

Approved MONDAY, 4-6-92  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

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

11:00 a.m. ~~xxx~~ on Tuesday, March 24, 1992 in room 313-S of the Capitol.

All members were present except:  
Senator Fred Kerr (Excused)

Committee staff present:  
Bill Edds, Revisor's Office  
Don Hayward, Revisor's Office  
Chris Courtwright, Revisor's Office  
Tom Severn, Revisor's Office  
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Mark Beshears, Secretary of Revenue, KS Department of Revenue  
Mark Tallman, Coordinator of Governmental Relations-KS Ass'n. of School Boards  
Craig Grant, representing Kansas-NEA  
Bernie Koch, representing Wichita Area Chamber of Commerce  
Bob Corkins, Director of Taxation-KS Chamber of Commerce and Industry  
Christy Young, Vice President-Government Relations, Greater Topeka Chamber of Commerce  
Paul Fleener, KS Farm Bureau  
Gerald W. Henderson, Executive Director-United School Administrators of KS.

Chairman Dan Thiessen called the meeting to order at 11:04 a.m. and said we would be hearing from Proponents on HB2892 and he said because we have so many conferees he asked the conferees to keep their testimony as brief as possible, and he recognized Mark Beshears, Secretary of Revenue, KS Department of Revenue.

Mark Beshears said States are looking for new revenues and new sources of revenue, and he said, Federal grants to state and local governments have decreased substantially.

He said, Kansas like many states, has structural deficits with tax revenues falling persistently short of what is needed to maintain existing services and comply with federal mandates. He said, the legal challenges and the impact on state budgets is growing and KS has not been spared. He said, the big unknown facing the legislature is the extent to which the court will force KS to revamp its spending on schools; more than 20 states currently have challenges to their school finance systems.

He said, if states want to improve the quality of schools, there will be a tremendous pressure to spend more money and to increase taxes. He said, to be politically acceptable, general tax increases must be preceded by major efforts to make programs more efficient and taxpayers must be educated on why tax increases are needed and why the alternatives are worse than a tax increase.

Mr. Beshears said, broadening the tax base may produce a number of potential advantages: (1) Avoidance of rate increases: high tax rates are undesirable because they tend to distort economic activity, for example he said, by inducing consumers to purchase products where tax rates are lower. (2) Horizontal equity: The concept "equal treatment of equals" implies that people who spend the same amount should pay the same tax. This principle is violated when one product is taxed and a similar one is exempt. (3) Higher revenue elasticity: When taxes are applied to goods and services whose use is growing rapidly, it increases the growth rate of tax revenue. (4) Greater revenue stability: By making the tax base more diversified, base broadening may reduce the revenue impact of economic fluctuations. (5) Administrative and compliance costs: Eliminating exemptions can make it easier to administer and comply with the tax law by avoiding arbitrary distinctions.

With Mr Beshears hand-out is a list of attachments (1) Sales Tax Exemptions at 4.25% (2) Sales Tax Exemptions at 5.0% (3) Original Construction Impact Examples on Various Homes. (4) Chart on Food and Utilities Rebate-Offsetting Regressive Feature (5) Property Tax Reduction - Comparison of 45 mill vs. 29 mill. (6) Impact by County of 29 mills on Motor Vehicle Property Taxes. (7) Income Tax Simulation and Chart of Taxpayers Affected. (8) Tax Year 1990 Resident Only Income Tax Statistics (9) Income Tax - Married Filing Joint Hypothetical Taxpayers (10) Division of the Budget - Comparison of the 45 mill and 29 mill School Finance Proposals. (ATTACHMENT 1)

After committee discussion The Chairman recognized Mark Tallman, Coordinator of Governmental Relations-KS Association of School Boards.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 313-S, Statehouse, at 11:00 a.m. ~~pm~~ on Tuesday, March 24, 1992

Mark Tallman said they support HB2892 because the current system of taxes and distribution cannot provide an equitable funding foundation for the education of KS school children. He said, it is flawed by over dependence on local revenue sources that are inherently unequal among districts; and particularly on property taxes, the most unpopular tax in the state.

He said, HB2892 should be considered in 2 ways: as property tax relief and tax reform, and as school district equalization funding.

He said, KASB will support any combination of changes in income tax, sales tax rates or removal of exemptions that will produce the revenue needed to fund this plan. (ATTACHMENT 2)

Craig Grant said he was representing 24,000 members of Kansas-NEA, and he said, they support the tax provisions contained in HB2892. He said, as the mix of taxes is concerned, HB2892 has relatively equal parts of sales tax, income tax, and property tax funding our schools.

He said, what they cannot support, and believe that the Senate should not adopt, is reduction of the package by reducing the base expenditure per pupil contained in HB2892. He said, if further reduced, these expenditures as adequacy of educational opportunity would certainly suffer and, even more important, the quality of that educational opportunity for KS children could ultimately suffer. (ATTACHMENT 3)

Bernie Koch, representing Wichita Area Chamber of Commerce said, they support the basic direction of HB2892 and they support the concept of a uniform statewide mill levy to replace much of the current local mill levy funding for K-12, along with the state-set base distribution amount and the concept of a minimum number of per pupil costs factored as weights.

He said, they support the 3/4 cent sales tax increase as a revenue source, even though business pays a third of the sales tax in KS. He said, the most opposition he has heard, is to the removal of the sales tax exemption for utilities used in the manufacturing process. He said, he thought large electricity users will look at co-generation, producing their own electricity as a way to cut costs and avoid paying the sales tax on electricity, and he said, he did not believe that was taken into account by the House and there's no reliable way to estimate the fiscal impact of that possibility. (ATTACHMENT 4)

Bob Corkins, Director of Taxation-KS Chamber of Commerce and Industry said, although HB2892 offers business property tax relief, it does not necessarily offer business tax relief. He said the testimony presented by the Institute of Public Policy and Business Research to this committee at a previous meeting, indicated that HB2892 would not represent a windfall to KS business community, and he said most firms analyzed by the study showed an increase in their aggregate tax liability under the terms of this proposal.

He said, they have acknowledged the need for KS businesses to shoulder their fair share of the costs of property tax relief. He said, their ultimate objective was to achieve a mix of total state and local revenue comprised equally of sales, income, and property taxes, and he said, they believe HB2892 meets that test.

He said, KCCI has never before endorsed any income tax increase for any purpose, but they retreated from that position in the school finance package, but he said, the amount they recommended was significantly lower than the \$146.M, and second he said, KCCI strongly believes that some form of spending "cap" is needed to safeguard against rapid increases in the minimum 29 mill USD levy.

He said, they suggest, to tie maximum spending authority to the rate of growth in Kansans' personal income.

Mr. Corkins said they believe that the basic framework in HB2892 consists of sound policy which should not be discarded. (ATTACHMENT 5)

Christy Young, Vice President Government Relations, Greater Topeka Chamber of Commerce said they generally support HB2892 creating a new method of funding schools in KS. She said, the 29 mill levy base rate is extremely attractive, and they support the increase in the sales tax rate and the use of income taxes to make up the short-fall in revenue, although some rates may be a little high.

She said, they do have concern with the use of business-related sales tax exemptions, and she said, the Topeka Chamber hopes that whatever changes made will not detract from the balance achieved in the bill, between sales, income and property tax. (ATTACHMENT 6)

Paul Fleener, said KS Farm Bureau supports some of the revenue sources contained in HB2892

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 313-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Tuesday, March 24, 1992.

to provide funding for elementary and secondary education in the school districts of KS.

He said, his comments today will reflect four of their policy positions-Resolutions adopted by voting delegates at their most recent, November 21-23, 1991 annual meeting. (1)School Finance. (2)Property Taxes; Abatement, Exemptions, and In-Lieu-Of Taxes. (3)Sales Tax. (4)State and Local Governmental Budgeting, Spending and Taxation. He said, the language of the 4 Resolutions are on the addendum, attached to his hand-out.

He asked the committee to amend HB2892 to provide each school board the opportunity to impose a surtax on income tax liability or in some way to have an appropriate tax on resident individuals for the support of schools, and he further suggested that the committee provide a way to maintain use of non-property tax revenues and minimize the use of the property tax.

He said, education is too important to have it tied to something which is no longer a good measure of wealth or ability to pay taxes. (ATTACHMENT 7)

Gerald W. Henderson, Executive Director-United School Administrators of KS. said his remarks would be directed to the tax components of HB2892.

He said, they feel Kansas relies too heavily on the property tax for funding schools, and that an effort should be made to move toward funding schools via a 1/3, 1/3 and 1/3 mix of property, sales and income tax. He said, in their judgement the tax provisions of HB2892 move in that direction.

He said, they support the minimum state wide mill levy of 29 mills as a method of both lowering the state's reliance on the property tax and as a method of reaching taxpayer equity, and he said, they support the use of sales and income tax to replace the revenues lost in the reduction of property taxes.

He said, there is an opportunity to demonstrate clearly that Kansas values their children above all else, and the passage of the tax provisions of HB2892 will go a long way toward that demonstration. He urged the committee's favorable consideration to the bill. (ATTACHMENT 8)

Chairman Dan Thiessen concluded the hearing for proponents on HB2892 and adjourned the meeting at 12:28 p.m.

GUEST LIST

COMMITTEE: ASSESSMENT & TAXATION

DATE: THURS. 3-24-92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Debbie Green	Topeka	Senate Staff
Patti Kruggel	Topeka	Senate Staff
Chuck Jones	"	KCBA
Mark Tallman	Topeka	KASB
Jacqueline Kes	Topeka	SCFE
Doug Johnston	Topeka	House Tax Committee
John Marshall	Topeka	Harris News Service
Art Brown	KC -	KC USA Fed'n Mo
John Blythe	Manhattan	Self
Mike Reecht	Topeka	AT&T
JERRY KEMPE	HAYS KS 67601	SUNFLOWER
Paul E. Fleener	Manhattan	Kansas Farm Bureau
KAREN FRANCE	TOPEKA	KAR
Tom Slattery	Topeka	AGC of Ks.
Harriet Lange	Topeka	KAB
Greg Jones	WICHITA	WICHITA FEDERATION OF TEACHERS
Deneth L. Setton	Topeka	Kansas Lottery
Ethel Evans	Grant Co.	Commissioner
Ladislav M. Hernandez	Topeka	Gov. Office
SHELBY SMITH	WICHITA	KASEA
Lana Vanderplas	Topeka	Inten
May Ellen Conlee	Wichita	Ks. Assoc for Small Business
Dan Haas	Overland Park	KCPH
Curt Carpenter	Great Bend	West Plains
Gordon T. Honett	Topeka	CIPAK

GUEST LIST

COMMITTEE: ASSESSMENT & TAXATION

DATE: FRES. 3-24-92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Dwice Goeden	Topeka	KANSAS NEA
Gerald Henderson	Topeka	: USA of KS
Ken W. Davis	Topeka	KDOI
Eric Piotrowski	Ottawa	Franklin County 4th Group to attend Wash. D. Co. in July
Frank Johnston	Lawrence	Q.U.E.R.
Todd A. Christopher	Pomona	KOFO
Earl Seyfert	Parsons	Chamber of Com.
Carolyn Greenbright	Marshall Co.	Treasurer
JOANN HAMILTON	LYNDON	COUNTY TREASURER
Nancy Hempen	Lawrence	Co. Treasurer
Kim Vickers	Topeka	Sen. Karr
Tom Whitaker	Topeka	Ks Motor Carriers Assn
Lloyd & Jill Hansch	Durham	—
Jim Ludwig	Topeka	KPL
Tracy Robinson	Topeka	ENR of K
MARY E. TURKINGTON	Topeka	Ks Motor Carriers Assn
Kay Cole	Topeka	KNEA
Susan Somers	Topeka	KSCPA
Dave Nichols	Topeka	SWBT
Larry Clark	Burlington	USD 244
Bernie Koch	Wichita	Wichita Chamber
Donny Clements	Wichita	Espe
Christy Young	Topeka	Topeka Chamber
Dennis Zimmerman	ULYSSES	Gov. Co. Econ. Devo. Council
Carl Noege	Topeka	Ks. for Prop TAX CAP





KANSAS DEPARTMENT OF REVENUE  
*Office of the Secretary*  
Robert B. Docking State Office Building  
Topeka, Kansas 66612-1588

TO: Dan Thiessen, Chair  
Senate Tax Committee

FROM: Mark Beshears  
Secretary of Revenue

DATE: March 24, 1992

RE: H.B. 2892

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**Background**

States are looking for new revenues and new sources of revenue. Federal grants to state and local governments have decreased substantially. Kansas, like most state governments, must balance their budgets each year. Consequently, 20 to 30 states are considering major tax increases in the new fiscal year.

Kansas, like many states, has structural deficits with tax revenues falling persistently short of what is needed to maintain existing services and comply with federal mandates. The recession has made the fiscal situation worse, but states including Kansas, would be in bad shape even if the economy were growing because of federal mandates, increase in the cost of doing business and the courts.

The legal challenges and the impact on state budgets is growing and Kansas has not been spared. The big unknown facing this legislature is the extent to which the court will force Kansas to revamp its spending on schools. More than 20 states currently have challenges to their school finance systems.

When these suits are upheld - as they recently have been in Kentucky, Montana, New Jersey and Texas, the court usually forces the state to make sweeping changes in its tax system to equalize resources. To enhance equity,

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*Audit Services Bureau (913) 296-7719 • Bureau of Research & Revenue Analysis (913) 296-3081*  
*Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077*

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other states faced with this school finance challenge raised spending in poor districts and lowered outlays in the affluent areas.

If states want to improve the quality of schools, there will be a tremendous pressure to spend more money and to increase taxes.

To be politically acceptable, general tax increases must be preceded by major efforts to make programs more efficient and taxpayers must be educated on why tax increases are needed and why the alternatives are worse than a tax increase.

With the ongoing budget pressures and the legal challenge to the existing school finance system, it is unrealistic to expect these demands to be met by spending reductions or revenue increases.

Tax increases can be used to meet some of the demand on the State Treasury but even this is limited. Kansas, like most states, has a structural deficit which simply means, the spending needed to maintain existing services and comply with legal challenges keeps exceeding the revenue from the tax system.

We must reform our Kansas tax system. A major part of tax reform is to make tax revenue more responsive to economic growth. Two methods are to 1) increase reliance on the personal income tax because its revenue needs to grow faster than that of other taxes and 2) expand the tax base.

At least 11 states eliminated some sales tax exemptions in 1991. These actions varied widely in their scope, with Connecticut and Pennsylvania each adding dozens of goods and services to the tax base, while other states added only a few items.

Broadening the tax base may produce a number of potential advantages:

- Avoidance of rate increases: High tax rates are undesirable because they tend to distort economic activity, for example, by inducing consumers to purchase products where tax rates are lower.



- Horizontal equity: The concept "equal treatment of equals" implies that people who spend the same amount should pay the same tax. This principle is violated when one product is taxed and a similar one is exempt.
- Higher revenue elasticity: When taxes are applied to goods and services whose use is growing rapidly, it increases the growth rate of tax revenue.
- Greater revenue stability: By making the tax base more diversified, base broadening may reduce the revenue impact of economic fluctuations.
- Administrative and compliance costs: Eliminating exemptions can make it easier to administer and comply with the tax law by avoiding arbitrary distinctions.

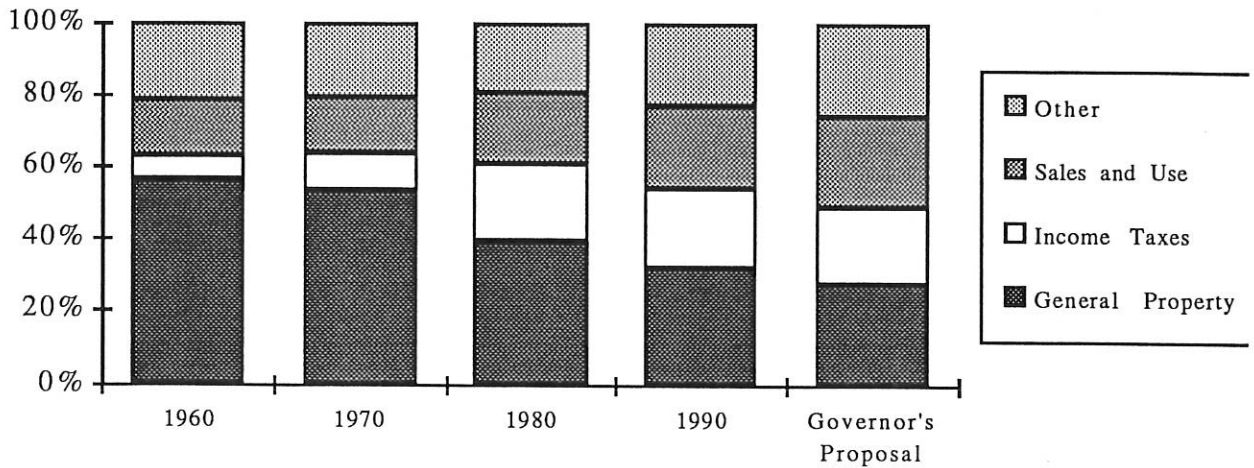
### Governor's Proposal

The Governor's proposal to broaden the sales tax base by removing sales tax exemptions would allow Kansas to reduce its dependence on the property tax and allow the state to impose a statewide mill levy to finance public education. When fully phased in, this proposal would reduce the reliance on general property taxes for financing public schools by approximately 25%.

By capping the basic local property tax contribution at 45 mills, taxpayers in 253 school districts would realize measurable real property tax relief and taxpayers in 92 counties would also enjoy significant personal property tax relief on vehicles.

The chart below shows the change in tax mix if the Governor's tax proposal is adopted. The general property tax component is reduced from 33% to 28% of total state and local revenues, while total sales and use tax collections are increased from 23% to 25% of total state and local tax revenue.

**Kansas Department of Revenue  
Governor's Proposal  
State and Local Taxes as a Percent of Total**



When a major revenue source is underutilized or not used at all, it places great pressure on other tax sources, often causing them to have higher tax rates. When states with unbalanced tax systems require more revenue, it is often good tax policy to tap the underutilized revenue source. Balance helps to avoid high rates, which tend to cause economic distortions. Depending on which taxes are underutilized, increase balance may also reduce regressively and/or increase the elasticity or stability of the tax system.

The Governor's proposal retains the current system of a retailers sales tax. Sales at the wholesale level, sales for ingredient, component parts and property consumed in production are not taxed. Also excluded are sales to governmental units.

The current exemptions which are retail-level exemptions, total about \$481.8 million. If the philosophy of a retail sales tax is retained, the \$481.8 million is the maximum amount of revenue that could be generated if all retail exemptions were repealed.

Significant property tax reduction is the Governor's goal, therefore, very few exemptions can be retained. The Governor's proposal retains 12 of the retail exemptions, which total \$34.9 million; and removes 35 retail exemptions which generate \$446.9 million. Of the 35 exemptions proposed to be repealed, \$408.5 million of the \$446.9 million is contained in only 10 exemptions.

## Revenue Accelerators

This Committee has passed Legislation to accelerate certain State General Fund taxes which should generate one-time revenues in Fiscal Year 1992 of about \$9.4 million and in Fiscal Year 1993 of \$13.6 million.

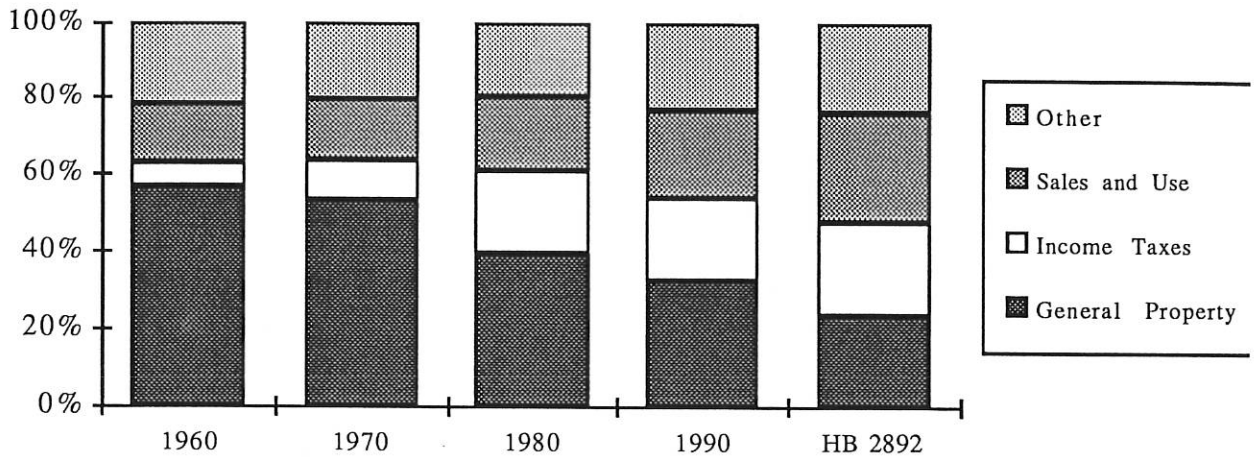
- Withholding tax receipts would be increased by \$8.4 million if semi-monthly withholding taxpayers were required to file in the same manner as they do with the federal government.
- Financial Institutions would be required to make quarterly estimate payments similar to corporations, which will generate \$6.8 million.
- Liquor Enforcement and Liquor Excise taxes would be due on the 25th rather than the end of the month generating \$1.0 million.

The Governor's proposal is based upon a belief that a broad tax base and a balanced tax system is desirable, that it will make the tax system simpler to understand, administer, increase compliance, be economically neutral, equitable, stable and responsive to economic growth.

### House Bill 2892 as Amended by House Committee of the Whole.

The chart below shows the change in tax mix if House Bill 2892 is adopted. The general property tax component is reduced from 33% to 24% of total state and local revenues, while total sales and use tax collections are increased from 23% to 29% of total state and local tax revenue.

**Kansas Department of Revenue**  
**House Bill 2892**  
**State and Local Tax Revenues as a Percent of Total**



House Bill 2892 raises about \$452.2 million from state tax sources:

Individual Income Taxes	\$138.0 million
Corporate Income Taxes	\$8.0 million
Sales and Use Tax rate increase (4.25% to 5%)	\$174.4 million
Sales Tax Exemptions: (see below)	\$131.8 million
•Utilities consumed in the production or manufacture of tangible personal property	\$33.3 million
•Interstate telephone services, except for those services used by a telemarketing communication company	\$9.0 million
•Original construction services, except services for oil and gas wells and community housing development projects	\$79.8 million
•Residential intrastate telephone services	\$6.1 million
•Sales of lottery tickets	\$3.6 million

House Bill 2892 also increases revenue to those cities and counties which currently impose a local sales tax. The exemptions repealed and made subject to the state tax will also be subject to the local sales tax. The increase in local sales taxes is estimated to be about \$22 million.

Property Tax Effects of HB 2892

The table below shows the estimated reduction in property taxes using the provisions of House Bill 2892.

Total Property Taxes	(\$428.8) million
Total Residential Property Taxes	(\$167.0) million
Total Commercial Property Taxes	(\$116.1) million
Agricultural Land	(\$37.5) million
Oil and Gas	(\$12.7) million
State Assessed Utilities	(\$34.1) million
State Assessed Railroads	(\$3.4) million

In addition to the reductions in general property taxes listed above there will also be an overall statewide reduction in motor vehicle property taxes. It is estimated that statewide motor vehicle property taxes will decline about 25%, or \$75 million. The amount of reduction will vary from county to county depending on what happens to the countywide average mill levy. The percentage change in motor vehicle taxes range from a 36% increase in Coffey County to a 31% decrease in Ellis and Saline Counties. Attachment 6 shows the by county estimated impact on motor vehicle property taxes.

**Kansas Department of Revenue  
List of Attachments**

Attachment 1	Sales Tax Exemptions at 4.25%
Attachment 2	Sales Tax Exemptions at 5.0%
Attachment 3	Original Construction Impact Examples on Various Homes
Attachment 4	Chart on Food and Utilities Rebate - Offsetting Regressive Feature
Attachment 5	Property Tax Reduction - Comparison of 45 mill vs. 29 mill
Attachment 6	Impact by County of 29 mills on Motor Vehicle Property Taxes
Attachment 7	Income Tax Simulation and Chart of Taxpayers Affected
Attachment 8	Tax Year 1990 Resident Only Income Tax Statistics
Attachment 9	Income Tax - Married Filing Joint Hypothetical Taxpayers
Attachment 10	Division of the Budget - Comparison of the 45 mill and 29 mill School Finance Proposals

**Sales Tax Exemptions - Fiscal Impacts**  
**"Fiscal Impacts below are calculated at a 4.25% rate"**  
(Dollars are in Millions )

Sales Tax Exemptions	Description	Fiscal Year 1993	
		Annual Fiscal Impact	First Year Fiscal Impact
3602 m(B)	Electricity, gas, and water consumed in production	\$30.900	\$25.750
3603 b -	Interstate Telephone	\$13.300	\$11.638
3603 e -	Participation in recreation sponsored by Pol. Sub.	\$1.000	\$0.667
3603 f -	Coin-OP Laundry	\$0.726	\$0.635
3603 g -	Hotel-Motel Rooms	\$1.136	\$0.994
3603 h -	Machinery IRB	\$0.092	\$0.000
3603 o -	Vehicles for Stock	\$0.017	\$0.013
3603 p -	Original Construction Services	\$74.000	\$61.667
3606 a -	Tangible personal property taxed by another Excise Tax	\$81.700	\$71.488
3606 f -	Property purchased by an interstate carrier	\$22.215	\$14.810
3606 g -	Sales, repair, or modification of aircraft used in interstate commerce	\$32.346	\$18.869
3606 h -	Textbooks	\$0.892	\$0.669
3606 i -	Lease or rental of films, record, or tapes	\$1.905	\$1.429
3606 k -	Sale of motor vehicles, trailers, or aircraft to a non-resident	\$32.410	\$24.308
3606 l -	Occasional Sales (Only planes, boats, etc. are taxable)	\$0.400	\$0.300
3606 p -	Trade fixtures and equipment already installed	\$0.975	\$0.731
3606 t -	Groundwater management districts	\$0.013	\$0.010
3606 u -	Farm Machinery	\$31.606	\$21.071
3606 x -	Gas, Elec. Water - Res. Use	\$55.900	\$48.913
3606 y -	Propane - L-P - Res. Use	\$3.314	\$2.900
3606 z -	Intrastate Tel. - Res. Use	\$5.419	\$4.742
3606 aa-	Railroad rolling stock	\$5.254	\$3.941
3606 bb-	Port authority	\$0.000	\$0.000
3606 cc-	Repair of equipment used for the transmission of gas	\$0.297	\$0.223
3606 dd-	Used Mobile Homes	\$2.265	\$1.982
3606 ee-	Enterprise Zones (Mach. & Equip. is included in 3606mm)	\$8.751	\$4.376
3606 gg-	Lottery Tickets	\$3.188	\$2.790
3606 hh-	New Mobile Homes	\$0.563	\$0.493
3606 kk-	Youth Devel. Programs	\$0.214	\$0.161
3606 mm-	Manf. Mach. & Equip.	\$34.142	\$25.607
3606 nn-	Educational materials purchased by a non-profit corporation	\$0.041	\$0.036
3606 oo-	Seed & Trees	\$1.255	\$0.941
3606 rr-	Drill Bits	\$0.339	\$0.254
3606 ss-	Museums & Hist. Society	\$0.210	\$0.158
3606 tt-	Annual Events Non Profit Org.	\$0.100	\$0.075
	State Total	\$446.9	\$352.6

**Sales Tax Exemptions - Fiscal Impacts**  
**"Fiscal Impacts below are calculated at a 4.25% rate"**  
(Dollars are in Millions )

		<u>Fiscal Year 1993</u>	
<b>Sales Tax Exemptions</b>	<b>Description</b>	<b><u>Annual Fiscal Impact</u></b>	<b><u>First Year Fiscal Impact</u></b>
<b>"The Following Exemptions are Proposed to Remain Exempt From Sales Tax"</b>			
3606 j -	Free meals to restaurant employees	\$1.247	\$0.935
3606 q -	Prescription drugs	\$19.500	\$17.063
3606 r -	Insulin	\$0.099	\$0.087
3606 s -	Prosthetic devises	\$5.521	\$4.831
3606 v -	Lease or rental of mobile homes more than 28 days	\$1.112	\$0.834
3606 w -	Food served to homebound elderly	\$0.596	\$0.447
3606 ff -	USDA Food Stamps	\$6.441	\$4.831
3606 ii -	Federal WIC Program	\$0.787	\$0.590
3606 jj -	Medical services purchased by nursing homes	\$0.110	\$0.083
3606 ll -	Property sold, rented or leased by a mental retardation facility	\$0.527	\$0.395
3606 pp-	Services rendered by an advertising agency or licensed broadcast station	\$3.156	\$2.367
3606 qq-	Property purchased to weatherize low income housing	\$0.100	\$0.075
	State Total	\$34.928	\$29.336



**Sales Tax Exemptions - Fiscal Impacts**  
**"Fiscal Impacts below are calculated at a 5.0% rate"**  
(Dollars are in Millions )

Sales Tax Exemptions	Description	Fiscal Year 1993	
		Annual Fiscal Impact	First Year Fiscal Impact
3602 m(B)	Electricity, gas, and water consumed in production	\$36.353	\$30.294
3603 b -	Interstate Telephone	\$15.647	\$13.691
3603 e -	Participation in recreation sponsored by Pol. Sub.	\$1.176	\$0.784
3603 f -	Coin-OP Laundry	\$0.854	\$0.747
3603 g -	Hotel-Motel Rooms	\$1.336	\$1.169
3603 h -	Machinery IRB	\$0.108	\$0.000
3603 o -	Vehicles for Stock	\$0.020	\$0.015
3603 p -	Original Construction Services	\$87.059	\$72.549
3606 a -	Tangible personal property taxed by another Excise Tax	\$96.118	\$84.103
3606 f -	Property purchased by an interstate carrier	\$26.135	\$17.424
3606 g -	Sales, repair, or modification of aircraft used in interstate commerce	\$38.054	\$22.198
3606 h -	Textbooks	\$1.049	\$0.787
3606 i -	Lease or rental of films, record, or tapes	\$2.241	\$1.681
3606 k -	Sale of motor vehicles, trailers, or aircraft to a non-resident	\$38.129	\$28.597
3606 l -	Occasional Sales (Only planes, boats, etc. are taxable)	\$0.471	\$0.353
3606 p -	Trade fixtures and equipment already installed	\$1.147	\$0.860
3606 t -	Groundwater management districts	\$0.015	\$0.011
3606 u -	Farm Machinery	\$37.184	\$24.789
3606 x -	Gas, Elec. Water - Res. Use	\$65.765	\$57.544
3606 y -	Propane - L-P - Res. Use	\$3.899	\$3.411
3606 z -	Intrastate Tel. - Res. Use	\$6.375	\$5.578
3606 aa-	Railroad rolling stock	\$6.181	\$4.636
3606 bb-	Port authority	\$0.000	\$0.000
3606 cc-	Repair of equipment used for the transmission of gas	\$0.349	\$0.262
3606 dd-	Used Mobile Homes	\$2.665	\$2.332
3606 ee-	Enterprize Zones	\$10.295	\$5.148
	(Mach. & Equip. is included in 3606mm)		
3606 gg-	Lottery Tickets	\$3.751	\$3.282
3606 hh-	New Mobile Homes	\$0.662	\$0.580
3606 kk-	Youth Devel. Programs	\$0.252	\$0.189
3606 mm-	Manf. Mach. & Equip.	\$40.167	\$30.125
3606 nn-	Educational materials purchased by a non-profit corporation	\$0.048	\$0.042
3606 oo-	Seed & Trees	\$1.476	\$1.107
3606 rr-	Drill Bits	\$0.399	\$0.299
3606 ss-	Museums & Hist. Society	\$0.247	\$0.185
3606 tt-	Annual Events Non Profit Org.	\$0.118	\$0.088
	State Total	\$525.7	\$414.9

**Sales Tax Exemptions - Fiscal Impacts**  
**"Fiscal Impacts below are calculated at a 5.0% rate"**  
(Dollars are in Millions )

		<u>Fiscal Year 1993</u>	
<b>Sales Tax Exemptions</b>	<b>Description</b>	<u>Annual Fiscal Impact</u>	<u>First Year Fiscal Impact</u>
<b>"The Following Exemptions are Proposed to Remain Exempt From Sales Tax"</b>			
3606 j -	Free meals to restaurant employees	\$1.247	\$0.935
3606 q -	Prescription drugs	\$19.500	\$17.063
3606 r -	Insulin	\$0.099	\$0.087
3606 s -	Prosthetic devises	\$5.521	\$4.831
3606 v -	Lease or rental of mobile homes more than 28 days	\$1.112	\$0.834
3606 w -	Food served to homebound elderly	\$0.596	\$0.447
3606 ff -	USDA Food Stamps	\$6.441	\$4.831
3606 ii -	Federal WIC Program	\$0.787	\$0.590
3606 jj -	Medical services purchased by nursing homes	\$0.110	\$0.083
3606 ll -	Property sold, rented or leased by a mental retardation facility	\$0.527	\$0.395
3606 pp-	Services rendered by an advertising agency or licensed broadcast station	\$3.156	\$2.367
3606 qq-	Property purchased to weatherize low income housing	\$0.100	\$0.075
	State Total	\$34.928	\$29.336

**Impact of Taxing Labor Services on Original Construction**

Mortgage Rate Equals 9%

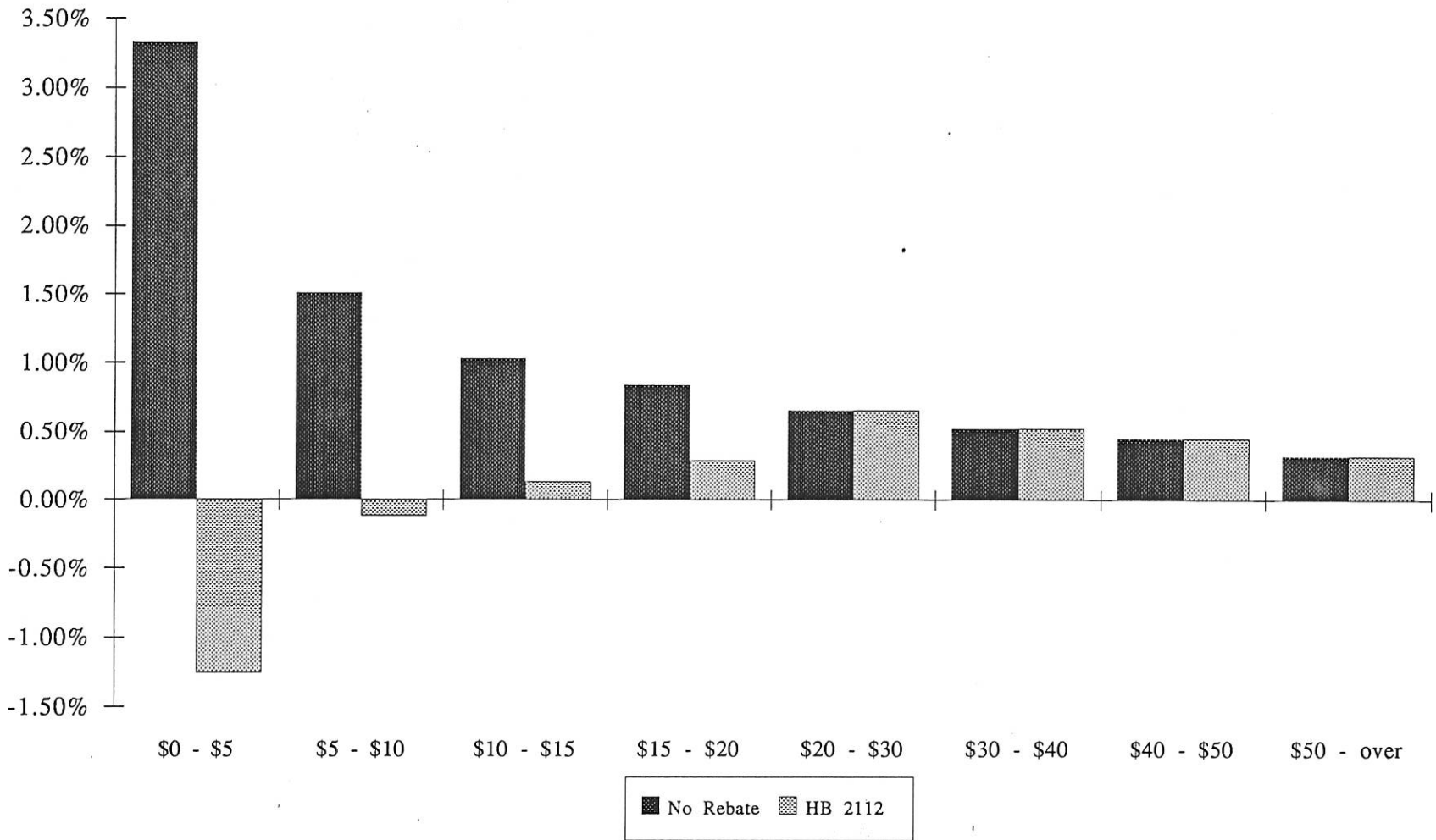
30 Year Fixed Mortgage

Cost of a new Home	\$40,000	\$60,000	\$100,000
Estimated Labor	40%	40%	40%
Labor Services	\$16,000	\$24,000	\$40,000
Sales Tax Rate	5.00%	5.00%	5.00%
Tax	\$800	\$1,200	\$2,000
Total Mortgage	\$40,800	\$61,200	\$102,000

**Principal and Interest Payment:**

Monthly Payment	\$321.85	\$482.77	\$804.62
Monthly Payment/Labor Services	\$328.29	\$492.43	\$820.72
Monthly Difference	\$6.44	\$9.66	\$16.10
Annual Difference	\$77.28	\$115.92	\$193.20

**Kansas Department of Revenue**  
**Sales Taxes as a Percent of Household Income Spent on Purchases of Food and Utilities**



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Attachment 4

## Comparison of 45 mill Levy with 29 Mill Levy

	<u>45 Mills</u>	<u>29 Mills</u>
	(Dollars are in Millions)	
Total Property Tax	(\$194.9)	(\$428.8)
Total Residential Property Tax	(\$38.5)	(\$167.0)
Total Commercial Property Tax	(\$66.3)	(\$116.1)
Agricultural Land	(\$15.0)	(\$37.5)
Oil and Gas	\$9.8	(\$12.7)
State Assessed	\$0.5	(\$37.5)
Utilities	\$2.1	(\$34.1)
Railroads	(\$1.5)	(\$3.4)
Santa Fe	(\$451,296)	(\$850,567)
Union Pacific	(\$865,146)	(\$1,882,481)
KCPL	\$7,724,262	\$2,228,149
KGE	\$6,528,665	(\$637,272)
KEPCO	\$1,304,385	\$711,899
KPL (electric)	\$808,390	(\$5,595,392)
KPL (gas)	\$1,096,649	(\$2,015,536)
Southwestern Bell	(\$6,073,005)	(\$10,558,672)
ATT	(\$639,769)	(\$1,197,711)
Hugoton Gathering	\$167,068	\$66,268
Northern Natural Gas	(\$160,207)	(\$1,062,497)
Williams Natural Gas	(\$330,557)	(\$1,027,224)

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FVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (129) STATEWIDE

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
AIRPHONE INC.	9,113	1,086.78	757.29	329.49-
ALFALFA ELECTRIC COOPERATIVE INC.	508,175	57,081.13	45,736.87	11,344.26-
ALTER BARGE LINE, INC.	1,246	167.98	136.76	31.22-
AMERICAN COMMERCIAL TOWING COMPANY	32,559	4,389.29	3,574.98	814.31-
AMERICAN TELEPHONE & TELEGRAPH COMPANY	34,871,346	4,432,520.58	3,234,809.35	1,197,711.23-
AMERICUS GAS COMPANY, INC.	18,000	2,429.09	1,959.29	469.80-
AMOCO PIPELINE COMPANY INC.	8,973,886	1,077,816.13	834,124.36	243,691.47-
ANR PIPELINE COMPANY	20,469,852	2,251,570.66	1,713,865.02	537,705.64-
ARCO PIPE LINE COMPANY	6,600,396	1,049,019.65	844,037.82	204,981.83-
ARK VALLEY ELECTRIC COOP., ASSN., INC.	3,540,000	433,222.68	330,260.50	102,962.18-
ARKLA INC.	3,981,420	557,604.96	373,018.93	184,586.03-
ASSARIA TELEPHONE EXCHANGE INC.	345,000	32,727.09	28,200.29	4,526.80-

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

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COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
ATCHISON, TOPEKA & SANTA FE RAILROAD CO. COMPANY TOTALS TOTAL	24,954,424	3,365,681.69	2,515,114.01	850,567.68-
BARTON HILLS WATER DIST. COMPANY TOTALS TOTAL	1,800	210.60	170.91	39.69-
BENKELMAN TELEPHONE COMPANY INC. COMPANY TOTALS TOTAL	29,813	3,052.95	2,174.50	878.45-
BENSON MINERAL GROUP INC. COMPANY TOTALS TOTAL	195,000	24,402.82	19,244.60	5,158.22-
BLASKE MARINE, INC. COMPANY TOTALS TOTAL	3,220	434.11	353.60	80.51-
BLUE VALLEY TELEPHONE COMPANY COMPANY TOTALS TOTAL	1,470,420	195,047.17	154,997.66	40,049.51-
BOWERSOCK HILLS & POWER COMPANY COMPANY TOTALS TOTAL	40,500	5,420.03	3,780.59	1,639.44-
BROWN ATCHISON ELECTRIC COOP ASSN INC. COMPANY TOTALS TOTAL	450,000	58,608.65	45,860.56	12,748.09-
BURLINGTON NORTHERN RAILROAD, INC. COMPANY TOTALS TOTAL	9,788,322	1,228,400.15	942,457.19	285,942.96-
BUTLER RURAL ELECTRIC COOP., ASSN. COMPANY TOTALS TOTAL	2,340,000	306,408.69	224,822.28	81,586.41-
C & W RURAL ELECTRIC COOP., INC. COMPANY TOTALS TOTAL	840,000	107,717.02	86,546.37	21,170.65-
CABLE & WIRELESS COMMUNICATION COMPANY TOTALS TOTAL	13,455	1,702.51	1,258.50	444.01-

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## FVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 3

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
CANEY VALLEY ELECTRIC COOP., ASSN., INC. COMPANY TOTALS TOTAL	2,700,000	348,929.94	303,701.50	45,228.44-
CASHE CREEK CORPORATION & SUBSIDIARIES COMPANY TOTALS TOTAL	809,667	74,564.53	65,345.73	9,218.80-
CEDAR BLUFF CABIN ASSOC. COMPANY TOTALS TOTAL	4,200	493.39	406.16	87.23-
CENTANA (ANADARKO) COMPANY TOTALS TOTAL	1,650,000	127,793.16	110,691.39	17,101.77-
CENTRAL KANSAS UTILITIES COMPANY TOTALS TOTAL	870,000	147,676.23	115,715.32	31,960.91-
CENTRAL STATES GAS COMPANY COMPANY TOTALS TOTAL	600,000	66,241.04	54,622.74	11,618.30-
CENTRAL STATES MICROWAVE TRANSMISSION CO COMPANY TOTALS TOTAL	207,606	24,411.51	19,932.45	4,479.06-
CHASE COUNTY GAS SERVICE COMPANY COMPANY TOTALS TOTAL	54,000	8,451.28	7,303.47	1,147.81-
CHASE TRANSPORTATION COMPANY COMPANY TOTALS TOTAL	5,660,505	652,966.89	491,742.70	161,224.19-
CHEROKEE COOPERATIVE WATER CORP., INC. COMPANY TOTALS TOTAL	1,500	187.98	151.57	36.41-
CHISHOLM PIPELINE COMPANY COMPANY TOTALS TOTAL	2,288,926	277,656.86	203,675.77	73,981.09-
CLEAR CREEK INC. COMPANY TOTALS TOTAL	1,097,814	128,208.49	104,436.05	23,772.44-



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## FVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 4

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
CMS ELECTRIC COOPERATIVE INC.	COMPANY TOTALS TOTAL 2,774,070	295,888.84	241,711.21	54,177.63-
COASTAL DERBY REFINING COMPANY INC.	COMPANY TOTALS TOTAL 330,000	43,289.27	29,986.49	13,302.78-
COASTAL GAS MARKETING	COMPANY TOTALS TOTAL 18,000	1,832.68	1,456.80	375.88-
COLONIAL GARDEN MOBILE HOME PARK	COMPANY TOTALS TOTAL 7,500	896.46	557.69	338.77-
COLORADO INTERSTATE GAS COMPANY	COMPANY TOTALS TOTAL 12,857,592	913,150.65	827,546.14	85,604.51-
COLUMBUS TELEPHONE COMPANY	COMPANY TOTALS TOTAL 870,000	109,064.07	87,870.87	21,193.20-
CONOCO PIPE LINE COMPANY	COMPANY TOTALS TOTAL 2,796,165	352,398.22	261,533.81	90,864.41-
CONTEL OF MISSOURI, INC.	COMPANY TOTALS TOTAL 75,573	8,838.04	6,805.95	2,032.09-
COTTONWOOD GAS GATHERING (MAPLE/FLOOR)	COMPANY TOTALS TOTAL 37,500	4,141.04	3,379.54	761.50-
COUNCIL GROVE TELEPHONE COMPANY	COMPANY TOTALS TOTAL 435,000	59,554.41	51,336.25	8,218.16-
CRAW-KAN TELEPHONE COOP., ASSN., INC.	COMPANY TOTALS TOTAL 7,211,061	860,197.77	718,296.96	141,890.81-
CUNNINGHAM TELEPHONE COMPANY INC.	COMPANY TOTALS TOTAL 900,000	145,672.48	111,829.64	33,842.84-

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## FVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 5

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
CUSHING LEMONT PIPELINE COMPANY (UNOCAL) COMPANY TOTALS TOTAL	192,029	22,398.58	17,834.13	4,564.45-
D & W WATER COMPANY INC. COMPANY TOTALS TOTAL	2,700	322.73	200.77	121.96-
DEEP CREEK WATER COMPANY INC. COMPANY TOTALS TOTAL	4,500	544.23	340.96	203.27-
DELHI GAS PIPELINE INC. (AMAX) COMPANY TOTALS TOTAL	1,050,000	113,634.50	90,377.44	23,257.06-
DENVER & RIO GRANDE WESTERN RAILROAD CO. COMPANY TOTALS TOTAL	1,812,848	213,217.15	166,110.13	47,107.02-
DILLER TELEPHONE COMPANY COMPANY TOTALS TOTAL	9,641	1,230.35	968.49	261.86-
DODGE CITY, FORD & BUCKLIN RAILROAD CO. COMPANY TOTALS TOTAL	195,000	26,560.67	21,028.30	5,532.37-
DONIPHAN ELECTRIC COOP., ASSN., INC. COMPANY TOTALS TOTAL	270,000	35,054.38	30,462.05	4,592.33-
DS&O RURAL ELECTRIC COOP., ASSN., INC. COMPANY TOTALS TOTAL	1,575,000	188,319.22	142,648.45	45,670.77-
DUB'S DREAD WATER COMPANY COMPANY TOTALS TOTAL	21,000	2,315.15	1,852.31	462.84-
ECUN-A-CALL, INC. COMPANY TOTALS TOTAL	30,000	4,509.39	3,015.99	1,493.40-
EL PASO WATER COMPANY, INC. COMPANY TOTALS TOTAL	758,225	108,342.93	74,288.17	34,054.76-

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## FVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 6

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
ELKHART TELEPHONE COMPANY, INC.	COMPANY TOTALS TOTAL 427,141	44,867.27	41,324.33	3,542.94-
EMERALD PIPELINE CORP.	COMPANY TOTALS TOTAL 66,531	5,686.27	4,740.87	945.40-
EMPIRE DISTRICT ELECTRIC COMPANY	COMPANY TOTALS TOTAL 11,922,189	1,180,716.21	1,034,896.95	145,819.26-
ENERGY DYNAMICS, INC (EXNORT)	COMPANY TOTALS TOTAL 240,000	29,701.26	21,367.98	8,333.28-
ENRON LIQUIDS PIPELINE COMPANY	COMPANY TOTALS TOTAL 5,098,096	603,859.18	457,856.91	146,002.27-
EXXON CORPORATION	COMPANY TOTALS TOTAL 90,000	9,929.50	7,518.33	2,411.17-
FAIRMONT HEIGHTS WATER COMPANY	COMPANY TOTALS TOTAL 25,500	3,047.96	1,896.13	1,151.83-
FARMLAND INDUSTRIES, INC.	COMPANY TOTALS TOTAL 793,662	98,852.96	77,936.84	20,916.02-
FLINT HILLS GAS COMPANY, INC.	COMPANY TOTALS TOTAL 3,900	745.68	664.01	81.67-
FLINT HILLS RURAL ELECTRIC COOP ASSN INC	COMPANY TOTALS TOTAL 2,250,000	251,030.09	195,244.39	55,785.70-
GARDEN CITY NORTHERN RAILWAY, INC.	COMPANY TOTALS TOTAL 180,000	21,330.12	15,161.26	6,168.86-
GARDEN CITY WESTERN RY. CO.	COMPANY TOTALS TOTAL 223,500	21,960.08	19,151.02	2,809.06-

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 7

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
GASO, INC.	6,000	630.34	454.82	175.52-
COMPANY TOTALS TOTAL				
GETTY GAS GATHERING INC.	1,050,000	135,489.30	93,790.80	41,698.50-
COMPANY TOTALS TOTAL				
GOLDEN BELT TELEPHONE ASSN. INC.-BURDETT	3,180,000	411,101.86	330,974.48	80,127.38-
COMPANY TOTALS TOTAL				
GORHAM TELEPHONE COMPANY	102,000	12,536.91	9,060.23	3,476.68-
COMPANY TOTALS TOTAL				
GRANT GATHERING COMPANY	1,230,000	77,943.52	74,619.77	3,323.75-
COMPANY TOTALS TOTAL				
GREAT EASTERN ENERGY & DEVELOPMENT CORP	48,000	6,519.90	5,322.45	1,197.45-
COMPANY TOTALS TOTAL				
GREAT PLAINS COMMUNICATIONS	26,847	3,462.03	2,395.46	1,066.57-
COMPANY TOTALS TOTAL				
GREELEY GAS COMPANY	3,804,932	471,498.62	382,035.80	89,462.82-
COMPANY TOTALS TOTAL				
GTE NORTH INC. (GENERAL TEL.MIDWEST)	25,530	3,310.50	2,472.62	837.88-
COMPANY TOTALS TOTAL				
H & B COMMUNICATIONS INC.	630,000	92,523.19	65,170.47	27,352.72-
COMPANY TOTALS TOTAL				
HARTMAN TELEPHONE EXCHANGE INC.	32,192	3,452.46	2,748.79	703.67-
COMPANY TOTALS TOTAL				
HAVANA GAS DEVELOPMENT	75,000	8,805.96	7,391.46	1,414.50-
COMPANY TOTALS TOTAL				

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 8

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
HAVILAND TELEPHONE COMPANY INC.	COMPANY TOTALS TOTAL 1,027,560	136,832.19	105,019.01	31,813.18-
HEARTLAND PIPELINE COMPANY	COMPANY TOTALS TOTAL 1,024,287	127,745.91	91,319.22	36,426.69-
HOME TELEPHONE COMPANY INC.-(GALVA)	COMPANY TOTALS TOTAL 1,020,000	112,754.76	88,415.54	24,339.22-
HUFFMAN TOWING COMPANY	COMPANY TOTALS TOTAL 10,271	1,384.63	1,127.74	256.89-
HUGOTON GATHERING INC.	COMPANY TOTALS TOTAL 6,300,000	244,509.15	310,777.63	66,268.48
HUTCHINSON & NORTHERN RY. CO.	COMPANY TOTALS TOTAL 55,500	9,926.06	7,057.27	2,868.79-
INDEPENDENT COMMUNICATIONS INC.	COMPANY TOTALS TOTAL 1,102,500	143,517.37	111,856.34	31,661.03-
J.B.N. TELEPHONE COMPANY INC.	COMPANY TOTALS TOTAL 1,050,000	144,728.40	113,122.22	31,606.18-
JAYHAWK PIPELINE CORP.	COMPANY TOTALS TOTAL 5,895,119	640,024.88	493,557.91	146,466.97-
JEWELL-MITCHELL COOP.,ELECTRIC CO.	COMPANY TOTALS TOTAL 1,350,000	182,395.21	135,134.85	47,260.36-
K N ENERGY INCORP.	COMPANY TOTALS TOTAL 12,221,828	1,267,984.67	1,033,528.25	234,456.42-
KAN-OKLA TELEPHONE ASSOCIATION INC	COMPANY TOTALS TOTAL 1,854,635	279,323.45	213,390.12	65,933.33-

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PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
KANEB PIPE LINE COMPANY				
COMPANY TOTALS				
TOTAL	9,079,749	1,161,724.46	830,663.28	331,061.18-
KANSAS & MISSOURI RY. & TERM. CO.				
COMPANY TOTALS				
TOTAL	105,000	17,788.22	14,819.87	2,968.35-
KANSAS CITY POWER & LIGHT CO.				
COMPANY TOTALS				
TOTAL	343,507,023	21,830,047.78	24,058,197.61	2,228,149.83
KANSAS CITY SMSA LIMITED PARTNERSHIP				
COMPANY TOTALS				
TOTAL	964,515	129,791.91	101,249.55	28,542.36-
KANSAS CITY SOUTHERN RY, CO.				
COMPANY TOTALS				
TOTAL	1,176,454	150,158.01	119,131.78	31,026.23-
KANSAS CITY TERMINAL RY. CO.				
COMPANY TOTALS				
TOTAL	1,071,504	183,112.53	152,821.11	30,291.42-
KANSAS ELECTRIC POWER COOP.				
COMPANY TOTALS				
TOTAL	37,030,350	1,696,986.55	2,408,886.41	711,899.86
KANSAS GAS & ELECTRIC COMPANY				
COMPANY TOTALS				
TOTAL	447,871,118	33,254,633.10	32,617,360.67	637,272.43-
KANSAS GAS GATHERING CO., INC.				
COMPANY TOTALS				
TOTAL	6,000	665.02	517.27	147.75-
KANSAS GAS SUPPLY CORPORATION				
COMPANY TOTALS				
TOTAL	4,200,000	455,612.34	349,274.23	106,338.11-
KANSAS NATURAL INC. (PHENIX)				
COMPANY TOTALS				
TOTAL	3,450,000	423,590.20	340,627.47	82,962.73-
KANSAS PIPELINE COMPANY L.P.				
COMPANY TOTALS				
TOTAL	1,740,000	223,040.48	168,335.71	54,704.77-

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COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
KANSAS PUBLIC SERVICE COMPANY INC.				
COMPANY TOTALS				
TOTAL	2,025,000	270,302.43	188,330.42	81,972.01-
KAR KALL				
COMPANY TOTALS				
TOTAL	13,500	1,798.07	1,506.22	291.85-
KAW PIPE LINE COMPANY				
COMPANY TOTALS				
TOTAL	2,100,000	239,215.74	180,282.12	58,933.62-
KAW VALLEY ELECTRIC COOP. COMPANY, INC.				
COMPANY TOTALS				
TOTAL	3,540,000	437,662.92	325,232.35	112,430.57-
KIN NETWORK/LIBERTY CELLULAR, INC.				
COMPANY TOTALS				
TOTAL	2,355,000	282,400.76	211,126.72	71,274.04-
KIT COMMUNICATIONS INC.				
COMPANY TOTALS				
TOTAL	15,000	2,346.18	1,921.83	424.35-
KOCH GATHERING SYSTEMS, INC.				
COMPANY TOTALS				
TOTAL	2,100,000	241,253.02	182,692.74	58,560.28-
KDCH PIPELINES INC. (DKIE)				
COMPANY TOTALS				
TOTAL	5,202,139	597,615.89	454,044.62	143,571.27-
KPL GAS SERVICE (ELECTRIC DIV.)				
COMPANY TOTALS				
TOTAL	294,687,590	30,563,846.44	24,968,454.26	5,595,392.18-
KPL GAS SERVICE - GAS DIVISION				
COMPANY TOTALS				
TOTAL	57,430,425	8,052,840.44	6,037,303.93	2,015,536.51-
KYLE RAILROAD CO.				
COMPANY TOTALS				
TOTAL	1,521,182	199,515.47	147,669.78	51,845.69-
LA HARPE TELEPHONE COMPANY INC.				
COMPANY TOTALS				
TOTAL	111,000	20,010.89	15,586.19	4,424.70-

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
LAGG INC.	5,100	550.31	395.71	154.60-
LANE-SCOTT ELECTRIC COOPERATIVE INC.	1,050,000	133,006.08	104,189.57	28,816.51-
LAWRENCE PAGING & MOBILE PHONES	6,000	802.97	560.09	242.88-
LDDS OF KANSAS CITY, INC.	244,508	30,938.58	22,869.81	8,068.77-
LEAVENWORTH-JEFFERSON ELEC., COOP., INC.	2,280,000	271,817.19	205,378.96	66,438.23-
LETT ELECTRONICS INC.	8,700	1,555.98	1,106.27	449.71-
LINCOLN TELEPHONE & TELEGRAPH COMPANY	28,382	3,653.22	2,601.09	1,052.13-
LYON-COFFEY ELECTRIC COOP. INC.	2,850,000	296,651.00	249,302.36	47,348.64-
M & R GAS LINE	900	147.27	105.77	41.50-
MCCAW RCC OF WICHITA, INC.	75,000	10,478.23	6,705.32	3,772.91-
MAC COUNTY GAS INC.	150,000	15,932.00	13,467.94	2,464.06-
MADISON TELEPHONE COMPANY INC.	570,000	99,749.98	79,978.98	19,770.90-

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

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COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
MAGNOLIA MARINE TRANSPORTATION COMPANY				
COMPANY TOTALS				
TOTAL	613	82.37	67.30	15.37-
MAPCO AMMONIA PIPELINE, INC.				
COMPANY TOTALS				
TOTAL	1,910,993	223,865.55	171,899.20	51,966.35-
MAPCO FRACTIONATOR INC.-DIV. MAPCO INC.				
COMPANY TOTALS				
TOTAL	3,450,000	357,022.80	266,415.57	90,607.23-
MCCAW RCC COMMUNICATIONS OF KANSAS CITY				
COMPANY TOTALS				
TOTAL	256,973	34,063.18	26,376.07	7,687.11-
MCF, INC. (MCCAW)				
COMPANY TOTALS				
TOTAL	135,000	18,066.78	12,601.98	5,464.80-
MCI TELECOMMUNICATIONS CORPORATION				
COMPANY TOTALS				
TOTAL	6,038,496	768,444.85	584,338.38	184,106.47-
MEGA NATURAL GAS				
COMPANY TOTALS				
TOTAL	300,000	19,048.93	20,325.15	1,276.22
MERCHANT GRAIN & TRANSPORTATIONS, INC.				
COMPANY TOTALS				
TOTAL	38	5.08	4.13	.95-
MESA OPERATING LIMITED PARTNERSHIP				
COMPANY TOTALS				
TOTAL	1,950,000	108,918.13	110,619.97	1,701.84
MESA OPERATING LIMITED PARTNERSHIP (TEMA)				
COMPANY TOTALS				
TOTAL	2,700,000	164,514.59	159,282.24	5,232.35-
MIAMI PIPE LINE COMPANY				
COMPANY TOTALS				
TOTAL	90,000	12,420.00	8,904.65	3,515.35-
MID AMERICA PIPELINE COMPANY-DIV. MAPCO				
COMPANY TOTALS				
TOTAL	16,611,188	1,933,829.71	1,484,325.31	449,504.40-

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 13

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
MIDAMERICA COMMUNICATIONS CORPORATION				
COMPANY TOTALS				
TOTAL	8,690	1,023.66	756.89	266.97-
MIDWEST CELLULAR (McCAW COMMUNICATIONS)				
COMPANY TOTALS				
TOTAL	2,338,752	297,471.37	226,025.88	71,445.49-
MIDWEST ENERGY (GAS)				
COMPANY TOTALS				
TOTAL	1,200,000	162,341.46	116,836.41	45,505.05-
MIDWEST ENERGY INC.				
COMPANY TOTALS				
TOTAL	29,486,290	3,771,244.12	2,823,133.83	948,110.29-
MIDWEST GRAIN PIPELINE INC.				
COMPANY TOTALS				
TOTAL	330,000	36,609.53	25,977.23	10,632.30-
MIDWEST TELEPHONE SERVICE, INC.				
COMPANY TOTALS				
TOTAL	22,800	3,803.20	2,775.38	1,027.82-
MISSOURI PUBLIC SERV.-UTILICORP UNITED				
COMPANY TOTALS				
TOTAL	18,183,000	1,157,121.68	1,244,861.41	87,739.73
MOBIL OIL CORPORATION (HICKOK FACILITY)				
COMPANY TOTALS				
TOTAL	2,250,000	129,840.55	132,555.91	2,715.36
MOBIL PIPE LINE COMPANY				
COMPANY TOTALS				
TOTAL	1,290,506	156,847.28	125,857.86	30,989.42-
MOBILE RADIO COMMUNICATIONS INC.				
COMPANY TOTALS				
TOTAL	33,000	4,038.75	3,242.41	796.34-
MOBILEPHONE OF WESTERN KANSAS				
COMPANY TOTALS				
TOTAL	7,500	1,198.47	983.73	214.74-
MOBILEPHONE OF KANSAS INC.				
COMPANY TOTALS				
TOTAL	85,500	12,332.19	8,783.05	3,549.14-

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## FVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 14

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
MOKAN DIAL COMPANY INC.	COMPANY TOTALS TOTAL 703,910	90,792.37	69,643.38	21,148.99-
MOUNDRIDGE TELEPHONE COMPANY	COMPANY TOTALS TOTAL 960,000	114,773.84	91,219.17	23,554.67-
MUTOAL TELEPHONE COMPANY	COMPANY TOTALS TOTAL 195,000	26,431.03	21,143.89	5,287.14-
N.C.K. ELECTRIC COOPERATIVE INC.	COMPANY TOTALS TOTAL 1,380,000	195,635.70	148,376.39	47,259.31-
NATIONAL COOPERATIVE REFINERY ASSOC.	COMPANY TOTALS TOTAL 210,000	26,039.60	19,316.10	6,723.50-
NATURAL GAS PIPELINE COMPANY OF AMERICA	COMPANY TOTALS TOTAL 14,477,700	1,907,403.95	1,469,655.96	437,747.99-
NEMAHA PIPELINE CORP. (ENEX)	COMPANY TOTALS TOTAL 67,500	6,632.62	5,215.02	1,417.60-
NEMAHA-MARSHALL ELECTRIC COOP. ASSN. INC	COMPANY TOTALS TOTAL 1,350,000	156,687.74	125,110.91	31,576.83-
NGP PIPELINE COMPANY	COMPANY TOTALS TOTAL 1,122,348	134,855.43	101,744.25	33,111.18-
NINNESCAH RURAL ELECTRIC COOP. ASSN. INC	COMPANY TOTALS TOTAL 1,710,000	199,893.63	157,271.45	42,622.18-
NORFOLK SOUTHERN RAILWAY CO.	COMPANY TOTALS TOTAL 129,870	21,816.23	18,251.56	3,564.67-
NORTH ARMA WATER CORPORATION	COMPANY TOTALS TOTAL 1,950	204.06	164.54	39.52-

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COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
NORTHEAST KANSAS & MISSOURI RAILROAD				
COMPANY TOTALS				
TOTAL	549,988	69,131.77	56,242.61	12,889.16-
NORTHERN NATURAL GAS CO. (ENRON CORP)				
COMPANY TOTALS				
TOTAL	56,393,148	5,751,140.95	4,688,643.40	1,062,497.55-
NORTHWEST KANSAS ELECTRIC COOP ASSN INC				
COMPANY TOTALS				
TOTAL	1,470,000	178,113.35	131,517.95	46,595.40-
NORTHWEST WATER SYSTEM				
COMPANY TOTALS				
TOTAL	6,600	628.10	569.03	59.07-
NORTON-DECATUR COOPERATIVE ELEC. CO. INC				
COMPANY TOTALS				
TOTAL	3,600,000	460,986.76	361,301.21	99,685.55-
UNION CREEK WATER INC.				
COMPANY TOTALS				
TOTAL	5,250	657.92	530.50	127.42-
OSAGE PIPELINE COMPANY, DIV. GETTY OIL				
COMPANY TOTALS				
TOTAL	2,717,220	358,564.71	262,386.01	96,178.70-
OSBORN ADDITION WATER LINE RESERVE				
COMPANY TOTALS				
TOTAL	1,650	157.02	142.26	14.76-
OXY CITIES SERVICE COMPANY - NGL				
COMPANY TOTALS				
TOTAL	900,000	97,366.68	73,586.72	23,779.96-
OXY USA INC. - NGL DIVISION - SPIVEY				
COMPANY TOTALS				
TOTAL	231,000	26,376.38	20,032.45	6,343.93-
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COMPANY TOTALS				
TOTAL	18,000	2,757.24	1,974.42	782.82-
PAN GAS STORAGE COMPANY (SOUTHWEST GAS)				
COMPANY TOTALS				
TOTAL	11,700,000	1,119,385.80	900,361.80	219,024.00-

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## FVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

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COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
PANHANDLE EASTERN PIPELINE COMPANY	COMPANY TOTALS TOTAL 37,148,283	3,518,502.02	2,876,516.88	641,985.14-
PARSONS MOBILE PAGING INC.	COMPANY TOTALS TOTAL 12,900	2,688.19	1,802.09	886.10-
PEOPLES MUTUAL TELEPHONE COMPANY	COMPANY TOTALS TOTAL 735,000	67,491.97	61,376.48	6,115.49-
PEOPLES NATURAL GAS COMPANY	COMPANY TOTALS TOTAL 8,584,167	1,093,976.54	829,777.36	264,199.18-
PHILLIPS PIPE LINE COMPANY	COMPANY TOTALS TOTAL 15,168,433	1,931,375.31	1,511,819.54	419,555.77-
PIONEER ELECTRIC COOPERATIVE INC.	COMPANY TOTALS TOTAL 6,960,000	463,197.11	445,403.81	17,793.30-
PIONEER TELEPHONE ASSOCIATION INC.	COMPANY TOTALS TOTAL 9,600,000	803,342.64	781,832.62	21,510.02-
PLATTE PIPE LINE COMPANY	COMPANY TOTALS TOTAL 1,588,636	195,719.17	154,536.25	41,182.92-
PONDEROSA RESOURCE CO.	COMPANY TOTALS TOTAL 52,500	7,280.10	5,473.05	1,807.05-
PR&W ELECTRIC COOP., ASSN., INC.	COMPANY TOTALS TOTAL 1,275,000	151,940.61	115,028.88	36,911.73-
RADIANT ELECTRIC COOPERATIVE INC.	COMPANY TOTALS TOTAL 1,350,000	179,059.97	146,098.95	32,961.02-
RAINBOW TELEPHONE COOP. ASSN. INC.	COMPANY TOTALS TOTAL 930,000	121,457.71	94,446.30	27,011.41-

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PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
RAMSEY TRANSPORTATION COMPANY, INC.				
COMPANY TOTALS				
TOTAL	15	2.13	1.74	.39-
RIVER CITY USA				
COMPANY TOTALS				
TOTAL	540,000	94,407.56	78,415.54	15,992.02-
RIVERSIDE PIPELINE COMPANY, L.P.				
COMPANY TOTALS				
TOTAL	236,101	42,125.61	35,451.04	6,674.57-
RURAL TELEPHONE SERVICE COMPANY INC.				
COMPANY TOTALS				
TOTAL	6,600,000	903,777.40	714,936.96	188,840.44-
S & A TELEPHONE COMPANY INC.				
COMPANY TOTALS				
TOTAL	390,000	48,754.05	37,489.07	11,264.98-
S & T TELEPHONE COOPERATIVE ASSN.				
COMPANY TOTALS				
TOTAL	2,285,311	288,538.72	211,632.17	76,906.55-
S.T. PAGING				
COMPANY TOTALS				
TOTAL	33,000	5,163.87	3,812.86	1,351.01-
SANDOTT LUMBER				
COMPANY TOTALS				
TOTAL	7,500	1,047.65	791.38	256.27-
SANTA FE MINERALS C/O PROPERTY TAX SVC.				
COMPANY TOTALS				
TOTAL	30,000	2,889.03	2,175.58	713.45-
SCOTSMAN ESTATES ASSN., INC.				
COMPANY TOTALS				
TOTAL	3,000	309.03	279.03	30.00-
SEDGWICK COUNTY ELECTRIC COOP. ASSN. INC				
COMPANY TOTALS				
TOTAL	1,920,000	240,302.98	167,620.76	72,682.22-
SEKAN ELECTRIC COOPERATIVE ASSN., INC.				
COMPANY TOTALS				
TOTAL	1,380,000	152,860.03	124,418.17	28,441.86-

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 19

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
STAR COMMUNICATIONS INC.	1,800	204.90	191.01	13.89-
COMPANY TOTALS TOTAL				
STROUD OIL PROPERTIES	6,000	843.39	639.79	203.60-
COMPANY TOTALS TOTAL				
SUBURBAN WATER	75,000	8,563.10	5,718.35	2,844.75-
COMPANY TOTALS TOTAL				
SUMNER-COWLEY ELECTRIC COOP., INC.	2,610,000	351,612.93	251,436.61	100,176.32-
COMPANY TOTALS TOTAL				
SUNFLOWER ANSWERING SERVICE	7,500	1,148.85	822.68	326.17-
COMPANY TOTALS TOTAL				
SUNFLOWER ELECTRIC COOPERATIVE INC.	53,161,798	4,819,228.47	4,554,310.36	264,918.11-
COMPANY TOTALS TOTAL				
SUNFLOWER TELEPHONE COMPANY INC.	2,576,604	356,207.87	275,354.17	80,853.70-
COMPANY TOTALS TOTAL				
SUNRISE ENERGY CORPORATION (REPUBLIC)	600,000	70,282.30	56,014.73	14,267.57-
COMPANY TOTALS TOTAL				
SYCAMORE VALLEY GATHERING, LTD.	37,500	4,800.87	4,410.18	390.69-
COMPANY TOTALS TOTAL				
TEAM ELECTRONICS	21,000	3,171.21	2,395.47	775.74-
COMPANY TOTALS TOTAL				
TEXACO PIPELINE INC. (GETTY, WESCO)	3,644,112	424,976.99	328,772.04	96,204.95-
COMPANY TOTALS TOTAL				
TEXACO PRODUCING, INC (KS GAS GATH. SYSTEM)	120,000	15,298.33	11,356.16	3,942.17-
COMPANY TOTALS TOTAL				

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 20

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
TEXACO TRADING & TRAN. INC. (GCGI-OIL)				
COMPANY TOTALS				
TOTAL	2,400,000	282,814.16	218,433.78	64,380.38-
THE COMMUNIGROUP OF KANSAS CITY, INC.				
COMPANY TOTALS				
TOTAL	261,165	24,776.20	22,438.77	2,337.43-
TOPEKA CELLULAR TELEPHONE CO.				
COMPANY TOTALS				
TOTAL	150,000	27,286.50	19,069.50	8,217.00-
TOPEKA SMSA LIMITED				
COMPANY TOTALS				
TOTAL	180,000	32,743.80	22,883.40	9,860.40-
TOTAH TELEPHONE COMPANY INC.				
COMPANY TOTALS				
TOTAL	813,458	107,701.54	90,249.02	17,452.52-
TOTAL PIPELINE CORP. (POTWIN)				
COMPANY TOTALS				
TOTAL	81,042	10,294.74	7,397.66	2,897.08-
TOTAL PIPELINE CORPORATION				
COMPANY TOTALS				
TOTAL	271,102	37,284.91	26,105.82	11,179.09-
TRANSWAVE COMMUNICATIONS CORP.				
COMPANY TOTALS				
TOTAL	25,835	3,112.23	2,395.59	716.64-
TRI-COUNTY TELEPHONE ASSN., INC.				
COMPANY TOTALS				
TOTAL	1,875,000	217,172.32	166,221.69	50,950.63-
TUTTLE CREEK WATER				
COMPANY TOTALS				
TOTAL	3,300	394.44	245.38	149.06-
TWIN COUNTY GAS CO., INC.				
COMPANY TOTALS				
TOTAL	48,000	7,715.05	5,654.14	2,060.91-
TWIN VALLEY ELECTRIC COOP., INC.				
COMPANY TOTALS				
TOTAL	840,000	106,374.66	81,354.21	25,020.45-

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 21

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
TWIN VALLEY TELEPHONE INC.	COMPANY TOTALS TOTAL 1,350,000	210,711.06	182,944.25	27,766.81-
TWO WAY RADIO COMM. CO. OF KANSAS INC.	COMPANY TOTALS TOTAL 44,900	6,142.55	4,739.48	1,403.07-
U.S. SPRINT	COMPANY TOTALS TOTAL 17,103,000	1,974,512.78	1,636,307.85	338,204.93-
UNION CARBIDE CORPORATION	COMPANY TOTALS TOTAL 37,500	3,456.19	2,945.36	510.83-
UNION PACIFIC / MISSOURI PACIFIC RR. CO.	COMPANY TOTALS TOTAL 63,583,414	7,987,214.29	6,104,732.75	1,882,481.54-
UNITED CITIES GAS	COMPANY TOTALS TOTAL 10,092,078	1,549,749.13	1,142,623.16	407,125.97-
UNITED CITIES GAS STORAGE	COMPANY TOTALS TOTAL 881,567	110,094.45	94,954.18	15,140.27-
UNITED ELECTRIC COOPERATIVE INC.	COMPANY TOTALS TOTAL 2,475,000	291,339.85	224,337.42	67,002.43-
UNITED TELEPHONE ASSOCIATION INC.	COMPANY TOTALS TOTAL 4,200,000	572,843.45	458,323.09	114,520.36-
UNITED TELEPHONE COMPANY OF KANSAS INC.	COMPANY TOTALS TOTAL 21,000,000	2,772,415.56	2,191,511.10	580,904.46-
UNITED TELEPHONE OF ARKANSAS	COMPANY TOTALS TOTAL 4,650,000	580,918.26	474,044.79	106,873.47-
UNITED TELEPHONE OF IOWA	COMPANY TOTALS TOTAL 18,600,000	2,307,015.19	1,810,788.53	496,226.66-

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## PVD DATA AGAINST LEVIES SUPPLIED FROM COUNTY (.29) STATEWIDE

PAGE 22

COMPANY NAME	ASSESSED VALUATION	1991 TAXES	PROPOSED TAXES	DIFFERENCE
UNITED TELEPHONE OF MISSOURI				
COMPANY TOTALS				
TOTAL	1,321,173	143,137.77	122,884.07	20,253.70-
VALLEYWOOD IMPROVEMENT DISTRICT				
COMPANY TOTALS				
TOTAL	4,200	502.02	312.30	189.72-
VALU-LINE OF KANSAS, INC.				
COMPANY TOTALS				
TOTAL	98,571	15,629.32	12,234.81	3,394.51-
VICTORY ELECTRIC COOP., ASSN., INC.				
COMPANY TOTALS				
TOTAL	2,040,000	270,504.86	201,765.23	68,739.63-
WACO PIPELINE SYSTEM				
COMPANY TOTALS				
TOTAL	40,500	4,851.85	4,088.02	763.63-
WAMEGO TELEPHONE COMPANY INC.				
COMPANY TOTALS				
TOTAL	1,170,000	151,308.45	119,479.71	31,828.74-
WESTERN COOPERATIVE ELECTRIC ASSN., INC.				
COMPANY TOTALS				
TOTAL	3,240,000	377,500.48	295,115.81	82,384.67-
WESTERN FARMERS ELECTRIC COOP.				
COMPANY TOTALS				
TOTAL	35,616	4,147.74	3,380.21	767.53-
WESTERN POWER-CENTEL CORPORATION				
COMPANY TOTALS				
TOTAL	47,454,750	5,514,194.98	4,452,335.24	1,061,859.74-
WESTERN UNION TELEGRAPH COMPANY				
COMPANY TOTALS				
TOTAL	7,449	1,158.82	786.28	372.54-
WHEAT STATE TELEPHONE COMPANY INC.				
COMPANY TOTALS				
TOTAL	1,140,000	169,477.67	127,603.07	41,874.60-
WHEATLAND ELECTRIC COOPERATIVE INC.				
COMPANY TOTALS				
TOTAL	12,589,907	1,348,204.54	1,087,652.21	260,552.33-

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Motor Vehicle Property Tax - Impact by County of HB 2892

<u>COUNTY</u>	<u>CURRENT LAW</u>	<u>HB 2892</u>	<u>Difference</u>	<u>% Change</u>
ALLEN	\$1,697,467	\$1,304,617	(\$392,850)	(23.14%)
ANDERSON	\$868,803	\$715,063	(\$153,740)	(17.70%)
ATCHISON	\$1,712,583	\$1,314,006	(\$398,577)	(23.27%)
BARBER	\$667,975	\$551,285	(\$116,690)	(17.47%)
BOURBON	\$1,627,332	\$1,281,655	(\$345,677)	(21.24%)
BROWN	\$1,151,824	\$895,622	(\$256,202)	(22.24%)
BARTON	\$3,970,947	\$3,116,058	(\$854,889)	(21.53%)
BUTLER	\$6,422,826	\$4,770,636	(\$1,652,190)	(25.72%)
CLARK	\$326,444	\$272,138	(\$54,306)	(16.64%)
CLOUD	\$1,494,374	\$1,199,519	(\$294,855)	(19.73%)
COFFEY	\$423,387	\$575,755	\$152,368	35.99%
CHEROKEE	\$1,737,914	\$1,440,635	(\$297,279)	(17.11%)
COWLEY	\$4,472,278	\$3,307,080	(\$1,165,198)	(26.05%)
COMANCHE	\$319,763	\$261,498	(\$58,265)	(18.22%)
CHEYENNE	\$368,783	\$280,572	(\$88,211)	(23.92%)
CHAUTAUQUA	\$464,732	\$417,344	(\$47,388)	(10.20%)
CRAWFORD	\$3,485,882	\$2,776,701	(\$709,181)	(20.34%)
CHASE	\$305,735	\$253,247	(\$52,488)	(17.17%)
CLAY	\$1,006,622	\$845,781	(\$160,841)	(15.98%)
DECATUR	\$464,339	\$368,716	(\$95,623)	(20.59%)
DOUGLAS	\$8,221,464	\$5,738,640	(\$2,482,824)	(30.20%)
DICKINSON	\$2,020,117	\$1,479,050	(\$541,067)	(26.78%)
DONIPHAN	\$830,407	\$717,166	(\$113,241)	(13.64%)
EDWARDS	\$488,337	\$383,547	(\$104,790)	(21.46%)
ELK	\$355,507	\$316,205	(\$39,302)	(11.06%)
ELLIS	\$2,908,761	\$2,006,405	(\$902,356)	(31.02%)
ELLSWORTH	\$772,138	\$541,118	(\$231,020)	(29.92%)
FINNEY	\$3,103,806	\$2,543,607	(\$560,199)	(18.05%)
FORD	\$3,394,270	\$2,510,940	(\$883,330)	(26.02%)
FRANKLIN	\$2,380,032	\$1,918,602	(\$461,430)	(19.39%)
GEARY	\$1,884,504	\$1,500,876	(\$383,628)	(20.36%)
GRAHAM	\$434,017	\$349,558	(\$84,459)	(19.46%)
GREELEY	\$180,419	\$155,543	(\$24,876)	(13.79%)
GOVE	\$396,112	\$287,713	(\$108,399)	(27.37%)
GRANT	\$538,458	\$525,117	(\$13,341)	(2.48%)
GREENWOOD	\$1,006,950	\$826,690	(\$180,260)	(17.90%)
GRAY	\$714,462	\$558,349	(\$156,113)	(21.85%)
HODGEMAN	\$323,922	\$253,406	(\$70,516)	(21.77%)
HAMILTON	\$265,063	\$236,813	(\$28,250)	(10.66%)
HARPER	\$873,847	\$673,771	(\$200,076)	(22.90%)
HASKELL	\$335,744	\$306,349	(\$29,395)	(8.76%)
HARVEY	\$3,590,178	\$2,538,935	(\$1,051,243)	(29.28%)
JACKSON	\$1,088,564	\$930,091	(\$158,473)	(14.56%)
JEFFERSON	\$1,778,663	\$1,416,630	(\$362,033)	(20.35%)
JOHNSON	\$56,375,479	\$44,526,277	(\$11,849,202)	(21.02%)
JEWELL	\$518,186	\$383,189	(\$134,997)	(26.05%)
KEARNY	\$285,675	\$282,057	(\$3,618)	(1.27%)
KINGMAN	\$960,352	\$722,472	(\$237,880)	(24.77%)
KIOWA	\$391,103	\$296,149	(\$94,954)	(24.28%)
LABETTE	\$2,715,959	\$1,995,900	(\$720,059)	(26.51%)
LINCOLN	\$433,898	\$354,727	(\$79,171)	(18.25%)
LANE	\$377,188	\$301,909	(\$75,279)	(19.96%)
LOGAN	\$367,361	\$262,269	(\$105,092)	(28.61%)
LINN	\$589,275	\$514,541	(\$74,734)	(12.68%)

Motor Vehicle Property Tax - Impact by County, of HB 2892

<u>COUNTY</u>	<u>CURRENT LAW</u>	<u>HB 2892</u>	<u>Difference</u>	<u>% Change</u>
LEAVENWORTH	\$5,742,489	\$4,149,688	(\$1,592,801)	(27.74%)
LYON	\$3,697,639	\$2,821,689	(\$875,950)	(23.69%)
MITCHELL	\$929,099	\$731,917	(\$197,182)	(21.22%)
MEADE	\$505,208	\$408,424	(\$96,784)	(19.16%)
MONTGOMERY	\$4,473,198	\$3,615,101	(\$858,097)	(19.18%)
MIAMI	\$3,030,975	\$2,268,535	(\$762,440)	(25.15%)
MARION	\$1,240,365	\$965,711	(\$274,654)	(22.14%)
MCPHERSON	\$3,260,998	\$2,389,967	(\$871,031)	(26.71%)
MORRIS	\$690,148	\$566,145	(\$124,003)	(17.97%)
MARSHALL	\$1,319,298	\$1,065,262	(\$254,036)	(19.26%)
MORTON	\$314,724	\$311,813	(\$2,911)	(0.92%)
NEMAHA	\$1,095,467	\$902,882	(\$192,585)	(17.58%)
NEOSHO	\$2,296,615	\$1,759,436	(\$537,179)	(23.39%)
NESS	\$504,966	\$403,402	(\$101,564)	(20.11%)
NORTON	\$678,097	\$526,840	(\$151,257)	(22.31%)
OSBORNE	\$564,075	\$442,179	(\$121,896)	(21.61%)
OSAGE	\$1,544,557	\$1,240,402	(\$304,155)	(19.69%)
OTTAWA	\$667,300	\$571,837	(\$95,463)	(14.31%)
PHILLIPS	\$773,876	\$611,546	(\$162,330)	(20.98%)
PAWNEE	\$863,967	\$652,603	(\$211,364)	(24.46%)
PRATT	\$1,331,520	\$1,062,425	(\$269,095)	(20.21%)
POTTAWATOMIE	\$1,205,510	\$1,144,622	(\$60,888)	(5.05%)
RAWLINS	\$434,634	\$325,638	(\$108,996)	(25.08%)
RICE	\$1,159,370	\$905,835	(\$253,535)	(21.87%)
RUSH	\$426,171	\$359,947	(\$66,224)	(15.54%)
RILEY	\$4,647,546	\$3,266,461	(\$1,381,085)	(29.72%)
RENO	\$7,835,227	\$5,767,512	(\$2,067,715)	(26.39%)
ROOKS	\$707,142	\$602,024	(\$105,118)	(14.87%)
REPUBLIC	\$777,294	\$581,571	(\$195,723)	(25.18%)
RUSSELL	\$1,009,509	\$705,060	(\$304,449)	(30.16%)
SALINE	\$5,672,000	\$3,897,814	(\$1,774,186)	(31.28%)
SCOTT	\$707,728	\$544,344	(\$163,384)	(23.09%)
SHERIDAN	\$389,482	\$307,632	(\$81,850)	(21.02%)
STAFFORD	\$578,654	\$465,613	(\$113,041)	(19.54%)
SEDGWICK	\$52,068,853	\$33,109,302	(\$18,959,551)	(36.41%)
SHERMAN	\$751,990	\$583,599	(\$168,391)	(22.39%)
SMITH	\$661,701	\$476,453	(\$185,248)	(28.00%)
SHAWNEE	\$22,933,042	\$16,603,546	(\$6,329,496)	(27.60%)
STANTON	\$273,434	\$254,068	(\$19,366)	(7.08%)
SUMNER	\$2,826,425	\$2,083,831	(\$742,594)	(26.27%)
STEVENS	\$268,706	\$336,699	\$67,993	25.30%
SEWARD	\$1,871,414	\$1,470,083	(\$401,331)	(21.45%)
THOMAS	\$948,288	\$765,965	(\$182,323)	(19.23%)
TREGO	\$408,067	\$346,452	(\$61,615)	(15.10%)
WALLACE	\$220,349	\$158,090	(\$62,259)	(28.25%)
WABAUNSEE	\$660,090	\$494,092	(\$165,998)	(25.15%)
WICHITA	\$355,461	\$251,501	(\$103,960)	(29.25%)
WILSON	\$1,063,567	\$899,986	(\$163,581)	(15.38%)
WOODSON	\$417,754	\$365,004	(\$52,750)	(12.63%)
WASHINGTON	\$717,966	\$573,536	(\$144,430)	(20.12%)
WYANDOTTE	\$17,482,319	\$14,318,593	(\$3,163,726)	(18.10%)
TOTAL	\$298,894,502	\$223,735,216	(\$75,159,286)	(25.15%)

**Proposed Tax Rates**

Married:	\$0 - \$30	3.65%
	\$30 - \$60	6.10%
	\$60 - Over	7.00%
Single:	\$0 - \$20	4.55%
	\$20 - \$30	7.25%
	\$30 - Over	7.90%

**Kansas Department Of Revenue**  
**Individual Income Tax In Tax Year 1992**  
**Resident Taxpayers**  
 Liability Dollars are in Millions

SIMULATION 0139

**Proposed Changes:**  
 Elimination of the Federal Deductibility Option  
 Conformity to Federal Standard Deduction Amounts

	Current	Proposed
Married Filing Joint	\$5,000	\$5,900
Single	\$3,000	\$3,500
Head of Household	\$4,400	\$5,000
Married Filing Separate	\$2,500	\$2,950

Married							Single					Total Residents				
K.A.G.I. Bracket	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate		No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
No K.A.G.I.	5,835	0.0%	\$0.0	\$0.00	0.0%		4,728	0.0%	\$0.0	\$0.00	0.0%	10,563	0.0%	\$0.0	\$0.00	0.0%
\$0 \$5	12,072	0.0%	\$0.0	\$0.00	0.0%		110,563	-46.1%	(\$0.5)	(\$4.48)	0.2%	122,636	-46.1%	(\$0.5)	(\$4.04)	0.2%
\$5 \$15	58,048	-20.3%	(\$0.5)	(\$8.23)	0.3%		168,209	-8.1%	(\$2.4)	(\$14.09)	1.6%	226,258	-9.0%	(\$2.8)	(\$12.59)	1.2%
\$15 \$25	79,879	-5.5%	(\$1.4)	(\$17.36)	1.4%		97,787	-2.6%	(\$1.4)	(\$14.43)	2.7%	177,666	-3.5%	(\$2.8)	(\$15.75)	2.1%
\$25 \$35	79,175	-3.5%	(\$1.8)	(\$22.46)	1.9%		52,515	7.4%	\$3.7	\$69.94	3.3%	131,690	1.9%	\$1.9	\$14.39	2.5%
\$35 \$50	112,676	1.3%	\$1.5	\$13.49	2.3%		31,388	19.0%	\$8.7	\$277.03	4.1%	144,064	6.4%	\$10.2	\$70.91	2.7%
\$50 \$100	135,513	14.4%	\$37.9	\$279.50	3.2%		15,091	27.7%	\$10.3	\$684.46	4.8%	150,604	16.1%	\$48.2	\$320.08	3.3%
\$100 Over	23,742	35.7%	\$64.0	\$2,695.81	4.8%		2,414	36.7%	\$8.0	\$3,297.77	6.0%	26,157	35.8%	\$72.0	\$2,751.38	4.9%
<b>Total</b>	<b>506,942</b>	<b>15.8%</b>	<b>\$99.8</b>	<b>\$196.79</b>	<b>3.0%</b>		<b>482,696</b>	<b>11.0%</b>	<b>\$26.4</b>	<b>\$54.66</b>	<b>3.1%</b>	<b>989,638</b>	<b>14.5%</b>	<b>\$126.1</b>	<b>\$127.46</b>	<b>3.1%</b>

**Current Law Tax Rates**

**Fiscal Impact:**

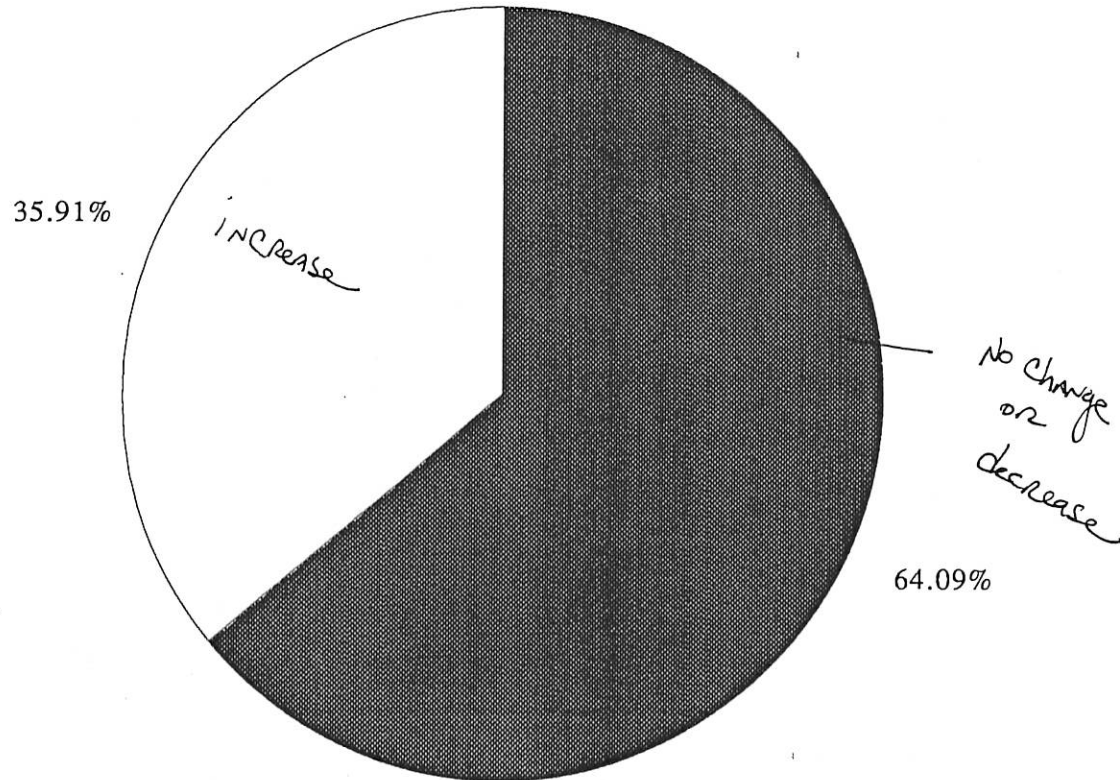
All Taxpayers:	\$138.0
Residents Only:	\$126.1
Married Residents:	\$99.8
Single Residents:	\$26.4
Non-Residents:	\$11.9

	With Federal Deductibility			No Federal Deductibility	
Married:	\$0 - \$20	4.75%		\$0 - \$35	3.65%
	\$20 - \$35	5.00%		\$35 - Over	5.15%
	\$35 - \$45	8.50%			
	\$45 - Over	8.75%			
Single:	\$0 - \$2	4.75%		\$0 - \$27.5	4.50%
	\$2 - \$10	5.60%		\$27.5 - Over	5.95%
	\$10 - \$20	5.75%			
	\$20 - \$30	8.50%			
	\$30 - Over	8.75%			

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Attachment 7

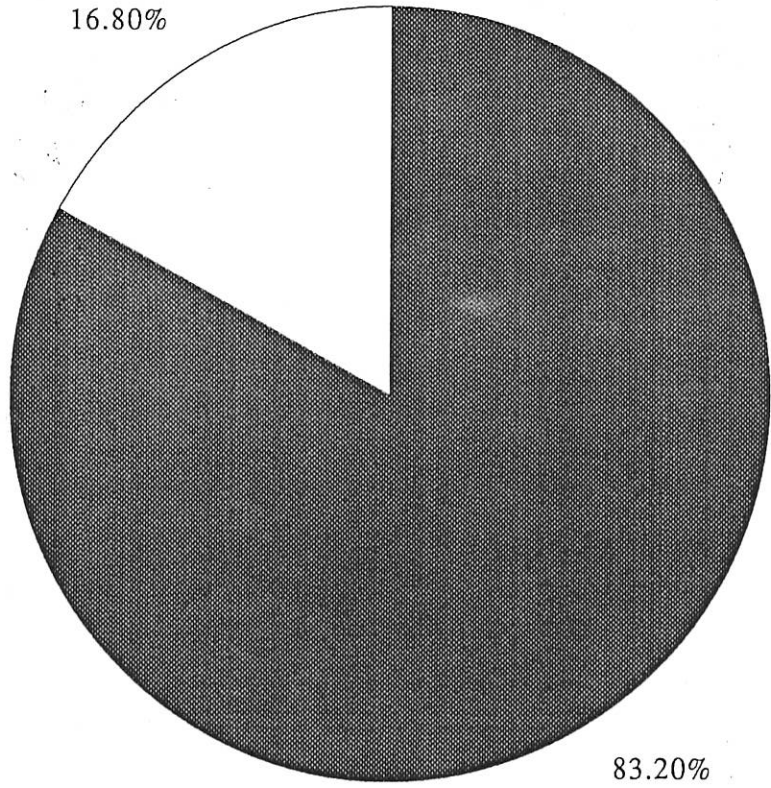
Kansas Department of Revenue  
Married Filing Joint Income Taxpayers Impacted by HB 2892



■ No Change or Decrease    □ Increase

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Kansas Department of Revenue  
Single (Individuals, Head of Household) Income Taxpayers Impacted by HB 2892



■ No Change or Decrease    □ Increase

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Department of Revenue  
 1990 Resident Individual Income Tax Statistics

No K.A.G.I.		Returns	Returns Itemizing	K.A.G.I.	Tax Liability
		22,283	3,302	\$0	\$0
\$0 -	\$2,000	34,747	3,940	\$37,832,308	\$251,927
\$2,000 -	\$3,000	21,179	2,534	\$53,307,684	\$208,896
\$3,000 -	\$4,000	21,965	3,049	\$76,785,265	\$480,018
\$4,000 -	\$5,000	46,079	3,502	\$219,250,667	\$417,624
\$5,000 -	\$6,000	40,590	4,069	\$220,681,295	\$890,388
\$6,000 -	\$7,000	30,303	4,750	\$196,944,978	\$1,550,865
\$7,000 -	\$10,000	79,372	16,880	\$673,538,588	\$7,393,852
\$10,000 -	\$14,000	93,683	25,118	\$1,120,006,499	\$16,669,858
\$14,000 -	\$20,000	120,649	35,170	\$2,040,862,009	\$40,215,098
\$20,000 -	\$25,000	81,893	25,779	\$1,836,152,649	\$41,174,647
\$25,000 -	\$30,000	71,602	24,464	\$1,966,012,568	\$45,998,074
\$30,000 -	\$35,000	63,646	24,728	\$2,065,847,625	\$49,690,058
\$35,000 -	\$40,000	55,409	25,165	\$2,073,389,915	\$50,842,241
\$40,000 -	\$50,000	83,462	46,733	\$3,727,077,720	\$93,269,113
\$50,000 -	\$60,000	54,175	37,350	\$2,958,401,097	\$78,443,924
\$60,000 -	\$75,000	42,535	33,229	\$2,825,135,897	\$79,968,235
\$75,000 -	\$100,000	25,194	21,106	\$2,140,580,641	\$63,591,371
\$100,000 -	\$200,000	16,918	14,860	\$2,227,191,622	\$72,431,077
\$200,000 -	\$300,000	2,990	2,710	\$720,751,134	\$24,894,475
\$300,000 -	\$500,000	1,839	1,712	\$696,782,870	\$25,069,302
\$500,000 -	\$750,000	635	591	\$378,406,782	\$13,967,984
\$750,000 -	\$1,000,000	227	212	\$195,499,025	\$6,732,116
\$1,000,000 -	\$2,500,000	319	305	\$464,940,510	\$15,962,517
\$2,500,000 -	\$5,000,000	62	59	\$201,244,982	\$6,041,788
\$5,000,000 -	\$10,000,000	16	15	\$95,156,589	\$3,272,609
\$10,000,000 -	Over	14	10	\$360,002,027	\$6,941,953
		1,011,786	361,342	\$29,571,782,946	\$746,370,009

No K.A.G.I.		Percent of Total Returns	Returns Itemizing	Percent of Total K.A.G.I.	Percent of Total Tax Liability
		2.202%	14.82%	0.000%	0.000%
\$0 -	\$2,000	3.434%	11.34%	0.128%	0.034%
\$2,000 -	\$3,000	2.093%	11.96%	0.180%	0.028%
\$3,000 -	\$4,000	2.171%	13.88%	0.260%	0.064%
\$4,000 -	\$5,000	4.554%	7.60%	0.741%	0.056%
\$5,000 -	\$6,000	4.012%	10.02%	0.746%	0.119%
\$6,000 -	\$7,000	2.995%	15.68%	0.666%	0.208%
\$7,000 -	\$10,000	7.845%	21.27%	2.278%	0.991%
\$10,000 -	\$14,000	9.259%	26.81%	3.787%	2.233%
\$14,000 -	\$20,000	11.924%	29.15%	6.901%	5.388%
\$20,000 -	\$25,000	8.094%	31.48%	6.209%	5.517%
\$25,000 -	\$30,000	7.077%	34.17%	6.648%	6.163%
\$30,000 -	\$35,000	6.290%	38.85%	6.986%	6.658%
\$35,000 -	\$40,000	5.476%	45.42%	7.011%	6.812%
\$40,000 -	\$50,000	8.249%	55.99%	12.603%	12.496%
\$50,000 -	\$60,000	5.354%	68.94%	10.004%	10.510%
\$60,000 -	\$75,000	4.204%	78.12%	9.553%	10.714%
\$75,000 -	\$100,000	2.490%	83.77%	7.239%	8.520%
\$100,000 -	\$200,000	1.672%	87.84%	7.531%	9.704%
\$200,000 -	\$300,000	0.296%	90.64%	2.437%	3.335%
\$300,000 -	\$500,000	0.182%	93.09%	2.356%	3.359%
\$500,000 -	\$750,000	0.063%	93.07%	1.280%	1.871%
\$750,000 -	\$1,000,000	0.022%	93.39%	0.661%	0.902%
\$1,000,000 -	\$2,500,000	0.032%	95.61%	1.572%	2.139%
\$2,500,000 -	\$5,000,000	0.006%	95.16%	0.681%	0.809%
\$5,000,000 -	\$10,000,000	0.002%	93.75%	0.322%	0.438%
\$10,000,000 -	Over	0.001%	71.43%	1.217%	0.930%
		100.00%	35.71%	100.000%	100.000%



Cummulative		Percent of	Percent of	Percent of
No K.A.G.I.		Total Returns	Total K.A.G.I.	Total Tax Liability
		2.202%	0.000%	0.000%
\$0 -	\$2,000	5.637%	0.128%	0.034%
\$2,000 -	\$3,000	7.730%	0.308%	0.062%
\$3,000 -	\$4,000	9.901%	0.568%	0.126%
\$4,000 -	\$5,000	14.455%	1.309%	0.182%
\$5,000 -	\$6,000	18.467%	2.056%	0.301%
\$6,000 -	\$7,000	21.462%	2.722%	0.509%
\$7,000 -	\$10,000	29.306%	4.999%	1.500%
\$10,000 -	\$14,000	38.566%	8.787%	3.733%
\$14,000 -	\$20,000	50.490%	15.688%	9.121%
\$20,000 -	\$25,000	58.584%	21.897%	14.638%
\$25,000 -	\$30,000	65.661%	28.545%	20.801%
\$30,000 -	\$35,000	71.951%	35.531%	27.458%
\$35,000 -	\$40,000	77.427%	42.543%	34.270%
\$40,000 -	\$50,000	85.676%	55.146%	46.767%
\$50,000 -	\$60,000	91.031%	65.150%	57.277%
\$60,000 -	\$75,000	95.235%	74.704%	67.991%
\$75,000 -	\$100,000	97.725%	81.942%	76.511%
\$100,000 -	\$200,000	99.397%	89.474%	86.216%
\$200,000 -	\$300,000	99.692%	91.911%	89.551%
\$300,000 -	\$500,000	99.874%	94.267%	92.910%
\$500,000 -	\$750,000	99.937%	95.547%	94.781%
\$750,000 -	\$1,000,000	99.959%	96.208%	95.683%
\$1,000,000 -	\$2,500,000	99.991%	97.780%	97.822%
\$2,500,000 -	\$5,000,000	99.997%	98.461%	98.631%
\$5,000,000 -	\$10,000,000	99.999%	98.783%	99.070%
\$10,000,000 -	Over	100.000%	100.000%	100.000%

**Married Filing Joint: no children -- Itemizing their Deductions**

	Current Law	HB 2892	Difference
K.A.G.I.	\$40,000	\$40,000	
Standard or Itemized Deductions	\$7,080	\$7,080	
Personal Exemptions	\$4,000	\$4,000	
Taxable Income	\$28,920	\$28,920	
Tax Liability	\$1,056	\$1,056	\$0
Assume a \$60,000 home located in Johnson County			
Property Tax	\$852	\$672	(\$180)
Assume a 1992 Corsica and a 1983 Celebrity			
Property Tax	\$384	\$303	(\$81)
Net Impact			(\$261)
Net Impact without a Home			(\$81)

**Married Filing Joint: no children -- Using Standard Deductions**

	Current Law	HB 2892	Difference
K.A.G.I.	\$40,000	\$40,000	
Standard or Itemized Deductions	\$5,000	\$5,900	
Personal Exemptions	\$4,000	\$4,000	
Taxable Income	\$31,000	\$30,100	
Tax Liability	\$1,132	\$1,099	(\$33)
Assume a \$60,000 home located in Johnson County			
Property Tax	\$852	\$672	(\$180)
Assume a 1992 Corsica and a 1983 Celebrity			
Property Tax	\$384	\$303	(\$81)
Net Impact			(\$294)
Net Impact without a Home			(\$114)

**Married Filing Joint: 2 children -- Itemizing their Deductions**

	Current Law	HB 2892	Difference
K.A.G.I.	\$50,000	\$50,000	
Standard or Itemized Deductions	\$8,600	\$8,600	
Personal Exemptions	\$8,000	\$8,000	
Taxable Income	\$33,400	\$33,400	
Tax Liability	\$1,219	\$1,302	\$83
Assume a \$75,000 home located in Johnson County			
Property Tax	\$1,065	\$840	(\$225)
Assume a 1992 Corsica and a 1985 Park Avenue			
Property Tax	\$456	\$360	(\$96)
Net Impact			(\$238)
Net Impact without a Home			(\$13)

**Married Filing Joint: 2 children -- Using Standard Deductions**

	Current Law	HB 2892	Difference
K.A.G.I.	\$50,000	\$50,000	
Standard or Itemized Deductions	\$5,000	\$5,900	
Personal Exemptions	\$4,000	\$4,000	
Taxable Income	\$41,000	\$40,100	
Tax Liability	\$1,587	\$1,711	\$124
Assume a \$75,000 home located in Johnson County			
Property Tax	\$1,065	\$840	(\$225)
Assume a 1992 Corsica and a 1985 Park Avenue			
Property Tax	\$456	\$360	(\$96)
Net Impact			(\$197)
Net Impact without a Home			\$28

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Married Filing Joint: 2 children -- Itemizing their Deductions

	Current Law	HB 2892	Difference
K.A.G.I.	\$65,000	\$65,000	
Standard or Itemized Deductions	\$10,800	\$10,800	
Personal Exemptions	\$8,000	\$8,000	
Taxable Income	\$46,200	\$46,200	
Tax Liability	\$1,855	\$2,083	\$228
Assume a \$95,000 home located in Johnson County			
Property Tax	\$1,349	\$1,064	(\$285)
Assume a 1992 Corsica and a 1985 Park Avenue			
Property Tax	\$456	\$360	(\$96)
Net Impact			(\$152)
Net Impact without a Home			\$132

Married Filing Joint: 2 children -- Using Standard Deductions

	Current Law	HB 2892	Difference
K.A.G.I.	\$65,000	\$65,000	
Standard or Itemized Deductions	\$5,000	\$5,900	
Personal Exemptions	\$4,000	\$4,000	
Taxable Income	\$56,000	\$55,100	
Tax Liability	\$2,360	\$2,626	\$267
Assume a \$95,000 home located in Johnson County			
Property Tax	\$1,349	\$1,064	(\$285)
Assume a 1992 Corsica and a 1985 Park Avenue			
Property Tax	\$456	\$360	(\$96)
Net Impact			(\$114)
Net Impact without a Home			\$171

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**Married Filing Joint: 2 children -- Itemizing their Deductions**

	Current Law	HB 2892	Difference
K.A.G.I.	\$90,000	\$90,000	
Standard or Itemized Deductions	\$12,000	\$12,000	
Personal Exemptions	\$8,000	\$8,000	
Taxable Income	\$70,000	\$70,000	
Tax Liability	\$3,081	\$3,625	\$545
Assume a \$135,000 home located in Johnson County			
Property Tax	\$1,917	\$1,512	(\$405)
Assume a 1992 LeSabre and a 1986 Buick Regal			
Property Tax	\$713	\$563	(\$150)
Net Impact			(\$10)
Net Impact without a Home			\$395

**Married Filing Joint: 2 children -- Using Standard Deductions**

	Current Law	HB 2892	Difference
K.A.G.I.	\$90,000	\$90,000	
Standard or Itemized Deductions	\$5,000	\$5,900	
Personal Exemptions	\$4,000	\$4,000	
Taxable Income	\$81,000	\$80,100	
Tax Liability	\$3,647	\$4,151	\$504
Assume a \$135,000 home located in Johnson County			
Property Tax	\$1,917	\$1,512	(\$405)
Assume a 1992 LeSabre and a 1986 Buick Regal			
Property Tax	\$713	\$563	(\$150)
Net Impact			(\$51)
Net Impact without a Home			\$354

Mill Levy Determination (HB 2892/Motor vehicle impact/SGF balance reduction/Accelerators)

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Local School Operating Budgets	\$1,986,777	\$2,066,248	\$2,148,898	\$2,234,854	\$2,324,248	\$2,417,218	\$2,513,907	\$2,614,463
Local Effort								
Cash on Hand	\$179,308	\$244,555	\$175,147	\$91,682	\$38,531	\$9,349	\$179	\$0
Property Tax in Process	255,000	153,001	164,608	188,312	204,746	222,194	237,501	248,583
Motor Vehicle Property Tax Receipts	125,000	114,000	70,000	72,800	75,712	78,740	81,890	85,165
Local Option Levy (4.30 Average)	64,818	67,411	70,107	72,911	75,828	78,861	82,015	85,296
Public Law 874 Federal Fund Receipts	12,000	12,480	12,979	13,498	14,038	14,600	15,184	15,791
Mineral Production/IRB Payments	6,000	6,240	6,490	6,749	7,019	7,300	7,592	7,896
Subtotal - Local Effort	\$642,126	\$597,686	\$499,331	\$445,953	\$415,874	\$411,044	\$424,361	\$442,732
Current General State Aid	776,922	807,999	840,319	873,932	908,889	945,244	983,054	1,022,376
Additional State Revenue	528,139	530,009	551,209	573,258	596,188	620,036	644,837	670,630
Total - Other Revenue	\$1,947,187	\$1,935,694	\$1,890,859	\$1,893,142	\$1,920,951	\$1,976,324	\$2,052,252	\$2,135,738
Uniform Tax Revenue Necessary	39,590	130,554	258,039	341,712	403,297	440,894	461,655	478,724
Amount of Uniform Tax Levied	437,146	470,309	538,033	584,989	634,840	678,574	710,238	736,499
Amount per Mill	15,074	15,677	16,304	16,956	17,634	18,340	19,073	19,836
Uniform Levy Necessary	29.00	30.00	33.00	34.50	36.00	37.00	37.24	37.13

Notes: Removes special education, inservice and capital outlay from the local school operating budgets.

Assumes a four percent growth in school expenditures and all revenue sources.

Assumes 55 percent use of the ten percent local option.

Increased funding for special education of \$26.5 million as recommended by the Governor and \$32.6 million required to fund HB 2835 are not addressed on this table.

The Local Option Levy will be reduced by approximately 0.5 mills in FY 1995 as a result of motor vehicle receipts to these local funds.

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Attach ment 10

School Finance Comparison  
\* House plan and Governor's proposal

	<u>FY 1992</u>	<u>Governor's</u>	<u>HB 2892</u>
Operating	58.66	45.00	29.00
** Local Option (Avg)	--	1.75	4.30
Capital Outlay (Avg)	3.33	--	3.33
Total	61.99	46.75	36.63
Change (Mill)	--	(15.24)	(25.36)
Change (Percent)	--	-24.6%	-40.9%
<b>Property Tax Reduction</b>	--	<b>(229,727,760)</b>	<b>(382,276,640)</b>
*** State General Fund Aid	\$899,187,074	\$1,151,928,172	\$1,351,326,074
Change (\$)	--	252,741,098	452,139,000
Change (%)	--	28.1%	50.3%
Total School Spending	\$1,981,505,283	\$2,077,428,221	\$2,191,856,364
Change (\$)	--	95,922,938	210,351,081
Change (%)	--	4.8%	10.6%

\* Capital improvement levies are not included in the comparison.

\*\* Based on a ten percent local option under the House Plan.  
The Governor's proposal includes a five percent local option.  
Both cost estimates are based on fifty-five percent utilization of the first option.

\*\*\* Assumes full state funding of the equalized component of both plans.  
Additionally, the Governor's SGF increase includes \$26.5 million in additional categorical aid for special education not addressed in the House plan.

Tax Plan Status

	<u>FY 1993</u>	<u>FY 1994</u>
HB 2892 (SCAT) - School Finance, School Reform, Statewide 29 mill levy and State Tax Increases		
Sales Tax rate to 5.0 percent	\$174.4	\$174.4
Repealed Exemptions (at 5.0 percent)		
Limited Residential Utilities	\$15.1	\$15.7
Utilities in production	33.3	36.3
Original Construction	79.8	87.0
Lottery Tickets	3.6	3.9
Total Exemptions	\$131.8	\$142.9
Income Taxes		
Individual Income Tax Increase	\$138.0	\$138.0
Corporate Income Tax Increase	7.9	7.9
Total Income Tax	\$145.9	\$145.9
HB 2892 TOTAL	\$452.1	\$463.2
Identified Remaining Resources		
HB 2111 (SCAT) - Revenue Accelerators	\$16.0	--
SB 596 (SCOW) - Reduce Balances to \$100 Million	60.0	45.0
SB 589 (SCFSA) - Video Lottery	30.0	50.0
Total Identified Remaining Resources	\$106.0	\$95.0
Identified Remaining Obligations		
Special Education at 90 percent	\$26.5	\$26.5
Increase in Food Rebate	3.8	3.8
Bond and Interest State Aid (HB 2835)	32.6	32.6
Total Identified Remaining Obligations	\$62.9	\$62.9



### School Finance Comparison

HB 2892

As Passed

Governor

<i>Summary</i>		
Uniform Mill Levy	29.00	45.00
Average Local Option Levy	7.63	1.75
Total Add. State Contribution	452,139,000	252,741,098
Estimated Increased Spending	209,934,487	95,506,344

#### *Expenditures*

Weighted FTE Pupils	519,503.6	519,503.6
Base Amount per Pupil	3,625.00	3,615.00
Weighted Budget	\$1,883,200,550	\$1,878,005,514
Special Education	121,275,000	147,777,555
Inservice Education	990,000	--
Categorical Budget	122,265,000	147,777,555
Total Operating Budget	\$2,005,465,550	\$2,025,783,069
* Local option estimate	103,576,030	51,645,152
Capital Outlay at 3.33 mills	82,814,784	--
Grand Total	\$2,191,856,364	\$2,077,428,221
Percent Increase	10.6%	4.8%

#### *Financing*

Property Tax	230,603,466	315,500,349
Additional State Moneys	452,139,000	252,741,098
** Current Funding	1,509,113,898	1,509,186,774
Total	\$2,191,856,364	\$2,077,428,221

\* HB 2892 includes a ten percent local option and the Governor's revision includes a five percent local option. Both cost estimates assume fifty-five percent of the local option authority will be used.

\*\* HB 2892 does not use \$32.7 million in special education balances used in the Governor's Plan. Revenues from interest and balances currently budgeted from the capital outlay fund of \$32.6 million are used in HB 2892.

KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS

5401 S. W. 7th Avenue Topeka, Kansas 66606  
913-273-3600

Testimony on H.B. 2892  
before the  
Senate Committee on Taxation

by

Mark Tallman, Coordinator of Governmental Relations  
Kansas Association of School Boards

March 24, 1992

Mr. Chairman, Members of the Committee:

KASB supports H.B. 2892. We do so because the current system of taxes and distribution cannot provide an equitable funding foundation for the education of Kansas school children. It is flawed by over dependence on local revenue sources that are inherently unequal among districts; and particularly on property taxes, the most unpopular tax in the state.

As a result, some districts face an unacceptable dilemma: either impose increasing property taxes that discourage business and burden homeowners to the detriment of the community; or erode the quality of the school system, which will have the same negative effect. At the same time, other districts can offer first class schools at tax rates well below average. This system must be changed to provide fairness for children, fairness to taxpayers, and a better climate for economic development. School finance may well have to be changed to satisfy the Constitution; it should be done anyway, because it is the right thing to do. We believe H.B. 2892 is the best change to make.

SENATE ASSES. & TAX  
3-24-92  
ATT. 2-1

H.B. 2892 should be considered in two ways: as property tax relief and tax reform, and as school district equalization funding.

For property tax relief, the tax increases contained in H.B. 2892, combined with the budget features, would cut school property taxes in half. Because school districts consume over half of all property taxes, the bill would cut property taxes overall by about 25% - significant property tax relief. Moreover, the bill would limit the budget authority of districts, and therefore limit property tax increases. The 29 mill base levy required of every district is lower than current taxes in the vast majority of school districts. The greatest relief would be given to districts with the highest current tax levies.

If the legislature is serious about property tax relief, it must be paid for by alternative revenue sources. It is inconsistent to support the idea of cutting school property taxes in half, then to say that the taxes in this bill are too high. Like anything else, you only get what you pay for. The moment of truth on property tax policy has arrived.

For equalization, KASB believes any plan should provide increases for lower spending districts without requiring reductions in higher spending district budgets. Obviously, this approach to equalization requires additional spending authority. But the additional spending required by H.B. 2892 is essentially provided to "hold harmless" higher spending districts, rather than requiring those districts to reduce their budgets. We believe equity requires that all districts be able to adopt additional local option budget enhancement, with state equalization aid available where needed. As a practical matter, however, we believe that most such authority will be used by those districts which need it to maintain current levels of spending.

In terms of specific tax measures, KASB supports the concept of a minimum levy, with school districts retaining the authority to exceed this rate to enhance their budget. We also believe that funds raised by such a levy should be retained by the local school district up to the point they exceed the local budget requirement, with funds over that amount sent to the state for distribution. Finally, we believe that such a statewide minimum levy should be set as low as possible by increasing other tax sources. We believe that H.B. 2892 meets all of these conditions.

KASB will support any combination of changes in income tax, sales tax rates or removal of exemptions that will produce the revenue needed to fund this plan. We realize tax changes of this magnitude are never easy. But we believe that the public will support such a package. There is clear, strong public support for reducing property taxes. We believe that most Kansans would prefer a shift from property taxes to sales taxes, or even income taxes, which people find easier to pay.

Kansans have always been willing to support the public school system. We think this is especially true if such spending is used to correct funding inequities, and is tied to school improvement and accountability.

Thank you for your consideration.



KANSAS NATIONAL EDUCATION ASSOCIATION / 715 W. 10TH STREET / TOPEKA, KANSAS 66612-1686

Craig Grant Testimony Before  
Senate Assessment & Taxation Committee  
Tuesday, March 24, 1992

Thank you, Mr. Chairman. I am Craig Grant and I represent the 24,000 members of Kansas-NEA. I appreciate this opportunity to speak to the Senate Assessment and Taxation Committee about the tax provisions of HB 2892.

Kansas-NEA supports the tax provisions contained in HB 2892. The resolutions adopted by our state representative assembly have long advocated for a reduction in our reliance on the property tax. HB 2892 certainly does that. As the mix of taxes is concerned, HB 2892 has relatively equal parts of sales tax, income tax, and property tax funding our schools.

The minimum mill levy requirement of 29 mills, collected and retained locally with any excess funds recaptured by the state, can also be supported by our resolutions. Only 7 school districts (see attached) would need to increase property taxes under this proposal. With the projected usage of Tier II, we believe only 10 districts would be required to increase mill levies. Last year we had 249 districts forced to increase their general fund mill levy. 51 had increases over 10 mills and three had increases over 20 mills, with Olathe leading the way with a 26.64 mill increase. HB 2892, with 290+ districts having a mill levy decrease, is certainly preferable to school districts and teachers.

Obviously, in order to accomplish this massive property tax reduction, other state taxes have been increased and exemptions repealed. Although one could probably find fault with any one individual tax increase or exemption taken away, we believe it should be looked at as a package and, as such, we support the package before you today.

SENATE ASSES. & TAX  
3-24-92  
ATT. 3-1

We are not opposed and would be happy to work with the committee and the Senate to examine additional exemptions or rates to reduce other parts of this tax package. What we cannot support, and believe that the Senate should not adopt, is reduction of the package by reducing the base expenditure per pupil contained in HB 2892. We cannot further reduce these expenditures as adequacy of educational opportunity would certainly suffer and, even more important, the quality of that educational opportunity for Kansas children could ultimately suffer.

Kansas-NEA asks you to seize this opportunity to ensure a suitable, stable funding system for our new school finance formula. We believe that the children of Kansas will be the beneficiaries of your actions. Thank you for listening to our concerns regarding the revenue side of HB 2892.

ATTACHMENT

MILL LEVY INCREASES  
UNDER TIER I

1.	19.88	BURLINGTON
2.	11.23	MOSCOW
3.	9.39	HUGOTON
4.	6.74	ROLLA
5.	5.06	KAW VALLEY
6.	4.00	FORT LEAVENWORTH
7.	1.74	HOLCOMB

MILL LEVY INCREASES  
UNDER TIER II  
(BASED ON PREDICTED USAGE)

1.	20.84	BURLINGTON
2.	12.91	MOSCOW
3.	11.55	HUGOTON
4.	8.90	ROLLA
5.	5.06	KAW VALLEY
6.	5.06	HOLCOMB
7.	4.00	FORT LEAVENWORTH
8.	2.08	LAKIN
9.	1.40	SATANTA
10.	0.81	ULYSSES

TESTIMONY ON HOUSE BILL 2892  
SENATE ASSESSMENT AND TAXATION COMMITTEE

March 24, 1992  
Bernie Koch  
Wichita Area Chamber of Commerce

Mr. Chairman, members of the committee, I'm Bernie Koch with the Wichita Area Chamber of Commerce. Thank you for the opportunity to appear before you today.

Our business community has been following this issue with great interest, not only because of our concern about property taxes and revenue sources, but from an awareness of the funding needs of our schools and our involvement with the promotion of reform and restructuring in education.

We support the basic direction of House Bill 2892. We support the concept of a uniform statewide mill levy to replace much of the current local mill levy funding for K-12, along with the state-set base distribution amount and the concept of a minimum number of per pupil costs factored as weights.

Our position is based on Judge Bullock's guidelines, and the recommendations of the Governor's School Finance Task Force Report on Public School Funding.

Our business people certainly like the prospect of property tax relief offered for our area with this approach. They also appreciate the stability this brings to local property taxes, which have become an unpredictable roller coaster ride as state funding has varied from year to year.

We would like to see an end to the inequities of the past in school funding, balanced against revenue increases which allow us to keep our healthy economy going in South Central Kansas.

In our metropolitan area, we now have more manufacturing jobs as a percentage of the work force than either Japan or Michigan. It's estimated that \$507 million a year in personal income paid to workers at Sedgwick County businesses follows those workers out of the county to their homes in surrounding counties.

What revenue sources in this bill affect our healthy manufacturing base?

SENATE ASSES. & TAX  
3-24-92  
ATT. 4-1



We support the 3/4 cent sales tax increase as a revenue source, even though business pays a third of the sales tax in Kansas. One major general aviation manufacturer tells me this part of the bill will mean \$600,000 in additional expense for the company.

Although The Wichita Area Chamber has supported a state corporate tax decrease for the last four years, I'm hearing reluctant willingness to support the change in the rate structure in this bill from many industry executives.

I hear the most opposition to the removal of the sales tax exemption for utilities used in the manufacturing process. The combination of all three of these elements of 2892 more than offsets any property tax relief achieved by a 29 mill levy. I would urge you to seriously consider taking the manufacturing utilities provision out. I'm not sure it will raise the amount of money that's been estimated.

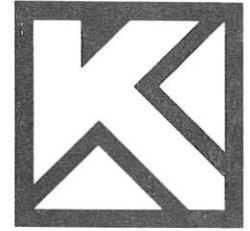
Large electricity users will look at co-generation, producing their own electricity as a way to cut costs and avoid paying the sales tax on electricity. I don't believe that was taken into account by the House and there's no reliable way to estimate the fiscal impact of that possibility.

Thank you again for this opportunity to appear. I would be pleased to stand for questions.

# LEGISLATIVE TESTIMONY

## Kansas Chamber of Commerce and Industry

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



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

HB 2892

March 24, 1992

KANSAS CHAMBER OF COMMERCE AND INDUSTRY  
Testimony Before the  
Senate Committee on Assessment and Taxation  
by  
Bob Corkins  
Director of Taxation

Mr. Chairman and members of the Committee:

My name is Bob Corkins, director of taxation for the Kansas Chamber of Commerce and Industry. I appreciate the chance to present our organization's views today in support of **HB 2892** with certain reservations that I will elaborate upon in a moment.

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

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

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

KCCI acknowledges the importance of pending litigation on the subject of school finance and believes that **HB 2892** proposes a viable response to that dispute. While its changes to Kansas' method of school funding would be a major overhaul for the system, we

SENATE ASSES. & TAX  
3-24-92  
ATI 5-1

believe it would not be a premature step. This proposal is the product of detailed interim study, lengthy committee discussion and input, and extensive floor debate...ultimately achieving substantial House bipartisan support. Furthermore, KCCI believes it makes a good faith attempt to comply with published judicial guidelines on the subject and offers critically needed relief to all property tax payers.

Please recognize that although this bill offers business *property tax relief*, it does not necessarily offer business *tax relief*. The study presented to this committee yesterday from the Institute of Public Policy and Business Research (IPPBR), at the University of Kansas, indicates that **HB 2892** would not represent a windfall to Kansas' business community. Most firms analyzed by the study showed an increase in their aggregate tax liability under the terms of this proposal.

Nevertheless, **HB 2892** bears many similarities to the proposal forwarded by KCCI in early February. We have acknowledged the need for Kansas businesses to shoulder their fair share of the costs of property tax relief. Our ultimate objective was (and is) to achieve a mix of total state and local revenue comprised equally of sales, income, and property taxes. **HB 2892** meets that test.

The drawbacks to the present form of this proposal, however, include a high price in jobs. It advocates the elimination of key sales tax exemptions which would have a strong negative bearing on Kansas employers. A sales tax on utilities consumed in manufacturing processes and on new construction services figured very heavily in the study results released by IPPBR.

KCCI has also received reports from members who emphasize the especially high cost which a utilities sales tax would place on their operations. In one firm's case, that tax alone makes the difference between a slight net gain or the net loss of approximately \$275,000 under **HB 2892**. Cost increases of this magnitude will clearly impact jobs. Furthermore, its impact will be broad in terms of the types of businesses affected: farmers, feed lots, dehydration facilities, oil and gas producers, refrigeration intensive businesses, and many other manufacturers.

Similarly, a sales tax upon new construction services would also hurt employment. New housing starts have historically been instrumental in leading our economy -- and the nation's economy -- out of past recessions. Also, the relatively worse effects of **HB 2892** on new firms in the IPPBR study (versus existing firms) is largely due to this particular sales tax. Much more specific documentation of these consequences will be provided soon by representatives from the construction industry.

I will briefly call your attention finally to two other concerns which KCCI has with this proposal. First, we believe it relies too heavily on new revenues from the state income tax. KCCI has never before endorsed any income tax increase for any purpose. We retreated from that position in our school finance package, but the amount we recommended was significantly lower than the \$146 million in **HB 2892**. Second, KCCI strongly believes that some form of spending "cap" is needed to safeguard against rapid increases in the minimum 29 mill USD levy. Our suggestion is to tie maximum spending authority to the rate of growth in Kansans' personal income.

In short, we believe the proposal addresses the court's concern and moves away from the current emphasis to finance schools with property taxes. Our objections are that this package is too expensive and could quickly become even more expensive. We stand ready to work with you in making its cost more reasonable, but believe that its basic framework consists of sound policy which should not be discarded.

KCCI urges you to modify **HB 2892** to account for these concerns and to then recommend it favorably for passage. Thank you, again, for your time and consideration of our views.

**Greater Topeka  
Chamber of Commerce**  
Three Townsite Plaza  
120 East Sixth Street  
Topeka, Kansas 66603  
913/234-2644  
FAX 913/234-8656



Testimony before the Senate Assessment and Taxation Committee  
March 24, 1992  
Christy Young  
Vice President Government Relations  
Greater Topeka Chamber of Commerce

The Greater Topeka Chamber of Commerce is generally in support of HB 2892 creating a new method of funding schools in the State of Kansas. The 29 mill levy base rate is extremely attractive. We support the increase in the sales tax rate and the use of income taxes to make up the short-fall in revenue, although some rates may be a little high. We do however have concern with the use of business-related sales tax exemptions.

Exemptions created over the past years to preserve or enhance our competitive economic advantage are no less valid today than they were at the time they were created. Local companies, such as Goodyear, Payless ShoeSource, Santa Fe, Frito-Lay, LaSiesta, Topeka Foundry, and Seymour have expanded in the last several years, and, just recently a new company Reser's Foods, has been added to the Topeka economy. From 1983 to 1990, Shawnee County has experienced a 10% increase in manufacturing/construction jobs. Sales tax exemptions, property tax exemptions and local business incentives have been significant in the creation of these jobs.

There also has been non-manufacturing growth in Shawnee County. The most evident in the last couple of years has been in the retail sector, where we have had a 16% increase in jobs. But by far the greatest growth has been in the service sector (health, legal, repair, computer, engineering, accounting, etc.); there has been a 34% increase.

The Topeka Chamber hopes that whatever changes you make will not detract from the balance achieved in this bill, between sales, income and property tax. For too long the heavy reliance on property tax, in this state, has been a problem for both business and the individual. With some compromise we believe HB 2892 can bring equity to school funding and provide the property tax relief businesses and individuals in Shawnee County, and other counties across the state, must have.

SENATE ASSES. & TAX  
3-24-92  
ATT. 6



# PUBLIC POLICY STATEMENT

Senate Committee on Assessment and Taxation

**RE: Tax Revenues for School Finance -- H.B. 2892**

March 24, 1992  
Topeka, Kansas

Presented by:  
Paul E. Fleener, Director  
Public Affairs Division  
Kansas Farm Bureau

**Mr. Chairman and Members of the Committee:**

We welcome the opportunity to provide brief comments in support of some of the revenue sources contained in H.B. 2892 to provide funding for elementary and secondary education in the school districts of Kansas.

For the record, my name is Paul E. Fleener. I am the Director of Public Affairs for Kansas Farm Bureau. Our farmers and ranchers in 105 counties have a deep and abiding interest in quality education equitably funded.

Our comments today will reflect four of our policy positions ... Resolutions adopted by voting delegates at our most recent (Nov. 21-23, 1991) annual meeting, held here in Topeka, Kansas. Of course we have a strong policy position on **School Finance**. You will find the full language of that resolution on the addendum. Also included you will find our policy statements on Property Taxes: Abatement, Exemptions and In-Lieu-Of Taxes ... on Sales Tax ... and on State and Local Governmental Budgeting, Spending and Taxation. All of those speak directly to providing revenues for the financing of school districts.

SENATE ASSES. & TAX  
3-24-92  
ATT. 7-1

Mr. Chairman, we have long held that the property tax is bearing too much of the burden for local units of government generally and school districts in particular. For years legislative committees and study groups have said we need to reduce the reliance on the property tax. Yet it goes up and up and UP. Now comes an opportunity to reduce that reliance, and we support the provisions of H.B. 2892 which reduce reliance on the property tax, provide for increased utilization of the income tax, and increase reliance on the state sales tax for funding elementary and secondary education.

We believe this committee should amend H.B. 2892 to give to locally elected school boards the option and opportunity to continue in years to come the use of a school district income tax. This bill does have a significant income tax component. That helps meet an immediate problem. But the problem will return unless school districts can tap something besides the property tax in years to come. We ask that you give USDs the opportunity to utilize this growing revenue source. Growing, we say Mr. Chairman, because taxable income in Kansas has risen from \$7.7 billion in the year immediately prior to the School District Equalization Act (SDEA) to \$19.2 billion for the most recent tax year (1990). In that same time the property tax base has risen ... due largely to reappraisal and an updating of values ... from \$11.6 billion to \$14.6 billion. An income tax is vital to the equity and the fairness of a school funding proposal.

Likewise the bill before you provides a 0.75% increase in the state sales tax. We support that. We believe an increased utilization of sales tax revenues ... paid by all of us on the basics of life used by all of us ... food, clothing, other necessities ... is, while not as progressive as some other taxes, a fair approach for funding

something as important as elementary and secondary education in Kansas.

We appreciate the opportunity to share the views of our farmers and ranchers. We ask your support of the income tax and sales tax components of H.B. 2892. We ask that you amend the bill to provide each school board the opportunity to impose a surtax on tax liability or in some way to have an appropriate tax on resident individuals for the support of schools. We would further suggest that you provide a way to maintain use of non-property tax revenues and minimize the use of the property tax. Education is too important to have it tied to something which is no longer a good measure of wealth or ability to pay taxes.

We would be happy to respond to questions if there are any.



# KANSAS FARM BUREAU Resolutions ... 1992

Addendum Public Policy Statement on School Finance ... H.B. 2892

March 24, 1992

## **School Finance**

**ED-7**

We believe the Kansas Legislature should develop a school finance formula which will assist in funding a "basic education" for every child enrolled in the public schools in Kansas. A "basic education" should consist only of those courses required by the State Board of Education to be successfully completed during the K-12 education years in an accredited Kansas Unified School District.

In order to facilitate timely preparation of budgets by Unified School Districts in Kansas, we urge the Legislature to set and to meet an appropriate early deadline for passing school finance legislation.

We continue to believe state aid, or school finance legislation, should provide for:

- 1) Minimal reliance on the property tax for support of our elementary and secondary schools;
- 2) Creation of a "school district income tax," collected and returned by the state to the school district of origin ... the district of residence of the individual taxpayer; and
- 3) Increased reliance on the state sales tax for financing elementary and secondary education in order to reduce reliance on property taxes now levied for school finance.

We believe that federally and state-mandated programs should be fully funded by the federal or state government, whichever mandates a given program.

We will oppose the application or use of a local income or earnings tax by any other local unit of government.

We have opposed in the past, and we continue to oppose efforts to establish a statewide property tax levy. We oppose any efforts to abolish the taxing autonomy of school districts and any efforts to place all spending control with the state. We believe school district finances should remain under local authority.

## **Property Taxes: Abatement, Exemptions, and In-Lieu-Of Taxes**

**AT-2**

We support legislation to require an in-lieu-of tax payment on property that is developed through the use of Industrial Revenue Bond financing. In-lieu-of-tax payment should be equal to the tax money required if the property was on the tax rolls.

## **Sales Tax**

**AT-3**

Kansas has appropriately created justifiable sales tax exemptions for agriculture, business, industry, and many not-for-profit groups. This has been done to assist economic development and state competitiveness with our neighbors. We believe existing exemptions should remain in place.

The sales tax should not be imposed on services. Those who provide the service would not pay the tax. Those of us who use the service would pay.

In agriculture we cannot pass our taxes on to someone else. Grain prices are disastrously low, while our costs — particularly for fuel and petroleum-based inputs — are soaring. We oppose taxing inputs or raw agricultural products, whether by removal of sales tax exemptions or by the imposition of an excise tax, a value-added tax or a transaction tax.

All citizens are consumers of food and are uniformly taxed on the food they purchase. We oppose legislation to exempt food from the state sales tax.

Kansas should require out-of-state mail order companies to collect and remit to Kansas the sales or use taxes applicable within Kansas.

## **State and Local Governmental Budgeting, Spending and Taxation**

**AT-4**

It is time in Kansas to write a basic tax policy of taxing people for services to people, and taxing property for services to property. We strongly support reducing the reliance on the property tax, and we likewise support increasing reliance on sales and income taxes for the support of state and local governmental units.

Expenditures by the State of Kansas and by local units of government in Kansas in any fiscal year should never exceed projected revenue receipts for that fiscal year.

Zero-based budgeting is essential to fiscal planning and should be required for all state agencies as well as all local units of government.

We support property tax replacement revenues for our elementary and secondary schools through a school district income tax and additional state aid.

We support adequate funding for agricultural programs in Kansas which have been underfunded in the past.

The State General Fund should have adequate balances or reserves.



## HB 2892

March 24, 1992

Testimony presented before the Senate Committee on Assessment and Taxation  
by Gerald W. Henderson, Executive Director  
United School Administrators of Kansas

Mister Chairman and Members of the Committee:

United School Administrators of Kansas appreciates this opportunity to speak in support of the provisions of **HB 2892**. With the exception of some general comments at the beginning of our testimony, we will confine our statement to the tax provisions of the bill.

In October of 1980 a group of 13 Kansas superintendents formed an ad-hoc committee to study the role of the state and local districts in the support of public education. That "Coordinating Committee" as they called themselves, included superintendents from schools as small as Hillsboro, Goodland and Cheney, and as large as Wichita, Shawnee Mission, and Kansas City. Some of the individuals whose names you may recognize were Arzell Ball, Jack Hobbs, Carl Knox, Al Morris, O.L. Plucker, Chuck Stuart, and Mel Winters.

This ad-hoc group produced a report which included such statements as:

1. The state (not local districts) is responsible for establishing and maintaining public schools for the education of its citizens.
2. Although students with different needs may well be treated differently, ...the state must treat its citizens equitably and that includes children with respect to the provision of educational opportunity.
3. A system of taxation of citizens of the state must be devised for the funding of education so as to treat taxpayers equitably.

During the summer of 1987 USA and KASA, the superintendent group under the USA umbrella, again formed an ad-hoc committee to study school finance, and to report those findings to a special committee of the legislature. Dr. O.L. Plucker of Kansas City chaired this committee as he did the group mentioned earlier. In the testimony Dr. Plucker made to the interim committee in October of 1988, he made the following statements:

1. Education or "schooling" of the children of the state of Kansas is the responsibility of the state as a whole.

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2. The state has an obligation to assure equitable educational opportunity for each child regardless of whether the child is the product of the "golden ghetto," an isolated ranch, an urban slum or a roadside village.

During the summer of 1991, the USA Task Force on School Finance, a group of superintendents, school business officials and special education directors from all sizes of school districts and from all corners of the state, met to prepare in-part to a Special Committee on School Finance. Following Judge Bullock's opinion in October of 1991, this same USA Task Force developed testimony to the Governor's Task Force on School Finance. In our testimony before the Governor's Task Force we included the following belief statements:

1. Education is a function of the state of Kansas as a whole.
2. All Kansas children have a right to an equal opportunity for a suitable education.
3. Suitable and equal opportunity should be provided with similar effort by Kansas taxpayers regardless of location within the state.

The Committee will note that except for the use of the word "suitable" as extracted from the Kansas Constitution by Judge Bullock, our statements have not changed much since 1980. Some of my members would say that we are grateful to the judge for calling the state's attention to our beliefs.

One remaining philosophical statement of our association, which bears directly on your task today, remains to be stated. We have said since before I came on board seven years ago that Kansas relies too heavily on the property tax for funding schools, and that an effort should be made to move toward funding schools via a 1/3, 1/3, 1/3 mix of property, sales and income tax. In our judgement, the tax provisions of **HB 2892** move in that direction.

We support the minimum state wide mill levy of 29 mills as a method of both lowering the state's reliance on the property tax and as a method of reaching taxpayer equity.

We support the use of sales and income tax to replace the revenues lost in the reduction of property taxes. We believe the combination of sales tax, income tax and exemptions used by the House is appropriate, but would yield to the wisdom of this committee in determining the specific sources of revenue required to fund education at the levels indicated by the bill. We believe that should you do so, decisions at the local level will be made based on the demonstrated needs of kids rather than on the mill levy.

You have a difficult task before you. We have an opportunity in Kansas to demonstrate clearly that we value our children above all else. Passing the tax provisions of **HB 2892** will go a long way toward that demonstration. We urge you to give favorable consideration to the bill.