

Approved May 4, 1991
Date

MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by SENATOR JOSEPH C. HARDER at
Chairperson

1:30 ~~xxx~~ p.m. on Wednesday, February 20, 1991 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Mr. Ben Barrett, Legislative Research Department
Ms. Avis Swartzman, Revisor of Statutes
Mr. Dale Dennis, Assistant Commissioner of Education
Mrs. Millie Randell, Committee Secretary

Conferees appearing before the committee:

SB 26 - School finance (by Special Committee on School Finance)

SB 110 - School finance (Governor's proposal)

Representative Jeff Freeman, Burlington, Coffey County
Mr. Doug Lawrence, Manager, radio station KSNT, Burlington
Mr. Duane R. Smith, Burlington, concerned citizen
Ms. Polly Ann Epting, a realtor, Burlington
Representative Don M. Rezac
Superintendent George N. Brown, Kaw Valley, USD 321
Mr. Robert Rawson, Chairman, Pottawatomie County Commission
Superintendent Ernest E. (Buck) McClain, USD 215, Lakin
Dr. Roger Pickerign, Superintendent, USD 452, Stanton County
Dr. Larry Clark, Superintendent, USD 244, Burlington (written testimony only)
Mr. Joseph W. Fritz, CKA, Coffey County Appraiser (written testimony only)
Mr. Jim Ludwig, Director of Government Relations, KPL Gas Service (written testimony only)

Chairman Joseph C. Harder called the meeting to order and announced that the hearing on SB 26 and SB 110, both relating to school finance, would continue. He then yielded to Representative Jeff Freeman, Coffey County.

Representative Freeman informed the Committee that members of the Coffey County Coalition have come here to testify in opposition to the 30-mill minimum levy provision found on page 12 in SB 26. He introduced the members of the Coalition which included the Commissioners; the superintendent of schools, USD 244, Burlington; and a school board member. Representative Freeman explained that because of the proximity of USD 244 to Wolf Creek, the school district levy is approximately 7.3 mills. He asked the Committee to consider the effects a 30-mill levy would have on the people of his district who already have been hit by the effects of reappraisal and classification: homeowners, people on fixed income, small business.

Representative Freeman called Committee attention to a 1901 map of Coffey County plats (Attachment 1) prior to John Redmond Reservoir and Wolf Creek Nuclear Power Plant coming on line. He pointed out the high price people from the area have paid for some of the benefits they have today. John Redmond, he said, took approximately 20,000 acres off the tax rolls, and approximately 10,000 acres were taken off the tax rolls as a result of Wolf Creek Power Plant. A number of farm families, including some of his relatives, have been displaced twice, he said.

Representative Freeman called attention to an emergency preparedness map (Attachment 2), which had been distributed to the Committee and which, he noted, each person in Coffey County receives. He also provided the Committee with copies of an emergency calendar and called special attention to page 2 (Attachment 3) and page 6 (Attachment 4) to illustrate precautionary measures of which the community must be aware. Representative Freeman asked

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION,
room 123-S, Statehouse, at 1:30 ~~xxx~~/p.m. on Wednesday, February 20, 1991

the Committee to weigh the risk factors against any benefits the community might derive as a result of the energy center being located in his area.

Representative Freeman said he opposes the principle that the Legislature require any amount of minimum mill levy be imposed by local units of government and warned that it sets a dangerous precedent.

Representative Freeman introduced Mr. Doug Lawrence, Burlington.

Mr. Lawrence described himself as the new manager of radio station KSNT which went on line in Burlington last June. He said he also is involved in a computer business in New Strawn. Mr. Lawrence said he has started two new businesses in the last three years and indicated difficulties he has encountered. Mr. Lawrence described the compounding effect an increased mill levy would have on his customers, his employees, and himself. He informed the Committee of the difficulties he has experienced in hiring personnel to come to the area and the effect the proposed taxation would have on homeowners. He pointed out that any new tax he might have to assume cannot be passed on as it might be to Wolf Creek customers.

Mr. Duane R. Smith, Burlington, a concerned citizen, cautioned that imposition of a 30-mill levy would be a disincentive for school districts to cut spending. (Attachment 5)

Ms. Polly Ann Epting, a realtor, Burlington, described the effect SB 26, as proposed, would have on her and her family. (Attachment 6)

Representative Don M. Rezac stated that passage of SB 26, in tact, would cause a mill levy increase for his constituents in USD 321 and stated many reasons why he opposes the 30-mill minimum levy. (Attachment 7)

Superintendent George N. Brown, Kaw Valley, USD 321, said he did not believe the state should punish fifteen districts in order to provide minimal benefit for the other 289 districts in the state. (Attachment 8)

The Chairman of the Pottawatomie County Commission, Mr. Robert Rawson, cautioned that a "minimum mill levy will eliminate any incentive to curb spending and costs and predicted that his district will likely see increases in its school operating budgets until the minimum mill levy threshold is met". (Attachment 9)

Superintendent Ernest E. (Buck) McClain, USD 215, Lakin, pointed out that the school districts affected the most by SB 26 are small rural districts, and those helped the most would be the large urban schools. (Attachment 10)

Dr. Roger Pickerign, Superintendent of USD 452, Stanton County, called Committee attention to the fact that if school districts are forced to raise revenue, they would have no control over expenditures. Assuming that all districts are seeking ways to cut costs, Dr. Pickerign suggested the Committee might wish to explore comparable school districts (area size, number of personnel, support staff, number of teachers) to see what contrasting effects the minimum mill levy might create. Dr. Pickerign's second suggestion for the Committee to consider is an increase in the statewide sales tax as compared to a property tax that would affect only a small percentage of the state.

Written testimony only was submitted by Dr. Larry Clark, Superintendent, USD 244, Burlington (Attachment 11); Mr. Joseph W. Fritz, CKA, Coffey County Appraiser (Attachment 12); and Mr. Jim Ludwig, Director of Government Relations, KPL Gas Service (Attachment 13).

Following a call for additional out-of-town conferees, the Chair announced that because there is insufficient time to hear all the conferees listed, he is asking local conferees to return at a later time in order for the Committee to pose questions to the conferees who have testified. He then opened the floor for questions.

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In response to the Chair's question of how one would write a school finance formula which is equitable, Mr. McClain, Lakin, commented that "wealth and the burden of taxation in the district is not necessarily equal".

The Chair pointed out the difficulty in writing a school finance formula that is 100% equitable for all districts.

Replying to a question, Mr. McClain said that the only aid his district receives is for transportation and special education. He also replied that his district has used the one percent option to raise its budget authority every year that it has been available. Mr. McClain also replied that his district's present capital outlay levy is three mills.

The Chairman thanked the conferees for their appearance before the Committee. He announced that the agenda will be revised and that the hearing on school finance will be continued tomorrow. He then adjourned the meeting.

SENATE EDUCATION COMMITTEE

TIME: 1:30 p.m. PLACE: 123-S DATE: Wednesday, February 20, 1991

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
Cary Wilafong	Culver, KS	
Leigh Cramton	Culver, KS	
Visa Jtn	Jessett, Ks.	
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Anna C. Burnett	Topeka	USD 501 #
Red Dietz	Hutchinson	USD 308
Bob Rawson	Wamego	Pott Co Commissioner
Bob Pezac	St Marys	Pott Co.
John S. Koyan	LeRoy KS	Pott Co Comm.
Vernon Sergeant	Lebo KS	Cot Co Comm
Mark Cunningham	Burlington Ks	Coffey Co. Comm.
Bruce GRAHAM	Topeka	KEPCO
Jim Edwards	Topeka	KECT
Ken Kubo	Topeka	4th Enrollment USD's
Joseph W. Hart	Burlington	Coffey Co.
CHUCK STUART	TOPEKA	U.S.A.
Mike Philpott	Whiteman	USD # 206
Dennis C Shipp	SATANTA	USD 507
DENNIS Thompson	SATANTA	USD 507
Ernest E McClain	Hakin	USD 215
Rose Peterson	STANTON CO	USD 452
Duane Smith	Burlington	Self
Paul Smith	"	"

SENATE EDUCATION COMMITTEE

TIME: 1:30 p.m. PLACE: 123-S DATE: Wednesday, February 20, 1991

GUEST LIST

NAME

ADDRESS

ORGANIZATION

NAME	ADDRESS	ORGANIZATION
Doug Lawrence	902 Miriam Burlington	KSNP
John Clark	115 N Washington Sedgewick	CPAAA
Frank Morris	Lawrence	KANU
Sally Cottrill	217 S. 5th Burlington	Self-
Jane Smith	403 S 6th Burlington	USD #244
Kathy Clark	200 S 6 Burlington	USD 244
Quelth Stubeck	Rh1 Burlington	USD 244
Pat Baker	Topeka	KASB
John Knepp	Topeka	KASB
Robin Nichols	Wichita	USD USD 259
Craig Grant	Topeka	K-WEA
Whitney Barnes	Topeka	Coffey County Coalition
Kay Clark	Topeka	KNEA
Jenny Conrad	WARREN	KG&E
Dan Haas	Overland Park	KCPH

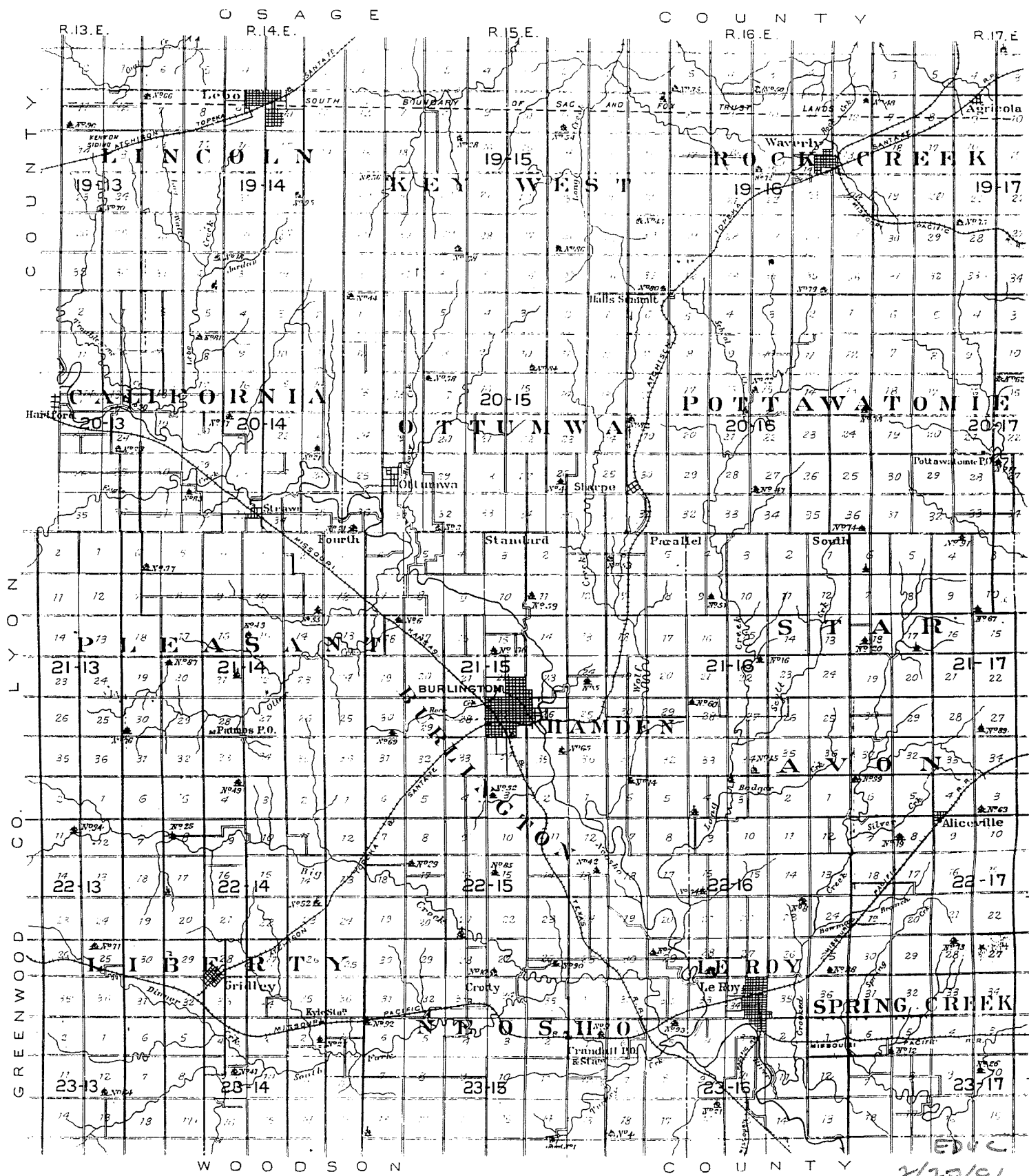
Colley County

KANSAS

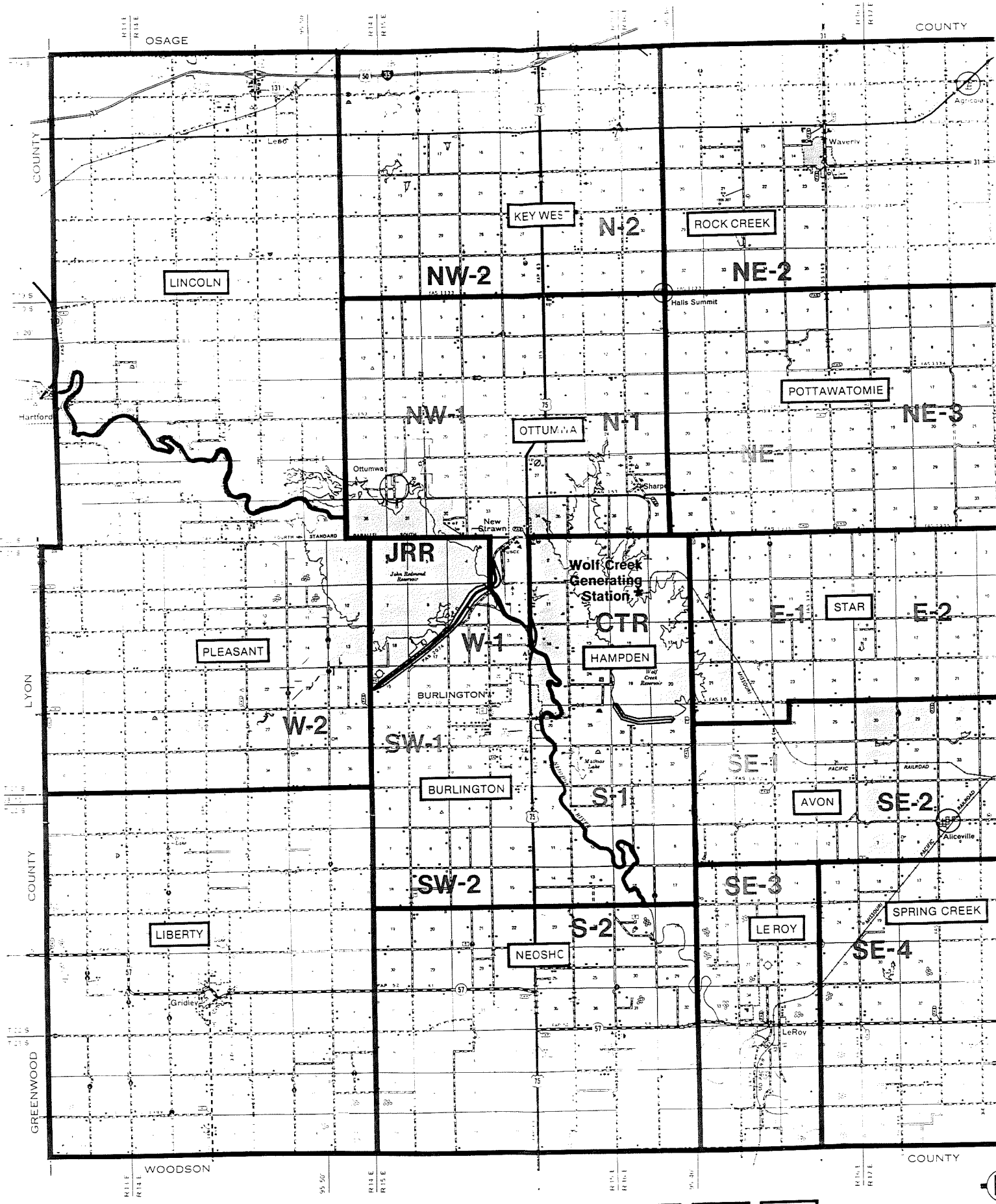
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Scale 1/2 inch to 1 mile

- Section line
- Farm or lot line
- Wagon Road
- Railroad
- Creeks & Springs
- Trails
- Churches
- School Houses
- Adjunct lands owned by some part connected by a bank, thus
- Post Office
- Coal, lead or Zinc Mine
- County Bridge



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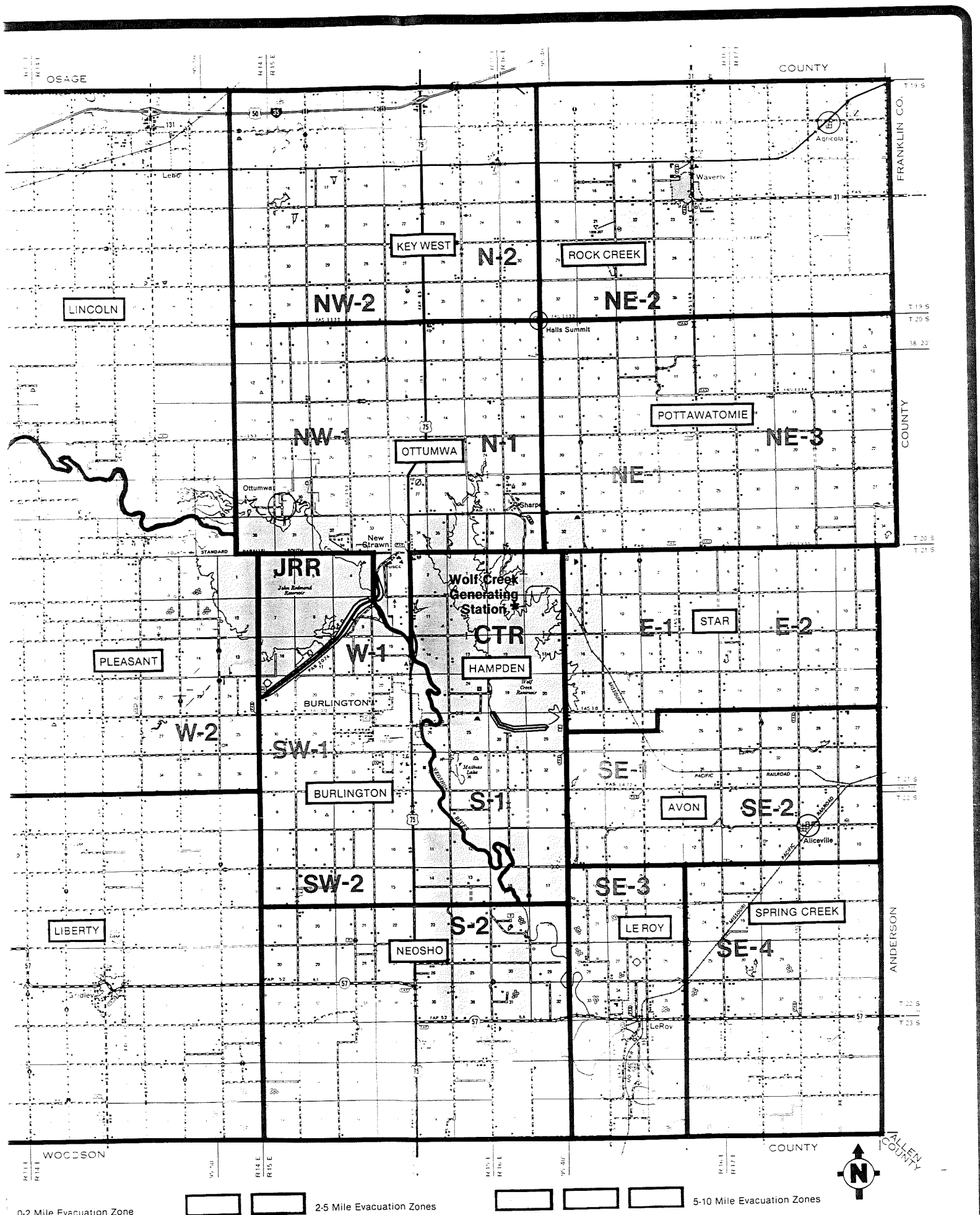
Coffey County Townships and Emergency Plan Subzones

This map shows all townships in Coffey County. The colored

5. If you live in an area that is colored on the map, find the letter/number printed over the colored section that includes

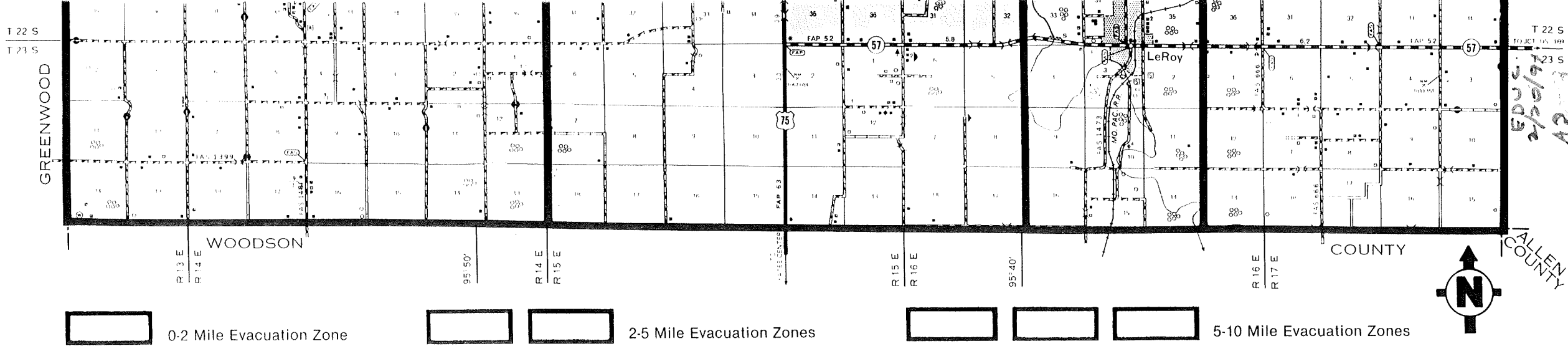
In the event that people in the colored subzone do something, government officials will issue orde

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Coffey County Townships and Emergency Plan Subzones

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Coffey County Townships and Emergency Plan Subzones

This map shows all townships in Coffey County. The colored parts show subzone areas included in the Wolf Creek Emergency Plan.

An emergency may affect you if your home or place of work is in the colored areas shown. An accident could affect some part of the map and not others. You should be prepared just in case.

Please Follow The Instructions Below

1. On the map locate the township in which you live. Each township is named and outlined by heavy black lines.
2. Find — and clearly mark on the map — where you live.
3. Find — and clearly mark on the map — where you work.
4. If the locations where you live or work are outside the colored areas, this means you are outside of the emergency planning area. Studies of the Environmental Protection Agency (EPA) and the Nuclear Regulatory Commission (NRC) have found that most likely you will not have to do anything in response to an accident at Wolf Creek Generating Station. Just keep this booklet for handy reference.

5. If you live in an area that is colored on the map, find the letter-number printed over the colored section that includes your house — such as S-1, SW-2, or NE-2. This identifies the subzone for your house. Write that identification number in the space provided on page 4 of the emergency booklet.

6. Complete page 4 for each member of the family by locating the subzone where they work and go to school. Fill in these locations as shown, in the example at the bottom of page 4.

How You Will Know What To Do?

This map and the one on page 6 of this booklet are similar. Both show by means of colors the areas of the county that might be affected by a Wolf Creek emergency. Each different colored area is called a subzone. Each subzone has a letter-number designation.

If you live or work outside the colored areas, this means you are outside of the emergency planning area. Most likely you will not have to do anything in response to an accident at Wolf Creek Generating Station.

In the event that people in the colored subzone areas must do something, government officials will issue orders over local radio and TV stations. For example, people in subzone CTR (Center) and S-1 (South-1) might be ordered to “shelter in place.” Only people in the subzones CTR and S-1 will have to do this. People outside of these two designated subzones will not have to do anything.

Pages 5 and 6 of the booklet give special instructions if you are ordered to evacuate. If government officials tell people in specified subzones to evacuate, this map shows roads that should be used. Also listed in the booklet are registration centers in nearby towns where people should go.

Please read this booklet carefully. Discuss the importance of subzones with other members of your family. Now, find and record on page 4 of the booklet the subzones where you and your family live, work and go to school.



When Will an Emergency Affect You?

An emergency may affect you if your home or the place where you work is within about 10 miles of Wolf Creek Generating Station. An accident could affect some parts of this area and not others. That will depend on where the wind is coming from, how strong it is, and on how severe the accident is.

The Nuclear Regulatory Commission (NRC) and the Environmental Protection Agency (EPA) have studied this question. They have found that most likely you will not need to do anything. If you live or work as close as 10 miles from Wolf Creek Generating Station, though, you should be prepared just in case.

Radio and TV will broadcast during an emergency to tell you which subzones will be affected. Subzones are the 21 colored areas around Wolf Creek Generating Station shown on the enclosed maps. Use the map in the inside back cover NOW to pick out the subzones where you and your family live, work and go to school. List these subzones on page 4 for each member of the household.

This will make it easy to find these subzone locations later, if needed. Then come back to this page and read on.

Special Needs

If you, or anyone else you know, would need special help in the event of an emergency at Wolf Creek Generating Station please fill out and mail the SPECIAL NEEDS CARD provided in the back pocket of the booklet. If you have neighbors who are hard of hearing or do not see well, please help them. Be sure they know what they are supposed to do in an emergency.

Coffey County Residence Information

Help Coffey County officials keep track of your household in case information or assistance is needed during an emergency. Do this by mailing the completed Coffey County Residence Card provided in the back pocket of the booklet. Please complete the entire card even if there have been no changes in the last 12 months.

How Will You Be Told About an Emergency?

You will hear about the emergency in one or more of these three ways:

1. Sirens will be turned on, and will stay on for 3 to 5 minutes. The sound will be a long sustained tone.
2. Warning tones, followed by an instructional message, will be heard coming from a tone alert radio.
3. Officials will contact individual persons, if needed.

If there is an emergency, radio and TV stations will tell you which subzones on the map are affected. They will also tell what actions to take if you are in one of the affected subzones. Stay tuned to one of the following Emergency Broadcast System (EBS) stations as long as the emergency lasts.

WIBW-AM 580	KZOC-FM 92.7	KFFX-FM 105
KOFO-AM 1220	KHUM-FM 95.7	WIBW-TV CH.13
KVOE-AM 1400	WIBW-FM 97.3	KSNP-FM 95.3

Tone alert radios are tested weekly during the day. The tone message says, "This is a test of the Emergency Broadcast System." You do not need to do anything when you hear these tests. If you return home to find your tone alert radio playing, you will know that a test signal has been broadcast. Reset the tone alert radio as shown in the directions. Warning sirens are tested as part of the county program to test, at announced times, fire and other emergency sirens. Become familiar with the testing plan in your community.

Know Siren Sounds

Warning sirens in Coffey County make different sounds to alert residents of potential threats to your safety. It's important for you to know what the different sounds mean.

For a Wolf Creek emergency, a tornado, or warning about a natural disaster, you'll hear a long, steady blast.

The siren sound to warn you of a fire is a rising and falling tone with a warble or quavering sound. An up-and-down tone without the warble is the warning for an attack.

What Are the Emergency ACTIONS You Might Need To Take?

The three actions you might be asked to take are called **Shelter in Place**, **Protect Your Breathing**, or **Evacuate**. Be sure you are clear about these actions.

Stay tuned to one of these stations as long as the emergency lasts. These are Emergency Broadcast System (EBS) stations for your area. Listen for their announcements.

WIBW-AM 580	KZOC-FM 92.7	KFFX-FM 105
KOFO-AM 1220	KHUM-FM 95.7	WIBW-TV CH.13
KVOE-AM 1400	WIBW-FM 97.3	KSNP-FM 95.3

What If You Are Told To SHELTER IN PLACE?

This means you should protect yourself by going inside your house or some other building. This is a good thing to do if there is a short release or small amount of radiation in the air. If your children are in school, they will be protected there. Take these steps to protect yourself and others with you.

- Go inside. Stay inside until the radio or TV says you can leave safely.
- Close all windows and doors to the outside.
- Turn off heating or cooling systems.
- Put out fires in fireplaces or stoves. Close the flues.
- Take a portable radio and go to the basement, if you have one.
- Keep your pets inside.

What If You Are Told To PROTECT YOUR BREATHING?

This means you should cover your nose and mouth with a handkerchief or towel. If you use a handkerchief, fold into eight layers. If you use a bath towel, fold it into at least two layers.

What If You Are Told To EVACUATE?

This means that you should move to a place more than 10 miles from Wolf Creek Generating Station. Carefully read the following for instructions on:

- Registration Centers
- Evacuation Preparation
- Evacuation

Remember: Only people in the subzone areas given in EBS radio and TV broadcasts are required to follow emergency action orders. If an evacuation order does not mention your subzone, you will not have to leave.

Registration Centers:

Go to the registration center for your subzone. Registration centers for all subzones are listed on pages 5 and 6. Use the map and instructions given to locate your center and how to get there.

Register at the center when you get there. That will make it possible to keep track of all persons during an emergency. Registration center officials may need to check you for radiation. They can provide treatment if needed.

Plans have been made to help you with housing. You may want to stay somewhere other than a public shelter. If you choose to stay at a hotel, motel or with family or friends, go to your registration center first and register. That way others can find out that you are safe.

Should You Use the Phone?

If there is an emergency, the phone lines will be needed for official business. DO NOT use your phone unless you or someone you know is injured or too sick to do what is needed. If you must use the phone, keep your call very short. A toll-free number, 1-800-362-1137, is available during an emergency for information to dispel rumors.

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With Registration Centers

CTR (Center) An area 28 square miles around Wolf Creek Generating Station, not including the cities of Burlington and New Strawn. Evacuate to Ottawa.

N-1 (North-1) Southeast quarter Ottumwa Township and southwest corner Pottawatomie Township, including Sharpe. Evacuate to Ottawa.

NE-1 (North East-1) Part of Pottawatomie Township west of FAS 149 and south of FAS 134. Evacuate to Ottawa.

E-1 (East-1) West half of Star Township. Evacuate to Garnett.

SE-1 (South East-1) West third of Avon Township. Evacuate to Garnett OR Iola.

S-1 (South-1) Area 3 miles south of Wolf Creek Cooling Lake dam, bounded on west by US 75. Evacuate to Garnett OR Iola.

SW-1 (South West-1) Central part of Burlington Township, including the City of Burlington. Evacuate to Emporia OR Garnett.

W-1 (West-1) The parts of Ottumwa and Burlington Townships between John Redmond Reservoir and the cities of Burlington and New Strawn; includes New Strawn but does not include the City of Burlington. Evacuate to Ottawa OR Emporia.

NW-1 (North West-1) Southwest quarter of Ottumwa Township. Evacuate to Emporia.

N-2 (North-2) Northeast quarter of Ottumwa Township, southeast quarter of Key West Township and western edge of Rock Creek and Pottawatomie Townships. Evacuate to Ottawa.

NE-2 (North East-2) Southwest quarter of Rock Creek Township and northwest quarter of Pottawatomie Township, including City of Waverly. Evacuate to Ottawa.

NE-3 (North East-3) East half of Pottawatomie Township. Evacuate to Ottawa.

E-2 (East-2) East half of Star Township. Evacuate to Garnett.

SE-2 (South East-2) Eastern two-thirds of Avon Township. Evacuate to Garnett OR Iola.

SE-3 (South East-3) North half of LeRoy Township and southwest quarter of Avon Township, including City of LeRoy. Evacuate to Iola.

SE-4 (South East-4) Northwest third of Spring Creek Township. Evacuate to Iola.

S-2 (South-2) South quarter of Hampden Township, the southeast quarter of Burlington Township, and the northeast quarter of Neosho Township. Evacuate to Emporia OR Iola.

SW-2 (South West-2) Southwest quarter of Burlington Township and

northwest quarter of Neosho Township. Evacuate to Emporia.

W-2 (West-2) East third of Pleasant Township, including Jacobs Creek and the Strawn boat ramp. Evacuate to Emporia.

NW-2 (North West-2) Northwest quarter of Ottumwa Township and southwest two-thirds of Key West Township. Evacuate to Emporia.

JRR (John Redmond Reservoir) Reservoir and adjacent land of the US Army Corps of Engineers, US Fish and Wildlife Service and Kansas Department of Wildlife and Parks within about 10 miles of Wolf Creek Generating Station. Evacuate to Emporia.

Evacuation Registration Centers: Where You Should Go

Ottawa: Ottawa High School, 11th & Ash

Garnett: Garnett High School, North Oak Street

Emporia: Emporia State University
18th & Merchant
OR
Lyon County Fairgrounds
12th & Industrial, Emporia
(Listen to your Emergency Broadcast System radio or TV station for specific location)

Iola: National Guard Armory, 1021 North State, Iola

Evacuation Routes

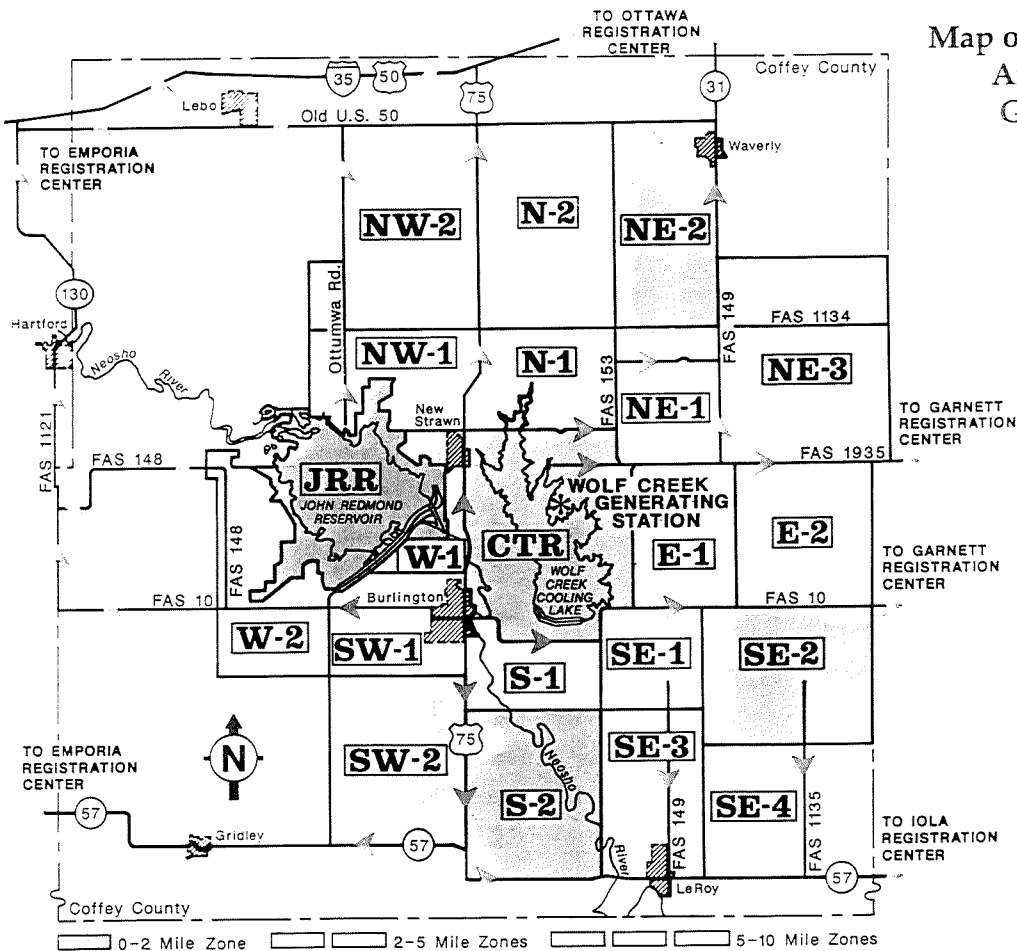
The arrows on the map show the best roads to take if you are told to evacuate. Here are roads to each of the four evacuation registration centers.

To Emporia - Evacuate to Emporia on I-35. Exit I-35 at Merchant Street. In Emporia officials will guide you.

To Iola - Evacuate to Iola on K-57 to US 169 South. Follow US 169 South to Iola. In Iola officials will guide you.

To Garnett - Evacuate to Garnett on FAS 10. In Garnett officials will guide you.

To Ottawa - Evacuate to Ottawa on I-35. Exit at US 59 North. In Ottawa officials will guide you.



Map of the 21 Subzones
Around Wolf Creek
Generating Station

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By Duane R Smith, Rt 2 Box 193, Burlington, Kansas, 66839

I want to address the part of this bill that would force every school district to tax at a rate of at least 30 mils. For those school districts that don't spend that much, they would be required to forward the overage to the State. On the surface, this sounds like a great idea. Tax the rich and give it to the poor! Unfortunately, there are several things wrong with this reasoning.

First of all, the residents of the school districts that will be forced to raise their school taxes are rational people. They will behave in a manner that will benefit them most. Think about it. What would you do if you were in that school district? You would tell your school board to find a way to spend all 30 mils in your district. There would be no incentive to cut spending. It would not be long before the State would receive less and less from the increased taxes. There are ways; we could consolidate with the other four school districts in Coffey County.

Second, the revenue that would be generated would not amount to very much for the rest of the State of Kansas. One estimate shows that the school district where Wolf Creek is (where I live) would have to donate 11 million dollars. Divided among the 2.5 million residents of the state, this would amount to only \$4.40 per person. Compared to their normal school taxes, this is not very much.

Third, it would be a severe hardship for those people that live in Coffey County. I live with these people. I go to church with them. This 30 mils will triple the tax I pay. Before Wolf Creek, this county was the second poorest county in the State of Kansas. Today, only a small percentage of the residents in the county work at Wolf Creek. For the remainder, their wages have not changed very much. Many of the small merchants have only one or two employees and therefore do not have to pay minimum wage. Many of these people are below the poverty level. Last year's reappraisal and reclassification really hurt the farmers in Coffey County. Tripling their taxes will put many of them in bankruptcy. So, the proposed legislation would tax the poor and give to the rich. You will forgive us if we are not very enthusiastic about this proposal.

Last, but not least, all property taxes on Wolf Creek Generating Station are passed directly into the rate base without question. They would be paid by the people who purchase Wolf Creek electricity. People in Wichita, Kansas City and (soon) Topeka would pay this tax; not the company, and not the people of my school district. I understand that all of the school districts that would be affected by this 30 mil minimum have either a power plant or a gas field. In effect, the author of this legislation is trying to tax the power plant or the gas field. They are trying to levy an energy tax and disguise it as a property tax. I would suggest that it might be better to simply put a sales tax on the utility bills and call it that. It would raise nearly the same amount of revenue and not hurt the poor people of Coffey County.

I urge you to reject Senate Bill 26.

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stimony February 20, 1991 - Polly Ann Epting, Burlington, KS

As a realtor, I have seen numerous families in our county financially hurt by the Reappraisal and Reclassification--and that is still in need of serious adjustment--but I'm here today to testify about the affect that the proposed SB26 would have on me and my family personally.

My husband and I own a commercial property on Highway 75 that sat empty for over 4 years after we closed our personal business that had been located there. Our taxes have already jumped 357% as a result of the Reclassification. In 1988 we paid \$364 taxes. In 1989 we paid \$1,300!! And we were faced with an empty building that was NOT bringing in any revenue for us. We could not make our payments on the building, and the upkeep had to be minimal.

Now that we have it rented, we must ask \$500 a month for rent, and that is extremely high in a small rural community such as ours. Those rental payments, incidentally, do NOT cover our expenses of taxes, insurance, and mortgage payment, to say nothing of anything left over for upkeep and repairs. It has been very difficult to find a renter at those rates.

If SB26 were to be passed, we would have to raise our rent, or go further in the hole. In order to even cover our fixed costs, we would have to raise the rent to almost \$600 a month. We would probably lose our renter.*

The house in which we live is owned by our elderly aunt who is 97 years old and lives on a fixed modest income. From 1988 to the present her taxes increased \$275+, and this proposed bill would raise her taxes another \$162+. She has no way to "earn" more money to cover that additional expense.

* These figures are based on a projected 28% increase in our taxes.

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Why must we defend ourselves year after year when NO one wanted the plant when it was in the planning stages? Why can't you legislators please find a way to clean up the Reclassification "mess" before you compound the problems by playing with the school mill levies? Taking from the rich to give to the poor is not the American Way of doing things. Our county has experienced many hardships and sacrifices already as a result of Wolf Creek, and this bill proposes to add to those burdens. I urge you to find another solution to the education problem in our state. Thank you.

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TOPEKA

HOUSE OF
REPRESENTATIVES

DON M. REZAC
 REPRESENTATIVE, SIXTY-FIRST DISTRICT
 PARTS OF POTTAWATOMIE,
 WABAUNSEE, MARSHALL & LYON COUNTIES
 (913) 535-2961

COMMITTEE ASSIGNMENTS
 CHAIRMAN: PENSIONS, INVESTMENTS AND BENEFITS
 VICE CHAIRMAN: AGRICULTURE
 MEMBER: ENERGY AND NATURAL RESOURCES
 TRANSPORTATION

TESTIMONY ON SB 26
 EDUCATION COMMITTEE
 February 20, 1991

Mr. Chairman and members of the Committee:

I am Representative Don Rezac, and I appreciate the opportunity to be here today to make a few brief comments in opposition to Section 8 of Senate Bill 26. This section deals with the 30 mill minimum levy. Jeffrey Energy Center is in my legislative district and lies in Kaw Valley USD 321 School District. If this SB 26 is to pass intact, this would be a mill increase for my constituents in USD 321.

There are advantages and disadvantages in having a power plant within your local area. Jeffrey Energy Center did take 10,400 acres out of Pottawatomie County which displaced several people and families. Some of these people had settled in this area since they came to Kansas. As a matter of fact, my granddad and dad ranched in this area, and I worked cattle on some of this ground. This all changed in 1975 with the starting of the power plant. They came in, and we watched the terrain change, the hills being leveled, the ponds where we once fished being filled and covered; and then we had a power plant.

Some of you may remember the opposition to the Jeffrey Energy Center in Pottawatomie County. Even today, I think there would be opposition if you wanted to move the Jeffrey Energy Center into Johnson County or within 10 miles of Topeka. The closest town to the Jeffrey Energy Center is Emmett, Kansas, which is a little town of 180 people. There has been murder, suicide and even a cross burned in a yard at Emmett, Kansas. Progress in this form does bring problems that we in rural areas aren't used to.

High valuation properties, such as power plants, are put in certain areas for certain reasons. Basically it is for environmental and taxation reasons. They try to put these utilities in low population areas with large areas of undeveloped land for obvious reasons.

If you would move the power plant into a metropolitan area, the constant public opposition to the environmental effects plus the heavy tax burden which would be levied, would cause the plant, whether coal fired or nuclear powered, to be shut down.

It would seem a lower property tax rate is a fair exchange for the many controversial effects of a power plant.

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Representative Don M. Rezac
Testimony on SB 26
Education Committee
February 20, 1991
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I do not think it is fair to ask the constituents of USD 321 to pay property tax for people throughout the state. Please remember that this legislation would raise the mill levy on all property not just utility property. If you want to look at the 30 mill minimum, maybe we ought to look at all state assessed properties - railroads, communications, gas and oil. It would be a policy decision, if we are going to finance education with our light and gas bills.

I think if the 30 mill minimum would become law, the local districts would just have special elections and increase their budgets to get up to 30 mills. We, in rural areas, do not have income or sales to utilize for a tax base. To take our tax base which we use for all services to pay for schools in other districts robs our local officials of their ability to govern locally as they see fit.

If we are forced to raise our property mill levy to fund other schools, the County Commissioners' home rule right to tax, and to spend those taxes locally, will be greatly impaired.

In rural areas, the public is very involved in local government and typically resists any tax increases. To punish our County Commissioners and school board members for being conservative and accountable while rewarding other school districts for a different spending philosophy is unfair.

Because our local units of government are held accountable, the likely outcome of a forced property tax increase will be a future reduction in local services with the state receiving the funds which we needed for those services.

I'll be happy to try and answer any questions.

DON M. REZAC

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Wednesday, February 20, 1991

Statement Prepared in **OPPOSITION** to SB 26

BY: George N. Brown, Superintendent of Schools
Kaw Valley, USD #321 comprising Delia, Emmett, Rossville, St. Marys,
Willard and Valencia. (Portions of Pottawatomie, Shawnee, Jackson, and
Wabaunsee Counties)

Mr. Chairman and members of the Committee. I represent the Board of Education and the 1000 students of the Kaw Valley District. The district is 314 sq. miles comprising the third class cities of St. Marys, Rossville, Delia, Emmett, and Willard plus the community of Valencia. The district has four elementary attendance centers, two high schools, and our own special education program.

In a year following reappraisal and the property tax problems imposed on small business, SB 26 would provide a death blow to some local businesses in our communities. The current general fund mill levy of #321 is 21.22 mills. Should SB 26 be passed, our tax payers would have a mill levy increase of 8.78 mills. The Governor has proposed property tax relief for all. SB 26 will currently affect 15 school districts in Kansas.

Yes, we are known as a "rich district" in educational circles. This is due to our 210 million valuation. The Jeffrey Energy Center is only one tax payer in USD #321. Without their contribution and valuation, our district would become one of the poorest districts in the state with an approximate valuation of 18 million dollars.

We have not flaunted our wealth. Our tax payers expect frugality. The owners of the JEC expect the same. Our district does have problems of finance in the general fund. We are limited by statute as to the amount of increase in budget available. We also have cash-flow problems which have been corrected by agreement between ourselves, the Department of Education Finance Office, Kansas Power and Light and Kansas Gas and Electric. Problems may be confirmed by Assistant Commissioner of Education, Dale Dennis, who was instrumental in securing this agreement.

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Our district has reduced staff by 20 during the past six years. We have reduced transportation costs and costs incurred in Special Education programs. Charges for energy have increased by 70% during the past ten years but our costs have increased by only 37%.

Teacher salaries remain a concern. We have reduced staff and have reduced expenses in other areas to provide staff members a salary comparable to surrounding districts. In spite of these efforts, we still rank in the lower third in average salary.

We have cooperated fully with Energy Auditors. This year, for instance, at their request, we were able to lower our general fund budget by an additional .32 mill after publication. SB26 would cause a necessary increase in utility rates. This may be confirmed by spokespersons for the Energy companies.

SB26 will cause our local tax payers to pay an additional 8.78 mills plus increases in utility bills. SB 26, in my opinion, would unnecessarily punish 15 districts while providing **minimal** for the other 289 districts in the state of Kansas.

I thank you for listening and am available for any question I am qualified to answer.

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Good afternoon, Mr. Chairman and members of the Senate Education Committee, I am Robert Rawson, Chairman of the Pottawatomie County Commission. We appreciate the opportunity to be here this afternoon and address a few brief comments in opposition to the minimum mill levy concept contained in SB 26.

Our reason for being here this afternoon is of course tied to the location of the Jeffrey Energy Center in our county. The siting process for that particular plant began in 1983 and presently occupies approximately 10,000 acres in Pottawatomie County. At the time, no other county wanted such a power plant located in their area and even our neighboring counties protested its construction in our county.

Pottawatomie County is home to approximately 17,000 citizens, all of whom will be affected in one way or another by a minimum mill levy on the Kaw Valley School District.

Presently, a low overall mill levy in the county is an attractive incentive for business and industry to locate in our predominately rural communities. In a time of economic recession, an 8.5 mill levy increase will be a substantial burden to our present businesses and discourage growth and expansion and possibly close other small businesses hit hard by classification and reappraisal.

As County Commissioners, we are responsible to the citizens of Pottawatomie County. We have made every effort to keep our mill levies under control and be

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fiscally responsible to our constituents. Our school boards have done the same. A minimum mill levy will eliminate any incentive to curb spending and costs and we will likely see increases in our school operating budgets until the minimum mill levy threshold is met. We are also cognizant of the fact that once this new tax is in place, it will be revisited each year and increased as necessary once it becomes a part of school funding. For this reason, even though the present proposal would effect only 15 school districts, we believe the state will expand to include other supposedly "wealthy" districts as the need for funding increases.

In conclusion, let me say that we are opposed to the creation of a new tax that will unfairly penalize those counties and school districts who strive to hold down costs. This tax increase will have a dramatic effect upon our present taxpayers and future economic development in our communities. A mandated minimum mill levy is bad public policy and the state should look for more equitable solutions to school education funding. We thank you for your consideration.

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Testimony at the Senate Legislative Education Committee
Hearing February 20, 1991

123 South State Capitol Building

Buck McClain, Supt. of USD 215 Lakin Schools, Lakin Kansas

Senate Bill #26
Section 8 30 mill minimum

1. It has been the practice of the legislature to leave the local property tax base under local control for the purpose of funding local schools. This precedent could have far reaching consequences. The minimum has been set at 30 mills for this year but what of the future years? 35? 40?

2. During the past few years farm machinery, aircraft, cattle and business inventory have been removed from the tax rolls and now that additional revenues are needed we are adding additional taxes to gas, oil and utilities. Wouldn't a surcharge on income over 100 thousand be as fair?

3. It seems that the school districts affected the most by senate bill #26, section 8 are small rural districts. The school districts helped the most would be the large urban schools. It seems that the burden placed on the small town businesses, in additional taxes, will be of a greater intensity than the help provided to the school children. (approximately 30 million dollars from 14 school districts and distributed to 280 school districts)

4. Our taxpayers are not against equal opportunity for all school children and are certainly willing to pay their fair share. We do ask that the burden for additional tax revenue be spread over a larger base.

Thank You.

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Senate Bill 26 Testimony
Larry Clark, Superintendent of Schools, Burlington USD 244

Senate Education Committee
February 20, 1991

The Burlington Unified School District No. 244 on behalf of its taxpayers wishes to oppose the Senate Bill 26 minimum levy concept. We appeal to the members of this committee to consider the precedent being set and the long range effects of Senate Bill 26.

The property tax has always been a local tax to fund local government activities. This bill will change the concept of local money being appropriated by local people to benefit the home community. Many people now feel that the federal governments take their money to be shipped to other parts of the country and state. Psychologically, people need to have the feeling that their money is doing something at home.

The minimum levy of Senate Bill 26 will have a long range effect on tax payers throughout the state, because the number used as the minimum figure will not be stationary. A 30 mill minimum levy will not raise a large amount of money to fund education. Once the concept of a minimum mill levy is accepted the only way to generate a substantial amount of money is to increase the minimum figure to at least, the state median mill levy.

The minimum mill levy is a new concept in Kansas. Has this concept been studied thoroughly enough to understand all of the effects it will have on the communities in Kansas? Or, are we looking at this issue entirely from a monetary view, not knowing the total ramification on all school patrons. We don't need an appraisal and classification-type dilemma facing school taxpayers.

The Wolf Creek power plant in Burlington has caused many "new found friendships" from individuals seeking a free funding ride without coping with the hardships placed upon our school district. Prior to Wolf Creek, Burlington USD 244 was a poor school district. Our assessed valuation was one of the lowest in the state. School facilities were outdated, over crowded and generally in poor condition. Employee compensation was below the Kansas state average. Where was equity funding then?

When Wolf Creek was looking for a home site it was the Burlington community that lobbied for its placement in the boundaries of USD 244. Wolf Creek was an economic development project to the Burlington patrons. Where were our friends then? They didn't want anything to do with a nuclear plant in their communities.

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After the influence of Wolf Creek was established in Burlington USD 244, staff compensation expectation increased due to the raise in the cost of living and comparable salaries being paid to Wolf Creek employees. The cost of living increase was primarily due to rent and real estate increases and the increase in fair market values placed on consumable items. The Wolf Creek influence caused school enrollment to increase which required building construction to meet facility needs. The permanent Wolf Creek employee has advanced technical skills. The highly technical parent places a demand on USD 244 to meet curriculum and equipment expectations above the normal rural community. Wolf Creek has a high itinerant staff need. This places a unique challenge to the Burlington schools. Dealing with transfer students from many different school systems presents problems in itself let alone meeting the special needs of these students. Burlington loses other advantages usually associated with a large industrial facility because our community cannot provide the city social and entertainment atmosphere desired by many Wolf Creek employees. Our low mill levy is a trade off to help offset that problem and our only hope to entice growth in our community. The requirements of the Nuclear Regulatory Commission has caused USD 244 added expenses above the normal rural community. An emergency evacuation plan had to be developed which took staff time to develop and requires additional time to keep current. The emergency evacuation plan requires that communication equipment be updated and that the instructional staff and bus drivers participate in drills, etc. These things cost additional money to provide.

Burlington USD 244 is a unique school district. We do have a high valuation, but we also have a high population of economically disadvantaged patrons. Our free and reduced lunch rate is 27 percent. The proposed SB26 30 minimum mill levy will place a hardship on this special population group. A 300 percent mill increase is excessive and unrealistic for the patrons of USD 244.

Economic development is the future and growth of Kansas. If the SB26 minimum levy concept is approved it will discourage economic development. A minimum mill levy requirement defeats the incentive to encourage economic development. Why should communities work aggressively to bring economic development projects into their areas if the increased valuation advantage is going to be captured and sent to Topeka?

In conclusion, we respectfully request that the Senate Education Committee take all aspects of the effects of the minimum mill levy into consideration and not just how much new money can be found. We are like all other Kansas communities, we love our life style. There are advantages and disadvantages of living in a small rural town. Don't take away the one advantage that our community has worked for through the economic development process.

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JOSEPH W. FRITZ, CKA
Coffey County Appraiser
Courthouse, Room 206
Phone (316) 364-8426
Burlington, Kansas 66839

February 20, 1991

Senate Education Committee
Hearings on Senate Bill No. 26
February 20, 1991

The Coffey County Commission on behalf of its tax payers wishes to protest Senate Bill No. 26. We appeal to the members of the committee to consider the ramifications this bill would have on the individual taxpayers and local units of government in the county.

Senate Bill No. 26 will raise USD #244's mill levy approximately 22 mills. This will raise urban residential and commercial property taxes 28% and rural residential, commercial and agriculture properties will raise 51%. This increase comes at a time when other adverse factors are present in Coffey County. These factors include but are not limited to the following:

18 percent of the county population is 65 or older. That is five percent over the state average and ranks Coffey County 48th out of 105 counties.

From 1984 to 1989 the number of businesses declined 16.1 percent in the county. That is 13.7 percent higher than the state average and ranks Coffey County 87th out of 105 counties.

Employment in Coffey County dropped 46.2 percent between 1984 and 1989. This ranked Coffey County 105th out of 105 counties.

Real total wages declined 64.4 percent between 1984 and 1989. This ranked Coffey County 105th out of 105 counties.

The real average wage dropped 39.5 percent between 1984 and 1989 and again ranked Coffey County 105th out of 105 counties.

The above information was taken from a booklet called Situation and Trends for County Program Planning and was developed by the Cooperative Extension Service, Kansas State University, Manhattan. The above information also points out that even though Coffey County has a significant amount of assessed value the majority of our taxpayers are not wealthy people.

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The Coffey County Commission with the cooperation of other local units of government is developing an economic development program that could eliminate some of the factors mentioned above. A 30 mill minimum mill levy on USD #244's general fund could stifle this economic development program. As you are all aware a 22 mill increase in any levy will have a dramatic effect on the taxpayers in that area. Local units of government will find it very difficult to fund economic development or other needed improvements in Coffey County.

In conclusion I would like to say a 30 mill minimum mill levy as outlined in SB 26 would have a significant impact on those counties with School districts targeted by this bill. A minimum mill levy will not promote efficiency in local school boards and the incentive to hold down costs each year will be gone. But what concerns us most is once this tax is in place where will it stop. The present proposal apparently only affects 15 school districts, as the need for school funding continues to increase and as the beneficiaries become more dependent on it the minimum levy will escalate over time and will become another revenue source for the state of Kansas.

Coffey County thanks the committee for allowing the time to express it's concerns and hopes it will consider them in it's deliberations.

Sincerely;

Coffey County Board of Commissioners

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**TESTIMONY BEFORE THE
SENATE EDUCATION COMMITTEE**

by Jim Ludwig

KPL GAS SERVICE

February 20, 1991

Mr. Chairman and Members of the Committee:

We submit this testimony in opposition to SB 26, specifically opposing the provisions that impose a 30 mill minimum levy on unified school districts.

KPL owns property in several school districts with levies less than 30 mills, most notably the one in which Jeffrey Energy Center is located. **This bill would result in KPL paying an additional \$1.1 million in property taxes, based on 1990 data. KPL's property tax liability was \$33.5 million in 1990.**

Increases in KPL's property tax liability put pressure on utility rates to go up and hasten the time when it is necessary to file rate cases. The "pass through" to customers' bills, however, is not dollar for dollar when property taxes go up, because utilities have to borrow money to pay the taxes and let interest expense accrue until a rate case can be prepared and then heard by the Kansas Corporation Commission (KCC). This lag between tax payment and recovery ultimately costs customers more than the face amount on KPL's property tax bills. Besides recovering borrowed money and interest, we must also earn enough rate of return on equity to attract shareholders to loan us the money in the first place. All this results in higher utility bills.

Increased property taxes for KPL have an adverse effect on our customers, especially the poorest ones. Funding for federal and state energy assistance programs has been reduced over the past decade. **Reductions in energy assistance programs, coupled with rising rates due to tax increases, do the most harm to our poorest customers. The result of SB 26 will be a regressive and hidden tax increase that does the most harm to those least able to pay, even making those who do not own any property shoulder a burden.**

KPL is a major contributor to the taxes that make it possible for units of government to provide services. As a major company in the state, and an important part of the economy of a three-state area, our contribution in taxes should be, and is, substantial. Our contribution, however, should not be disproportionate to that of other businesses. Under SB 26, it would be.

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The tax and utility rate burden under any minimum mill levy plan is discriminatory. Customers served by electric utilities which do not own the affected plants would not shoulder their share of the burden. KPL serves electricity in 80 Kansas counties. Persons in the other 45 counties would not shoulder a proportionate burden to that of our customers, although they would receive for their school districts part of the tax revenues generated by a minimum mill levy. Taxpayers in districts funded by less than the minimum pay the extra property tax, which is distributed for the benefit of every district except their own. A minimum mill levy requirement fails to make the tax burden commensurate with benefits derived from tax revenues.

CONCLUSION

KPL opposes any minimum mill levy requirement in school finance formulas. Such requirements increase an already substantial property tax burden on public utilities, put pressure on utility rates to go up, do the most harm to the poorest utility customers, and distribute tax revenues on a discriminatory basis.

OTHER LEGISLATION AFFECTING PROPERTY TAXES

The Senate and House Assessment and Taxation Committees have been deliberating several property tax classification amendments; all which increase the assessment level on public utilities. Each of these proposals, independent of SB 26, would increase KPL's property tax liability substantially. Their effects on KPL are outlined below; their impact would be compounded by SB 26.

The Senate Assessment and Taxation Committee has introduced a Constitutional amendment (SCR 1611) to alter the current property tax classification system. The House Assessment and Taxation Committee has introduced two property tax classification amendments (HCR 5006 and HCR 5007). All three proposals increase the assessment level on state-assessed public utilities and re-impose taxation on their inventories. State-assessed public utilities include power plants and pipelines. SCR 1611 increases the assessment level on public utilities from 30 to 33 percent; both HCR 5006 and HCR 5007 increase it to 35 percent.

EFFECT OF THE SENATE PROPOSAL ON KPL

SCR 1611

If SCR 1611 were in effect,	
1990 property tax liability would be:	\$37.1 million
Actual 1990 property tax:	<u>\$33.5 million</u>
Increased taxes as a result of SCR 1611:	\$ 3.6 million

This \$3.6 million increase in our property tax is a very conservative estimate, based on the data being used by the legislature. It assumes that KPL's valuation does **not** increase and that our average mill levy **decreases**. Our experience over the past five or six years refutes both assumptions. We believe our 1991 property taxes will increase substantially more than \$3.6 million.

EFFECTS OF THE HOUSE PROPOSALS ON KPL

HCR 5007

If HCR 5007 were in effect,	
1990 property tax liability would be:	\$40.4 million
Actual 1990 property tax:	<u>\$33.5</u> million
Increased taxes as a result of HCR 5007:	\$ 6.9 million

HCR 5006

If HCR 5006 were in effect,	
1990 property tax liability would be:	\$41.0 million
Actual 1990 property tax:	<u>\$33.5</u> million
Increased taxes as a result of HCR 5006:	\$ 7.5 million

The assumptions underlying the two House proposals are unrealistically conservative. Both assume KPL's total valuation remains constant and that mill levies increase only by the factor that the proposals reduce the total statewide property tax base. Experience has shown mill levies rise to meet demands for more government services, a fact not factored into either the \$6.9 million or \$7.5 million property tax increases. KPL's property taxes would likely increase more than these estimates.