Handle in excess of \$80 million taxed at four percent.

Beginning January 1, 1994 the amount of tax in the \$10 million to \$80 million portion of the schedule that may be retained by the track is reduced from two percent to one percent, and the tax is increased from two and a half percent to three percent. Thus, the effective tax rate becomes two percent.

Takeout was adjusted to give tracks the option to set takeout on win, place and show between fifteen percent and eighteen percent, and to allow tracks to set the takeout in exotic wagers at up to twenty-three percent.

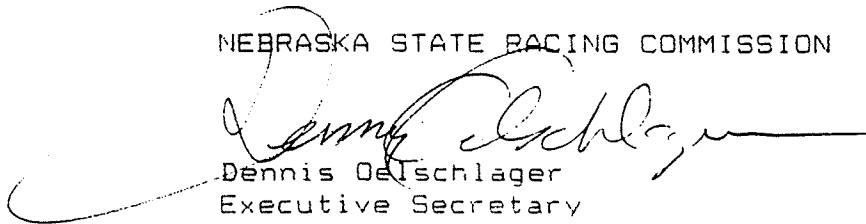
These measures were adopted to enable the Nebraska industry to adjust to and compete with growing competition.

All but one track increased the takeout to the maximum level after LB1055 passed. This undoubtedly was a major factor in the decline in attendance and handle in 1990.

I hope this provides the information you need.

Sincerely,

NEBRASKA STATE RACING COMMISSION



Dennis Deischlager  
Executive Secretary

DO:ca

Enclosures

## LEGISLATIVE BILL 467

Approved by the Governor May 29, 1987

Introduced by V. Johnson, 8

AN ACT relating to horseracing; to amend sections 2-1208.01 and 2-1208.04, Revised Statutes Supplement, 1986; to change the tax on parimutuel wagering as prescribed; to provide a credit for capital improvements and maintenance; to change a provision relating to contributions to the Track Distribution Fund; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 2-1208.01, Revised Statutes Supplement, 1986, be amended to read as follows:

2-1208.01. There is hereby imposed a tax on the gross sum wagered by the parimutuel method at each race meeting as follows:

(1) Commencing on July 1, 1987, and ending on December 31, 1990:

(a) For meets conducted on property owned by the state on which the Nebraska State Fair is also conducted, no tax shall be imposed, but the licensee shall apply two per cent of any amount in excess of ten million dollars for the purpose of maintenance of buildings, streets, utilities, and other existing improvements on the Nebraska State Fairgrounds; and

(b) For all other meets:

(i) The first ten million dollars shall not be taxed, except that for those race meetings that have taken the applicable exemption from parimutuel tax prior to the effective date of this act this subdivision of subdivision (1)(b) shall not be applicable until January 1, 1988;

(ii) Any amount over ten million dollars but less than or equal to one hundred million dollars shall be taxed at the rate of two per cent;

(iii) Any amount in excess of one hundred million dollars shall be taxed at the rate of five per cent; and

(iv) An amount equal to two per cent of the first taxable ninety million dollars at each race meeting shall be retained by the licensee for capital



improvements and for maintenance of the premises within the licensed racetrack enclosure and shall be a credit against the tax levied in subdivisions (b)(ii) and (b)(iii) of this subdivision; and

(2) For meets commencing on or after January 1, 1991, any amount in excess of twenty million dollars shall be taxed at the rate of four per cent.

The net tax due pursuant to subdivisions (1) and (2) of this section shall be paid to the Department of Revenue on the next-to-the-last business day of the month to allow for deposit in the General Fund on the last business day of each month during each race meeting. The first seven million dollars shall not be taxed;

(2) For meets conducted on property owned by the state on which the Nebraska State Fair is also conducted; any amount in excess of seven million dollars shall be taxed at the rate of four per cent; and

(3) For all other meets commencing on or after January 1, 1986; any amount in excess of seven million dollars shall be taxed using the daily average parimutuel handle as reported in the State Racing Commission's annual report for 1985 for each licensed race meet as the standard as follows:

(a) Race meets which have an average daily parimutuel handle for the year which is less than ninety-five per cent of their 1985 average daily parimutuel handle shall be taxed at the rate of four per cent;

(b) Race meets which have an average daily parimutuel handle for the year which is equal to or exceeds ninety-five per cent of their 1985 average daily parimutuel handle but is less than one hundred per cent of such handle shall be taxed at the rate of four and one half per cent; and

(c) Race meets which have an average daily parimutuel handle which equals or exceeds one hundred per cent of their 1985 average daily parimutuel handle shall be taxed at the rate of five per cent.

The tax at the rate of four per cent shall be paid into the state treasury for deposit in the General Fund on the last day of each month during each race meeting. If the tax exceeds the four per cent rate at any race meet; the additional tax; plus a certification of the average daily parimutuel handle upon which such rate is based; shall be paid into the General Fund within ten days after the termination of each race meeting. If no additional tax is due; a certification of the average daily parimutuel handle shall be

submitted to the Department of Revenue upon forms provided by the department.

Sec. 2. That section 2-1208.04, Revised Statutes Supplement, 1986, be amended to read as follows:

2-1208.04. (1) Racetracks shall separately account for their gross exotic daily receipts. Any For all meets commencing after January 1, 1987, any racetrack that had for its previous race meet a total parimutuel handle of less than one hundred twenty fifty million dollars shall withhold an amount equal to one half of one per cent of such receipts, and any racetrack that had for its previous race meet a total parimutuel handle of one hundred twenty fifty million dollars or more shall withhold an amount equal to one per cent of such receipts. Such amount withheld shall be paid to the State Racing Commission on the last day of each month during each race meeting for deposit in the Track Distribution Fund, which fund is hereby created.

(2) The Track Distribution Fund shall be distributed as follows:

(a) Fifteen per cent of the fund shall be distributed monthly to recipient racetracks which conduct wagering by the parimutuel method on quarterhorse racing. Such racetracks shall receive the percentage of the fifteen per cent which the total number of days of horseraces run at such racetrack in the year of distribution bears to the total number of days of horseraces run at all such racetracks in the year of distribution; and

(b) Eighty-five per cent of the fund shall be distributed monthly to recipient racetracks which conduct wagering by the parimutuel method on thoroughbred horseracing. Such racetracks shall receive the percentage of the eighty-five per cent which the total number of days of horseraces run at such racetrack in the year of distribution bears to the total number of days of horseraces run at all such racetracks in the year of distribution.

For purposes of this section, distribution for any recipient racetrack racing fewer than thirty days shall be based on a minimum of thirty days and any racetrack racing more than thirty-five days shall be based on a maximum of thirty-five days of racing. One half of the amount received by a racetrack shall be used to supplement purses at the track.

(3) Any money in the Track Distribution Fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to

72-1269.

(4) The assessment required by this section shall be in addition to the assessments, taxes, and fees required by Chapter 2, article 12.

Sec. 3. That original sections 2-1208.01 and 2-1208.04, Revised Statutes Supplement, 1986, are repealed.

Sec. 4. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.

## LEGISLATIVE BILL 1055

Approved by the Governor April.14, 1990

Introduced by Hall, 7

AN ACT relating to gaming; to amend section 9-239, Reissue Revised Statutes of Nebraska, 1943, and sections 2-1207, 2-1208.01, 9-1,101, 9-344, and 9-614, Revised Statutes Supplement, 1989; to change provisions relating to deductions from, taxes on, and permitting a minor to make parimutuel wagers on horseracing; to change provisions relating to taxes on bingo, pickle cards, and other charitable gaming; to change an incorporation requirement for certain lottery operators; to provide operative dates; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 2-1207, Revised Statutes Supplement, 1989, be amended to read as follows:

2-1207. (1) Within the enclosure of any racetrack where a race or race meeting licensed and conducted under sections 2-1201 to 2-1218 is held or at a racetrack licensed to simulcast races or conduct interstate simulcasting, the parimutuel method or system of wagering on the results of the respective races may be used and conducted by the licensee. Under such system the licensee may receive wagers of money from any person present at such race or racetrack receiving the simulcast race or conducting interstate simulcasting on any horse in a race selected by such person to run first in such race, and the person so wagering shall acquire an interest in the total money so wagered on all horses in such race as first winners in proportion to the amount of money wagered by him or her. Such licensee shall issue to each person so wagering a certificate on which shall be shown the number of the race, the amount wagered, and the number or name of the horse selected by such person as first winner. As each race is run, at the option of the licensee, the licensee may deduct from the total sum wagered on all horses as first winners not less than fifteen percent or more than eighteen percent from such total sum, plus the odd cents of the

redistribution over the next lower multiple of ten. At the option of the licensee, the licensee may deduct up to and including twenty-three percent from the total sum wagered by exotic wagers as defined in section 2-1208.03. The licensee shall notify the State Racing Commission in writing of the percentages the licensee intends to deduct during the live race meet conducted by the licensee and shall notify the commission at least one week in advance of any changes to such percentages the licensee intends to make. ; respectively; (a) at race meets which conduct live racing more than four days per week excluding holidays; fifteen percent of the total plus the odd cents of the redistribution over the next lower multiple of ten or (b) at race meets which conduct live racing not more than four days per week excluding holidays; not less than fifteen nor more than eighteen percent of the total plus the odd cents of the redistribution over the next lower multiple of ten. All licensees are hereby authorized to deduct up to and including twenty percent from the total sum wagered by exotic wagers as defined in section 2-1208.03. The licensee shall also deduct from the total sum wagered by exotic wagers, if any, the tax plus the odd cents of the redistribution over the next multiple of ten as provided in subsection (1) of section 2-1208.04. The balance remaining on hand shall be paid out to the holders of certificates on the winning horse in the proportion that the amount wagered by each certificate holder bears to the total amount wagered on all horses in such race to run first. The licensee may likewise receive such wagers on horses selected to run second, third, or both, or in such combinations as the commission may authorize, the method, procedure, and authority and right of the licensee, as well as the deduction allowed to the licensee, to be as specified with respect to wagers upon horses selected to run first.

(2) At all race meets held pursuant to this section, the licensee shall deduct from the total sum wagered one-third of the amount over fifteen percent deducted pursuant to subsection (1) of this section on wagers on horses selected to run first, second, or third and one percent of all exotic wagers ; including wagers on simulcast and interstate simulcast races but excluding wagers on horses selected to run first, second, or third; one percent of the total; to be used to promote agriculture and horse breeding in Nebraska and for the support and preservation of horseracing pursuant to section 2-1207.01, except that no amount shall be deducted from wagers on horses selected to run



first, second, or third at tracks handling less than ten million dollars during their live race meets for promotion of agriculture and horse breeding.

(3) No minor shall be permitted to make any parimutuel wager, and there shall be no wagering except under the parimutuel method outlined in this section. Any person, association, or corporation who knowingly permits aids or abets a minor to make in making a parimutuel wager shall be guilty of a Class IV misdemeanor.

Sec. 2. That section 2-1208.01, Revised Statutes Supplement, 1989, be amended to read as follows:

2-1208.01. There is hereby imposed a tax on the gross sum wagered by the parimutuel method at each race enclosure during a calendar year as follows:

~~(1)~~ Commencing on July 1, 1987, and ending on December 31, 1990:

(1) ~~(a)~~ For meets conducted on property owned by the state on which the Nebraska State Fair is also conducted, no tax shall be imposed, but the licensee shall apply two percent of any amount in excess of ten million dollars for the purpose of maintenance of buildings, streets, utilities, and other existing improvements on the Nebraska State Fairgrounds; and

(2) ~~(b)~~ For all other meets:

(a) ~~(i)~~ The first ten million dollars shall not be taxed;

(b) ~~(ii)~~ Any amount over ten million dollars but less than or equal to one hundred million dollars shall be taxed at the rate of two percent through December 31, 1990;

(c)(i) Effective January 1, 1991, through December 31, 1993, any amount over ten million dollars but less than or equal to eighty million dollars shall be taxed at the rate of two and one-half percent; and

(ii) Effective January 1, 1994, any amount over ten million dollars but less than or equal to eighty million dollars shall be taxed at the rate of three percent;

(d)(i) ~~(iii)~~ Any amount in excess of one hundred million dollars shall be taxed at the rate of five percent through December 31, 1990; and

(ii) Effective January 1, 1991, any amount in excess of eighty million dollars shall be taxed at the rate of four percent; and

(e)(i) ~~(iv)~~ An amount equal to two percent of the first taxable ninety seventy million dollars at each race enclosure during a calendar year meeting shall be

retained by the licensee for capital improvements and for maintenance of the premises within the licensed racetrack enclosure and shall be a credit against the tax levied in subdivisions (b)(ii) and (b)(iii) of this subdivision this section through December 31, 1993; and

(ii) Beginning January 1, 1994, an amount equal to one percent of the first taxable seventy million dollars at each race meeting shall be retained by the licensee for capital improvements and for maintenance of the premises within the licensed racetrack enclosure and shall be a credit against the tax levied in this section. ; and

~~(2) For meets commencing on or after January 1, 1991, any amount in excess of twenty million dollars shall be taxed at the rate of four percent.~~

A return as required by the Tax Commissioner shall be filed for a ~~race~~ racetrack enclosure for each month during which wagers are accepted at the enclosure. The return shall be filed with and the net tax due pursuant to subdivisions (1) and (2) of this section shall be paid to the Department of Revenue on the tenth day of the following month.

Sec. 3. That section 9-1,101, Revised Statutes Supplement, 1989, be amended to read as follows:

9-1,101. (1) The Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, and the Nebraska Small Lottery and Raffle Act shall be administered and enforced by the Charitable Gaming Division of the Department of Revenue, which division is hereby created. The Department of Revenue shall make annual reports to the Governor, Legislature, Auditor of Public Accounts, and Attorney General on all tax revenue received, expenses incurred, and other activities relating to the administration and enforcement of such acts.

(2) The Charitable Gaming Operations Fund is hereby created. Any money in the fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to 72-1276.

(3) ~~Thirty-five~~ Forty percent of the taxes collected pursuant to sections 9-239, 9-344, 9-429, and 9-648 shall be available to the Charitable Gaming Division for administering and enforcing the acts. The remaining ~~sixty-five~~ sixty percent, along with any portion of the ~~thirty-five~~ forty percent not used by the division in its administration and enforcement of such acts, shall be transferred to the General Fund.

(4) The Tax Commissioner shall employ investigators and inspectors who shall be appointed deputy state sheriffs by the Governor and who shall, upon qualifying for such office, possess all the powers which attach to such office, except that their powers and duties shall be restricted to the enforcement of the acts.

Sec. 4. That section 9-239, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

9-239. (1) The department shall collect a state tax of six percent on the gross receipts received from the conducting of bingo within the state. Such tax shall be paid remitted to the department and credited to the Charitable Gaming Operations Fund. The tax shall be remitted quarterly, not later than thirty days from the close of the preceding quarter, together with any other reports as may be required by the department. The proceeds from the tax shall be used to pay for the costs of regulation and enforcement of the Nebraska Bingo Act.

(2) Any city or village is hereby directed to impose a tax of ~~four~~ two percent on the gross receipts received from the conducting of bingo within such city or village. Where bingo is conducted outside the limits of any incorporated city or village, the county in which such bingo is conducted shall impose a tax of ~~four~~ two percent on the gross receipts from the conducting of bingo outside the corporate limits of such city or village. Such tax shall be credited to the general fund of the county, city, or village which issued a permit for the conducting of bingo pursuant to section 9-236. Such tax shall be paid remitted to the clerk of the political subdivision imposing the tax, and the clerk shall ~~transmit remit~~ the tax to the treasurer of such subdivision. The tax shall be remitted quarterly, not later than thirty days from the close of the preceding quarter, together with such reports as may be required by the political subdivision imposing the tax. The proceeds from the tax shall be used to pay for the costs of regulation and enforcement of the Nebraska Bingo Act.

Sec. 5. That section 9-344, Revised Statutes Supplement, 1989, be amended to read as follows:

9-344. Accompanying the monthly reports required in section 9-343, the distributor shall pay remit to the department a tax equal to ~~thirteen~~ ten percent of the definite profit of each pickle card unit sold by the distributor. Such tax shall be remitted with and reported on a form prescribed by the department on a monthly basis ~~commencing on and after October 1,~~

1989, and shall be due and payable within thirty days after each monthly period or by the last day of the month following each monthly period, whichever comes first. Such tax shall be credited to the Charitable Gaming Operations Fund, of the state. The distributor shall include the tax due under this section in the selling price of units and shall separately state such tax on the invoice. All deficiencies of the tax prescribed in this section shall accrue interest and be subject to a penalty as provided for sales and use taxes in the Nebraska Revenue Act of 1967.

Sec. 6. That section 9-614, Revised Statutes Supplement, 1989, be amended to read as follows:

9-614. Lottery operator shall mean any individual, sole proprietorship, partnership, or corporation which operates a lottery on behalf of a county, city, or village.

A lottery operator shall be a resident of Nebraska or, if a partnership or corporation, shall be organized under the laws of this state as a partnership or incorporated under the laws of this state Nebraska Business Corporation Act.

Sec. 7. Sections 3 to 6 and 8 of this act shall become operative on October 1, 1990. The other sections of this act shall become operative on their effective date.

Sec. 8. That original section 9-239, Reissue Revised Statutes of Nebraska, 1943, and sections 9-1,101, 9-344, and 9-614, Revised Statutes Supplement, 1989, are repealed.

Sec. 9. That original sections 2-1207 and 2-1208.01, Revised Statutes Supplement, 1989, are repealed.

Sec. 10. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.



Shawnee County  
Office of County Clerk

PATSY A. "PAT" McDONALD

291-4155 Main  
291-4159 Accounting

Courthouse - Room 107  
Topeka, Kansas 66603-3963

M E M O R A N D U M

TO: Assessment and Taxation Committee  
Dqn Thiessen, Chairman

FROM: Patsy A. McDonald, President  
Kansas County Clerks Association

DATE: March 26, 1991

RE: Senate Bill 390 (Tax Statements)

This is a request to amend K.S.A. 79-1803 and 79-1804 to eliminate the problem of a County Clerk being blamed for not certifying taxes by November 1. In 1990, this posed a problem for County Clerks across the State. Listed below are the reasons for this request:

1. If there is a question on the ballot in November, Attorney General Opinion 82-188 says the November deadlines are directory in nature and not mandatory and may be enlarged to await the outcome of the election. Some court cases are also cited. Marshall, Nemaha and Clay, all had questions on the ballot in November, to name only a few.
2. There were three reasons I was compelled to wait before finalizing the 1990 tax roll.

(a) A charter resolution was filed by a township for EMT (Ambulance - First Responder Program). They filed it somewhat late because they weren't sure it was needed. They included a levy for this in their 1991 budget--outside the tax lid. The Resolution had to be published two (2) consecutive times and then wait 60 days to see if they would get a protest requiring an election. The protest period was up late in October.

(b) My county is the home county for 12 counties in the Northeast Kansas Library district. I had to wait to set the levy until all counties certified the valuation to me. Three counties were very late. Brown and Atchison counties were in the process of re-computing all their values in conjunction with the Property Valuation Department. Counties around them having joint school districts and joint library districts were late in finishing taxes. Again--through no fault of the County Clerks.

(c) Last year twenty-two counties in southwest Kansas were affected and the tax roll was certified late. The Department of Revenue, in conjunction with the Property Valuation Department, knew there was a problem with underground stored gas and a hearing was scheduled October 25. This could have had a dramatic effect on values, which

*Assess + Tax  
3/26/91  
Attachment 5*

would have affected levies. The meeting was cancelled the day before the 25th. By that time, it was too late for most of the counties to get the tax roll to the treasurer by November 1. Ford County was the home county for the 22 library districts.

(d) A township had a special road levy on the primary ballot which did not pass. Since many people told the township board that they were misled by a news article (which erroneously indicated that it was a new tax) the board wanted to put it back on the November ballot, which they did.

Across the State, County Clerks received a lot of bad press for events over which we had no control. I was criticized in the Topeka Capital Journal editorial for deliberately holding up tax statements (see attached). If legislation appears next year to give appraisers more time at the early end of the year, we are really going to be "scrunched" in trying to get our work done. Our office has completely changed since Reappraisal.

I don't know how treasurers feel about Senate Bill 390, but I doubt if they want to move the date of November 1, because it has always been that way. However, when our treasurer receives the tax statements, they are sorted by zip code - carrier route, and the large mortgage companies are computed on a tape, so it should not take a long time to mail them out. K.S.A. 79-2001 requires treasurers to mail statements by December 15.

In addressing lost interest, I'm sure all counties are different, but during November of 1989 for 1990 budget year an average of \$1,267.86 was the interest earned as computed by our Audit-Financial Administrator. As of November 30, \$1,797,626 in tax dollars were collected of the \$117,226,625 that could have been collected. That is 1 1/2% (see attached). A larger problem for our treasurer is getting the volume of checks posted and deposited after December 20. This goes into January and does cost the county interest.

In addressing distributions - taxes are still to be paid by December 20, so moving the start of tax collection to November 10 should not matter.

I was asked to run taxes on all the property not subject to a change. I think treasurers and clerks would agree that would be an impossible nightmare for Data Processing. When you start the process, you run all the real estate, then all the personal, then all the State assessed--not a piece meal of each. Then we balance all of it to create the tax roll for the treasurer.

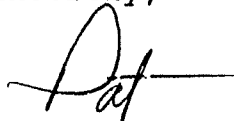
Personally, we hate to be blamed for something beyond our control. I have been figuring taxes for about 20 years. Of those, I missed the November 1 deadline in the 1989 Reappraisal year because Data Processing wasn't ready--and no one cared. I also missed the deadline in 1990 due to the above mentioned reasons and many people seemed to care. So we are asking for a solution to the problem. Senate Bill 390 as written will help!



We are willing to compromise with the treasurers if they see a real problem with this bill. We all need to work together.

Thank you for listening! We appreciate your help.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patsy", followed by a horizontal line extending to the right.

Patsy A. McDonald  
President

Attachments:

Page 2 from City/County Budget  
forms (Home Rule action)

Miscellaneous new articles and  
letters

Attorney General Opinion 82-188

Pat McDonald  
President KS County Clerks Assoc.  
Shawnee County Courthouse  
Topeka, KS 66606

RE: SB 390

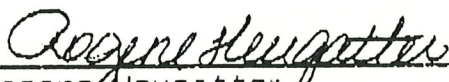
Pat,

As per our phone conversation, I am listing some of the problems that have, in the past, prevented County Clerks from certifying the tax roll as of November 1. The last two years have been quite unique with the implementation of reappraisal values, court cases, and questions on the November ballot. I have worked in the County Clerk's office since 1979 and have served as County Clerk since 1982. The last two years were the only years that I have not been able to certify on or before November 1. I am sure that all of us do everything in our power to certify the tax roll timely.

Bond issues, tax lid exemptions, and certain levy authorizations are all questions that can appear on the November ballot that effect current levies. The County Clerk cannot certify the tax roll until after the election when the outcome of that election effects a levy. It also seems not quite fair that the election of public officials could be significantly prejudiced by the voters receipt of their tax statement a day or two before the election. Especially when the increase in taxes was due to declining valuations, exemptions, or other factors over which the incumbents have no control.

In 1990 a court hearing on taxability of underground stored gas was scheduled for October 25, 1990. The valuation of this gas substantially effected the levies of several joint school districts and regional libraries. The hearing was postponed a day or so before the hearing date. In the best interest of the taxpayers the counties that this effected waited to certify valuations to the home counties of the joint districts. Once the home county received those valuations, the levies were set and certified back to the counties in the joint districts. The County Clerk of the home county for a joint district is at the mercy of each of the clerks in that district as the levy cannot be set until the valuation from each county is received. In turn, the clerks of the non home counties in the joint districts are at the mercy of the home county clerk as they cannot run the tax roll until the levies are certified to them. There is no statutory date for the certification of valuation or levies of joint districts.

Respectfully,

  
Rogene Heugatter  
Clark County Clerk/Appraiser  
Vice-President KS County Clerk Assoc.

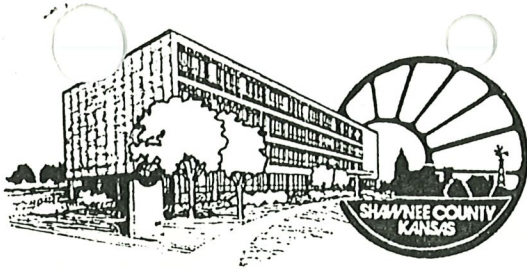
*Stay, just located this, hope it covers of some use*  
~~291-4217~~ 291-4217

I have been following with interest the media coverage of the "Shawnee County Tax Statements" as our County is another whose tax statements will not be run until after the election. This is not, and I repeat, not, a political issue. We have 2 Township road levy questions that did not pass on the August primary. The townships need the funds for road maintenance so they opted to place it on the November ballot as in their prerogative as outlined in the Attorney General Opinion No. 82-188.

I have been unable to set levies for one school district and a large watershed as their territory extends into two counties that have not been able to provide me valuation because they are swamped with the additional workload brought on by reappraisal. This in turn leaves other counties waiting for me to set the levy before they can run their tax roll as areas of the watershed and schools are in their County as well.

There are more counties in the State in this same situation this year, not just Shawnee County.

*Anita Herman  
Nemaha County Clerk  
Box 186  
Seneca, KS 66538*



Shawnee County  
Office of County Treasurer

Room 101, Courthouse, Topeka, Kansas 66603

Phone 291-4080

**RITA CLINE**  
COUNTY TREASURER

DATE: September 28, 1990  
TO: Pat McDonald, County Clerk  
FROM: Rita Cline, County Treasurer *RC*  
RE: Certifying Tax Roll

KSA 79-1804 states, "All taxes shall be due on the first day of November of each year." Due to this law and requests from the special groups listed below, I would like to have the tax statements out to all recipients before November 1, 1990.

KSA 79-1803 requires you, the County Clerk, to have the tax roll certified and "delivered to the County Treasurer on or before November first." However, in order for the above request to be achieved, I will need the tax roll certified to me on or before October 25, 1990. The October 25th date should also allow the Data Processing Department ample time to print the tax statements.

Your cooperation and consideration of this will be greatly appreciated.

CC: Citizens for Responsible Government  
Gerald Soper & Dana Hummer

Kansans For Fair Taxation  
Marvin Webb & Gary Schnellbacher

Citizens For Fair Taxation  
Larry Fischer

rc

①



What is the process and timetable for adopting a CO/CR?

Following is a sample calendar showing CO/CR time requirements for a tax lid revision and related statutory budget-making requirements, assuming (a) the first action is taken June 12, (b) regular governing body meetings are on a Tuesday, and (c) legal publications are on a Thursday in a weekly official paper.

Tuesday, June 12	Governing body adopts CO/CR
Thursday, June 14	First publication of CO/CR
Thursday, June 21	Second publication of CO/CR (one week after 1st publication)
Friday, June 22 to August 21	60-day petition period
Tuesday, July 31	Last day to meet and prepare budget (K.S.A. 79-2927)
Thursday, August 6	Last day to publish budget (K.S.A. 79-2929)
Friday, August 17	Last day to hold budget hearing (K.S.A. 79-2933)
Monday, August 21	Last day to file protest petition (Const. Art. 12, Sec. 5 or K.S.A. 19-101b)
Monday, August 21	CO/CR becomes effective if no petition filed
Thursday, August 27	Last day to certify budget and tax levy to county clerk (K.S.A. 79-1801, and K.S.A. 60-206)

Note from the above calendar that a CO/CR as late as June 12 cannot take effect prior to budget certification time if a petition is filed and an election is held. To avoid the uncertainty of waiting 60 days for a petition and a forced election to develop, K.S.A. 79-5029 allows the governing body to submit the question of suspending the tax lid to election. K.S.A. 79-5029 sets the dates that such elections may be held.

If you proceed under K.S.A. 79-5036 and a petition and forced election develops, such election can be held as late as November 6 (after normal budget certification time). AGO 82-188 states that the county clerk must delay tax statements for such an election. Budgets can be prepared, and the public hearing held thereon, under the assumption that a tax of a certain amount may be legally levied, even though it is subject to a unfavorable vote. If a petition and forced election develops, we believe the governing body has the option of withdrawing the CO/CR, thus foregoing the tax levy in question and making an election unnecessary.

(2)

5-7

November 1, 1990

### November 1989 Current Tax Collections

Invested at average interest rate of 8.06%

<u>Day</u>	<u>Actual Amount</u>	Interest income using availability of:			
		<u>1 day</u>	<u>3 days</u>		
13	\$4,761.88	\$16.82	\$14.72		
17	73,740.06	195.40	162.83		
20	146,671.91	291.50	226.72		
21	219,519.57	387.80	290.85		
22	300,942.98	465.18	332.27		
27	210,173.56	92.82			
28	266,322.01	58.81			
29	315,389.20				
30	260,104.87				
	\$1,797,626.04	\$1,508.33	\$1,027.39	\$1,267.86	Average

**Methodology:**

Interest rate is the average of the County's Portfolio Weighted Yield for November and December, 1989.

Checks deposited are not available for investment until they are cleared by the bank.

Out-of-town checks may take three days to clear.

The average interest income for 1-day and 3-day would give a good approximation of the actual earnings.



# Tax bill football

**I**t matters very little, save for the perpetually lazy, whether they have their annual property tax bills in hand before or after the Nov. 6 general election.

The arrival of those bills will heighten the issue of property tax reduction. But practically, both gubernatorial candidates want property taxes lowered, as do legislative candidates and both candidates for the 1st District Shawnee County Commission seat.

Property tax bills, in election years, tend to work against incumbents. Besides being not very attractive, they represent money out-of-pocket that some incumbent somewhere either voted for, acquiesced to or didn't take action to reduce.

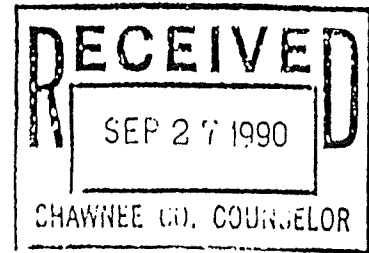
Well before the election the total mill levies for all taxpayers are announced. Mill levies should be no surprise to readers of The Topeka Capital-Journal. They have been published both as public notices and in the news columns, and treasurers' offices statewide can offer property owners assistance in computing their tax bills well before any statements are sent out.

But the deliberate withholding of property tax bills is another matter. In Shawnee County, for example, County Clerk Pat McDonald says she won't certify figures that are key to computing property tax bills for all county property tax owners until after the general election.

A couple of townships have property tax-related issues that will go before voters on Nov. 6, and for those townships, computing the property tax bills will have to wait until results of the elections are known.

But there are vast areas of Shawnee County where all levies are known. There may be some technical explanation not yet offered, but it seems logical that because thousands of pieces of mail are involved, days of printing out the bills, that those tax levies that are known should be processed, and the bills sent out.

Shawnee County may have taken what didn't have to be a political football and made it one.



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612

September 3, 1982

ROBERT T. STEPHAN  
ATTORNEY GENERAL

MAIN PHONE (913) 296-2215  
CONSUMER PROTECTION 296-3751

ATTORNEY GENERAL OPINION NO. 82- 188

Delton M. Gilliland  
Fairfax Township Treasurer  
Tiffany Building  
Lyndon, Kansas 66451

Virginia Kersten  
Osage County Clerk  
County Courthouse  
Lyndon, Kansas 66451

Re: Roads and Bridges -- County and Township Roads --  
Tax Levies by Townships; Effect of Election on  
Certification of Budget and Levy Amount

Synopsis: Pursuant to K.S.A. 68-518c, a township located in a county which does not operate a county road unit system may make an annual tax levy of up to 5 mills for road purposes. If additional moneys are required, a resolution authorizing a levy of up to 8 mills may be passed. Such an increased figure is subject to the approval of township voters in an election if valid petitions to that effect are submitted. If such an election is held in conjunction with the general election in November, after the township is required to submit its budget and the county clerk is required to levy the tax at issue, such deadlines are directory in nature and may be enlarged to await the outcome of the election. Cited herein: K.S.A. 1981 Supp. 10-120, K.S.A. 68-518c, 72-8809, K.S.A. 1981 Supp. 79-1301, 79-1803 (as amended by L. 1982, ch. 391, §38), K.S.A. 79-1962.

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Dear Mr. Gilliland and Ms. Kersten:

As the Treasurer for Fairfax Township and the Osage County Clerk, respectively, you request the opinion of this office

6  
5-10

Delton M. Gilliland  
Virginia Kersten  
Page Two

on several interrelated questions concerning the application of K.S.A. 68-518c. This statute, which allows certain townships to increase the annual amount levied for road purposes, also provides that the increase is subject to a referendum of the township voters. Your opinion request concerns problems which the election schedule creates with statutes providing for the approval of the township budget and the certification of the levies contained therein, as well as the actual levying of the necessary amounts.

In pertinent part, the relevant statute (K.S.A. 68-518c) states:

"The township board of any such township desiring to levy an annual tax for road purposes in an amount exceeding the limitation prescribed by K.S.A. 79-1962, but in an amount not exceeding eight mills, may adopt a resolution authorizing such levy and shall publish the same once each week for three consecutive weeks in a newspaper of general circulation in the township. If within thirty days after the date of the last publication of such resolution a petition, signed by electors of the township equal in number to not less than ten percent of the qualified electors of the township who voted for the office of governor at the last general election for such office, is filed in the office of the county election officer no such increased levy shall be made without having been approved by a majority of the electors of the township voting at an election called and held thereon. All elections held under the provisions of this section shall be called and held in the manner prescribed by K.S.A. 1980 Supp. 10-120, and amendments thereto." (Emphasis added.)

You inform us that the Fairfax Township Board, on May 25, 1982, passed a resolution providing for the 8 mill levy (rather than the 5 mill limit set by K.S.A. 79-1962) and that a petition protesting such an increase was properly filed as set forth by statute hereinabove. As a result, an election must be held before the 8 mill levy may be effective.

K.S.A. 68-518c refers to the provisions of K.S.A. 1980 Supp. (now 1981 Supp.) 10-120 in determining the manner of holding such an election. The latter statute provides that the proper municipal officer shall set the election to be held within 45 days after the necessary requirements have been met, or within



Delton M. Gilliland  
Virginia Kersten  
Page Three

90 days, if this longer period includes the date of a general election. As such was the case here, the county clerk set the election on this matter for the general election on November 2, 1982. However, as you note, this date is one day after the clerk is required to complete the task of spreading the tax levies which had been previously certified by the township. (K.S.A. 1981 Supp. 79-1803.) The deadline for such certification, we note, is August 25. (K.S.A. 1981 Supp. 79-1801.)

You first inquire whether the township may certify a budget to the county clerk on or before August 25 which contains the contested 8 mill figure. In our opinion, the higher figure may be used, as the necessary resolution authorizing such was passed as required by statute. While the increased figure cannot be levied without voter approval, this step does not occur until later in the process. Action by the township in August merely involves the certification by the board of the amount of tax to be levied in the future, and is not the actual levying itself.

Your next question concerns the effect of the November 1 deadline established by K.S.A. 1981 Supp. 79-1803, as amended by L. 1982, ch. 391, §38. Therein, the county clerk is required to "compute the final tax levy rate to be applied to each tract or lot of real property" and to deliver the certified tax rolls by that date. As it will be impossible for the county clerk to predict what the township road levy will be until the evening of November 2 at the earliest, you inquire how to resolve this apparent conflict.

It is our opinion that the problem is more apparent than real, given Kansas decisions concerning the effect of deadlines like the November 1 date set by K.S.A. 1981 Supp. 79-1803, as amended. Like the August 25 date prescribed in K.S.A. 1981 Supp. 79-1801, [School Board of Rural High School Dist. No. 4 v. Rupp, 152 Kan. 636 (1940)], the November 1 date fixed by 79-1803 has been held to be directory, rather than mandatory. School Dist. No. 40 v. Clark County Commr's, 155 Kan. 636 (1942). This distinction was explained in City of Hutchinson v. Ryan, 154 Kan. 751 (1942), where the Court said:

"In determining whether statutory provisions are mandatory or directory, it is a general rule that where strict compliance with the provision is essential to the preservation of the rights of parties affected and to the validity of the proceeding, the provision is mandatory, but where the provision fixes a mode of proceeding and a time within which an official act is to be done, and is intended to secure order, system and dispatch of the public business, the provision is directory." Id. at Syl. ¶1.



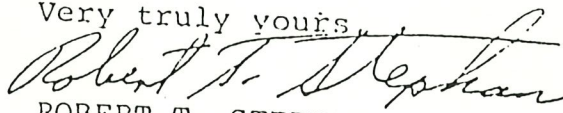
Delton M. Gilliland  
Virginia Kersten  
Page Four

In light of these holdings, it is our opinion that the county clerk may await the outcome of the November 2 election before completing the spreading of the levies required by K.S.A. 1981 Supp. 79-1803. Therefore, if the 3 mill figure certified by the township board is rejected by the voters, the county clerk may use the lesser, 5 mill figure set by K.S.A. 79-1962. Such action is provided for in K.S.A. 1981 Supp. 79-1965. In this regard, the county clerk may advise the township board, in writing, that if the voters reject the increased mill levy, the clerk will change the amount of ad valorem taxes to be levied by the township under the authority of K.S.A. 68-518c. This written notice should be given to the board at least 7 days prior to November 3.

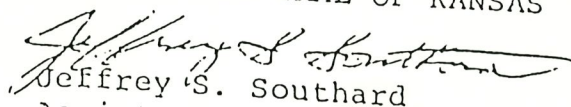
Your final question concerns the future effect of the township board's resolution to increase the road levy to 8 mills, if such action is approved by the voters in November, i.e. whether the increased levy will be effective in future years, or will additional board action be required at that time. In examining the language of K.S.A. 68-518c, we find nothing which would indicate that action must be taken in succeeding years to keep the increased levy in effect, once a resolution so providing has been enacted and, if subjected to an election, approved by the voters. This may be contrasted with other statutes where renewal is required at periodic intervals if the increased levy is to continue in effect. See, e.g., K.S.A. 72-8809, concerning approval of school district capital outlay fund limits at 5 year intervals. As it must be presumed that the legislature could have inserted such a requirement in the act of which K.S.A. 68-518c is a part, its absence is an indication of a contrary legislative intent.

In conclusion, pursuant to K.S.A. 68-518c, a township located in a county which does not operate a county road unit system may make an annual tax levy of up to 5 mills for road purposes. If additional moneys are required, a resolution authorizing a levy of up to 8 mills may be passed. Such an increased figure is subject to the approval of township voters in an election if valid petitions to that effect are submitted. If such an election is held in conjunction with the general election in November, after the township is required to submit its budget and the county clerk is required to levy the tax at issue, such deadlines are directory in nature and may be enlarged to await the outcome of the election.

Very truly yours,



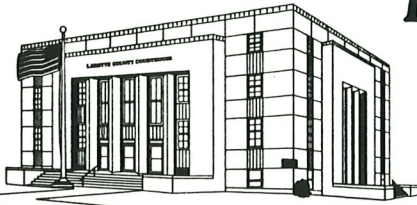
ROBERT T. STEPHAN  
ATTORNEY GENERAL OF KANSAS



Jeffrey S. Southard  
Assistant Attorney General

5-13

Office of  
**Labette County Clerk**



Labette County, Kansas  
Oswego, Kansas 67356  
316-795-2138

**LINDA SCHREPPPEL**, County Clerk

**PEGGY BLACKLEDGE**, Deputy Clerk

DATE: March 26, 1991

TO: Honorable Senator Thiessen and Members

FROM: Kansas County Clerk's Association

Re: K.S.A. 79-1803, 79-1804, AGO 82-188 Concerning  
levy questions on a November ballot.

By law the County Clerk is required to certify levy and tax roll to the County Treasurer for the purpose of tax billing on or before November 1 of the given year; therefore, if the clerk complies with K.S.A. 79-1803 and 1804 and certifies to the treasurer with a question involving a tax levy pending, the levies will have to be amended and new tax statement delivered to the taxpayer. Taxpayers from the affected district could conceivably have already paid from the original statement by this time, creating an even greater problem involving the treasurer.

The bill before you today, as it is, changes the date to certify the tax roll and will indeed help the clerks, however, I would propose a different amendment which would be a compromise for our County Treasurers. We realize the time line creates a hardship and, therefore, would suggest that the bill should contain language that would simply say; the County Clerk will certify on or before November 1 unless an election which determines a levy change is held the roll will be certified on or before November 10th, whereby, the clerks would certify on or before November 1 unless an election is being held which would determine a levy change; the clerk would then certify by November 10. The chances for this sort of thing happening often are very rare.

In 1990 County Clerk Pat McDonald of Shawnee County came under the scrutiny of the taxpayers in her County when she could not certify the roll to the treasurer on time because of an issue on the ballot which would change the outcome of a levy. I, too, would like to urge you to consider the jeopardy to the clerks across the state until some measure is taken to solve the problem. We realize that we will be criticized by our constituents

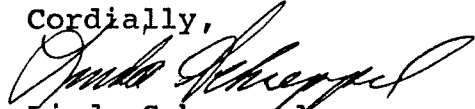
*Assess + Tax  
3/26/91  
Attachment 6*



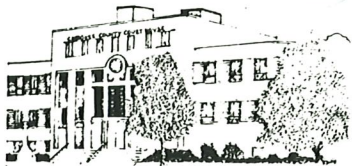
when we make mistakes etc. but this is something which  
can be corrected with your help.

Thank you for your consideration to our problem.

Cordially,



Linda Schreppel  
Vice Chairperson, Clerk's  
Legislative Committee



CHEROKEE COUNTY COURTHOUSE

# Betty McBride, Treasurer

Cherokee County, Kansas  
Columbus, Kansas 66725  
316-429-3848

TO: SENATE ASSESSMENT AND TAXATION COMMITTEE  
FROM: BETTY MCBRIDE, CHEROKEE COUNTY TREASURER  
RE: SENATE BILL 390  
DATE: MARCH 26, 1991

Mr. Chairman, members of the committee I am Betty McBride Cherokee County Treasurer appearing today on behalf of the Kansas County Treasurer's Association. I want to express our appreciation to this committee for allowing us the opportunity to express our opposition and concerns with Senate Bill 390.

Senate Bill 390 if enacted would extend from November 1st to November 10th the date that County Clerks are required to certify tax rolls to the County Treasurer.

KSA 79-1804 provides that tax collections begin on November 1st. If tax rolls are not certified to the County Treasurer until November 10th the Treasurer could not comply with this statute. The tax statements nor the tax amounts would be available to the County Treasurer. Treasurer's have a number of early bird taxpayers who appear on November 1st to pay the tax which has been imposed upon them. These payments could not be accepted should Senate bill 390 become law. The printing of tax statements cannot begin until the County Clerk certifies that the amount shown on the tax abstract is correct. Once the tax roll is certified to the treasurer a minimum period of two weeks is needed for printing, processing and preparing the tax statements for mailing. The amount of time required varies in each county according to the number of statements being processed. Printing of tax statements requires from two to five days. Address changes must be updated, this process is done manually. Statements must be pulled for lending institutions who pay property taxes for their mortgagee's. All this must be done before statements can be placed into envelopes for mailing. Passage of Senate Bill 390 would delay this process and tax statements would not be mailed to taxpayers until late November.

*Assess & Tax  
3/26/91  
Attachment 7*

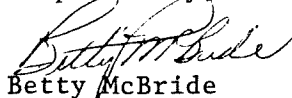
This will cut the collection period for paying taxes nearly in half, thus placing another tax burden upon the already overburdened taxpayer by requiring that they find the funds for paying their taxes within a two week period.

Passage of Senate bill 390 would also cause counties loss of revenue due to the fact that their would be very little tax payments received during the month of November. In Cherokee County we collected \$700,000.00 from November 1st to November 30th. Douglas County collected 1.4 million dollars during the same collection period. You can see we are not talking small amounts. These funds are invested by Treasurer's until distributions are made to taxing districts. This interest is credited to the County general fund and becomes a part of the County budget. Loss of this revenue would be detrimental to counties who are already facing serious budget crunches.

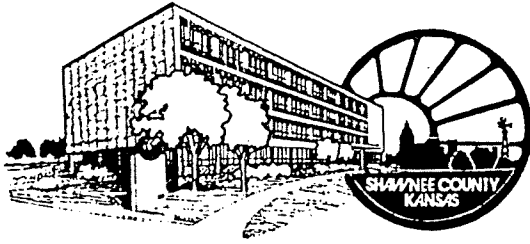
In 1989 a Cama/Tax sub committee was appointed by the Kansas Department of Property Valuation. The objective of this committee was to study and recommend any changes to the tax calendar which the committee felt was necessary to improve the system so that it would conform to the needs of all affected local officials. This committee consisted of three County Clerks, two County Treasurers, three County Appraisers and two Register of Deeds. These officials represented their individual associations. The committee met several times for nearly a year. All association committee members agreed to the recommendations made and felt they were workable for all affected offices. I have attached a copy of the committee's final recommendations. You will note that the date for County Clerks to certify tax rolls to the County Treasurer was changed from November 1st to October 20th. This was done to allow the additional time required for preparation of the tax statments. There was no indication that a problem existed until Senate bill was introduced lat week.

It is our understanding that the tax calender is under review by the legislature at this time and that changes may be made in the future. Therefore we ask your serious consideration before approving Senate Bill 390.

Respectfully,



Betty McBride  
Cherokee County Treasurer



Shawnee County  
Office of County Clerk

PATSY A. "PAT" McDONALD

295-4155 Main  
295-4159 Accounting

Courthouse - Room 107  
Topeka, Kansas 66603-3963

TO: County Clerks, Appraisers, County Treasurers, Register of Deeds  
FROM: Patsy A. McDonald, Cama/Tax Committee Chairman  
DATE: November 8, 1989

The Cama/Tax Committee (subcommittee of PVAC) has been charged with two major tasks.

1. To make recommendations which have minimal impact on existing legislation and which could be implemented statutorily in 1990.
2. To make recommendations as to major revisions which may require extensive changes to existing legislation.

This Committee consists of the following persons:

Pat McDonald  
Shawnee County Clerk

William O'Brien  
Johnson County Treasurer

Larry Clark  
Wyandotte County Appraiser

Nancy Reynolds  
Brown County Register of Deeds

Gayle Landoll  
Marshall County Clerk

Gary Smith  
Shawnee County Appraiser

Mark Low  
Meade County ~~Treasurer~~ <sup>APPRAISER</sup>

Mary Catherine Brening  
Rush County Commissioner

Betty McBride  
Cherokee County Treasurer

Ilene Colbert  
Riley County Clerk

Sue Neustifter  
Douglas County Register of Deeds

We have met two times in the past few months on this subject, and we plan to meet again on December 6.

Attached are some very tentative suggestions as proposed by the Committee. Our purpose was to start somewhere and present this to you so you can make comments and perhaps give us new and better suggestions.

Please comment now or to anyone on the Committee so we can do work on the suggestions December 6.

Thank you for your help!

PAM/clh

## Suggestions for Tax Timeline Changes

### Proposed

Feb 1 Deadline for Appraiser to issue change of value notices for real estate (would amend K.S.A. 79-1460).

May 1 Deadline for Appraiser to issue change of value notices for personal property (no change in law).

May 15 Deadline for Appraiser to deliver real estate assessment roll to County Clerk (would amend K.S.A. 79-1466).

It is difficult for Appraisers to handle reappraising all property and re-inspecting 25% of the property each year, hold massive hearings and meet the deadline for certifying values to County Clerk for real estate and personal property.

July 1 Deadline for County Appraiser to deliver a document to the Clerk certifying that such appraisals constitute the complete appraisal rolls for personal property (would amend K.S.A. 79-1467).

July 15 Last day for County Clerk to notify each taxing district and joint counties as to assessed valuation (would amend 1988 Supplement 79-5a27). (15 days later than current law.)

Sept 1 Deadline to file budgets and tax levy with County Clerk (would amend K.S.A. 79-1801). This changes the suggested deadline from August 25 to September 1.

Sept 10 Certify final values to other counties for levy setting for joint districts. (new language)

The Committee felt it was necessary for final valuation and levies to be statutory and to establish a deadline to update July values. This has not been addressed in the statutes previously. This would be the final certification for values. (Discount this year - Hope it gets better!)

On or before Sept 25 Levies are set. (new language)

Oct 1 Deadline for certifying levies to other counties. (new language)

Oct 20 Last day for County Clerk to certify tax roll to County Treasurer (would amend K.S.A. 79-1803).

Treasurers on Committee feel they need more time to sort and stuff statements to be ready for November 1.

Nov 1 All taxes legally due.

Dec 31 Deadline for all taxing districts to change boundaries.

There is no recommendation for a penalty clause. At times these deadlines cannot be met, through no fault of our own.

The statutes must be changed to allow counties to assess, collect and distribute added tax upon discovery.



TESTIMONY BEFORE THE ASSESSMENT AND TAXATION COMMITTEE

ON SENATE BILL NO. 390

TUESDAY MARCH 26, 1991

By Wm. E. O'Brien, Johnson County Treasurer

Mr. Chairman, ladies and gentlemen of the committee.

I appreciate this opportunity to address you about some concerns that I and other treasurers have in regard to advancing the date that the county clerk certifies and delivers the tax roll to the county treasurers from November 1 to November 10 each year.

Those concerns are:

1. The time needed to create, sort, and mail the tax bills.
2. The detriment to tax payers.
3. Conflict of laws.
4. Last, but not least, the loss of investment income to the counties.

Presently my county clerk furnishes the information and material to create the tax roll and computer tapes necessary for the printing, processing, and sorting and mailing of tax bills about October 20.

My goal is to mail on or about November 1, thus giving the taxpayer about six weeks notice of the amount of the taxes and some time to arrange for the funds and/or arriving at a decision of whether to protest the valuation or levys.

About 10 days is a minimum time, at least in a large county, to set up the tax roll, segregate lenders bills from owners that pay direct, answer owners and title companies request for tax amounts, etc. from the time the county clerk furnishes the certificated tax roll.

*Assess + Tax  
3/26/91  
Attachment 8*



Having the information from the tax roll by at least November 1 is extremely important because many tax payers and title companies desire this information for tax payments, loan closing and pro rations. A significant number of owners also depart this state for a warmer winter location, but want to be sure their affairs are in order, especially that their taxes are paid, before they leave.

Insofar as a conflict of laws is concerned, the very next Statute to 79-1803 which is proposed to be changed, namely 79-1804 sets forth that all taxes shall be due on the 1st day of November and that "a lien shall attach to the real property subject to the same on the first day of November in the year in which such tax is levied, and such lien shall continue until such taxes and penalty, charges and interest --- shall be paid--".

It goes without saying that the earlier tax moneys are collected by the county treasurer the more time is available for those funds to be invested with resulting interest income for the county. A serious loss of interest income would result from advancing the date the certified tax roll is delivered to the treasurer.

Instead of funds beginning to flow into the treasurer around the 1st of November, it would be closer to the 1st of December. In 1990, Johnson County had received \$11,860,000 in November, or about 6% of moneys collected by year end.

This compression of time available for collection and processing of tax payments at this peak tax period would result in poorer service to the tax payers which will certainly result in complaints.