

Approved WED. 5-6-92
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 Thursday, March 26, 1992 in room 519-S of the Capitol.

All members were present except:
Senator Lana Oleen (Excused)

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

Conferees appearing before the committee:

Ron Hein, representing MESA-Independent Gas Producers
Bob W. Storey, DeHart and Darr Associates, Inc. representing Idelman Telemarketing, Inc.
Cedric Moege, District Representative (retired) Association for Lutherans
Thomas E. Slattery, Associated General Contractors of KS, Inc.
Ralph Decker, Executive Director, KS Lottery
Representative Rochelle Chronister, Chief Sponsor of **HB2779**
Elizabeth Taylor, KS Association of Local Health Departments
Paul M. Klotz, Executive Dir.-Ass'n. of Community Mental Health Center of KS., Inc.
Donald A. Wilson, President-KS Hospital Association
Ernie Mosher, League of KS Municipalities
Mary Ellen Conlee, representing (4) Wichita Hospitals

Chairman Dan Thiessen called the meeting to order at 11:00 a.m. and said we will continue with the conferees left from yesterday, on the School Finance Act, and he recognized Ron Hein, representing MESA, Inc.

HB2892: School Finance Act.

The following conferees are opponents of HB2892

Ron Hein said MESA is one of the 5 largest independent gas producers in the Nation, and currently has approximately 60% of its natural gas reserves in the state of KS.

He said, their concern is how the concept of the uniform mill levy impacts on the natural gas industry. He said, the KS tax burdens of oil producers and gas producers are significantly different, and both are currently assessed at the highest classification rate, 50% above many other KS businesses.

He said, most industries, when facing excessive taxation, have the ability to increase the price of their product, reduce costs, or increase production in order to help mitigate the tax burden. He said, none of these are true for the natural gas industry or for MESA in particular.

He said, MESA strongly urges the legislature, working in the conjunction with the KCC, to enact a program which expands the KS economic tax base, and not one which raises the burden on a shrinking industry. (**ATTACHMENT 1**)

Bob W. Storey, representing DeHart and Darr Associates, Inc. and in turn represents Idelman Telemarketing, Inc.

He said, Idelman Telemarketing, Inc. employs 1208 KS citizens and hopes to employ more in the future. He said, their estimated payroll for 1992 is approximately \$8,500,000.00.

He said, if their exemption is repealed, the revenue used to finance school districts as proposed in **HB2892** would cost Idelman Telemarketing an estimated thousands of dollars per year in additional tax and would raise its cost of doing business. He said if the exemption is repealed, it could; (1) cause steps to be taken to shift its call volume to a neighboring state. (2) would aggressively investigate relocation options. (3) could redirect any future plans to expand in KS to another State.

He said, he is also representing the Direct Marketing Association (DMA) in 12 Kansas Cities, and portions of lines 40-42 of the bill states, "except sales of interstate long distance telephone service for commercial use by way of a telemarketing communication system". He said, this term does not exist in the industry as we know it, and this would mean, that the tax would be imposed on the DMA members.

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

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m. ~~p.m.~~ on Thursday, March 26, 1992

He suggested in HB2892, on line 41, a period be placed after the word "use" to insure that the exemption remain in place for interstate long distance telephone calls by a telemarketing company and the gross receipts tax would still be imposed upon residential use. (ATTACHMENT 2)

Cedric Moege, District Representative (retired), Association for Lutherans said the proposed 29 mill property tax levy may be a step toward property tax relief, but HB2892 only addresses one aspect of tax relief, while the people are also asking for property tax relief at City/County levels and especially on motor vehicle taxes.

He said, he strongly supports a property tax cap and he said, he feels it would be preferable to this school finance plan. (ATTACHMENT 3)

Thomas E. Slattery, Associated General Contractors of KS, Inc. said HB2892 would repeal the sales tax exemption for gross receipts on original construction. He said, for several years the construction industry in KS has been in a serious recession, and this proposal would only prolong, retard or prevent recovery.

He said, currently sales tax is collected only on materials and supplies on "new construction". This proposal would expand the tax to labor, overhead and profit (gross receipts).

He said, they appreciate the very difficult task you face in funding the state's schools but respectfully request that you not tax new construction as a part of the solution. (ATTACHMENT 4)

Ralph Decker, Executive Director, KS Lottery said he would like to cover a few points on how the sales tax exemption would affect the KS Lottery.

He said, their concern is by putting the sales tax on lottery tickets, they would have a lot of retailers that would drop out, because of the burden of doing a tax changing on every dollar that was handed in, in sales, as they would need 95¢ to be given back to them on every dollar bill.

He said, experience in the Lottery in Saskatchewan, Canada resulted in a 13% drop in sales in 4½ months in 1989 when a tax was imposed on lottery tickets. He said, the tax was repealed because it resulted in a net loss to the province.

He said, other lottery states surveyed indicated a sales tax would result in a drastic decrease in sales. He said, it is possible that 30% to 40% of KS Lottery Retailers could be lost.

He urged the committee to take a look at this, from their standpoint and re-visit the issue on the lottery. (ATTACHMENT 5)

Chairman Thiessen concluded the hearings on HB2892 and turned attention SCR1630 and recognized Senator Montgomery, as Chief Sponsor of the bill.

SCR1630: Taxation of Property-amend Section 1, Article 11.

Senator Don Montgomery made a motion to favorably pass SCR1630, 2nd by Senator Janis Lee. The motion carried.

Chairman Thiessen turned attention to HB2779 and recognized Representative Rochelle Chronister, Chief sponsor of HB2779.

HB2779: Authority to impose local sales taxes to fund local health care services.

Representative Rochelle Chronister said HB2779 would allow cities or counties to submit to their electorate the question of raising and additional 1/4, 1/2, 3/4, or 1¢ of sales tax for the use of local health care services outside of the present local sales tax levy.

She said, the initial concept for the bill came about as she examined ways to help rural hospitals who are having difficulty remaining open due to changes in hospital reimbursements.

She said, attached to her hand-out is written testimony from the administrator of the Wilson County Hospital in relation to this problem, also are included: several sets of statistics and articles with her written testimony. (ATTACHMENT 6)

Elizabeth Taylor, KS Ass'n. of Local Health Departments said she is representing 83 members consisting of 92 local health departments serving 90% of the KS. population.

She said, their organization strongly supports any efforts which will support public health and make it a greater local, state and national priority. She said, currently

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

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state resources fund local public health services at \$2.50 per capita while the national average of state support for local health services is \$5.63 per capita. In tight financial times, she said they are looking for additional ways to support these necessary public health services. (ATTACHMENT 7)

Paul M. Klotz, Executive Director, Association of Community Mental Health Centers of KS, Inc. said the Association strongly endorses this legislation.

He said, the 30 licensed centers which provide services in all 105 counties and have exempted mill levies in each of those counties raise about \$12.M from local property taxes.

He urged the committee to favorably pass HB2779, as they feel it is an excellent good public policy. (ATTACHMENT 8)

Donald A. Wilson, President KS Hospital Association said HB2779 would allow cities or counties to consider up to a 1% sales tax for health care services, and he said, they support its provisions. (1) it is a local option. (2) the tax may not be levied without a vote of the people.

He said, without a doubt, our health care system is in transition. Success during this period will require such discussion and collaboration and HB2779 provides such an opportunity. (ATTACHMENT 9)

Ernie Mosher, League of KS Municipalities said there are 9 different bills relating to local sales taxes before the Legislature, as shown on the 1st page of his hand-out.

He said, the League of KS. Municipalities proposes a bill, amendments or substitute bill which would do the following: (1)Rate Increments. (2)Increased Tax Rates. (3)Purposes. (4)Term of Tax. (5)Cap Limit. He said page 3 of his hand-out give the purposes of additional tax, and reasons for change. (ATTACHMENT 10)

Mary Ellen Conlee representing the four Wichita Hospitals, said they are in support of HB2779 and she said, many urban areas have county or municipal hospitals which provide care for the indigent and medically underserved. In Wichita that population is treated in the four full-service hospitals and through seven non-profit clinics.

She said, HB2779 provides a local, public funding source to address many of the needs and problems associated with providing care to the medically indigent and underserved.

She urged the committee members to favorably pass HB2779. (ATTACHMENT 11)

Chairman Dan Thiessen concluded the hearing on HB2779 and adjourned the meeting at 12:22 p.m.

GUEST LIST

COMMITTEE: ASSESSMENT & TAXATION

DATE: THURS. 3/26/92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Tom Schuack	Topeka	ILLIOGA
Rachelle Chromatin		:
Bob McDaniell	TOPAMA	BEMS
MARK A. BURGHART	TOPEKA	REVENUE
Cecil Moege	11	KEPPT
Ledebek M. Hermann	Topeka &	Law Office
LISA Getz	TOP WICHITA	ST. FRANCIS REG. MEDICAL CENTER
May Ellen Andee	Wichita	Wichita Hospital
KAREN FRANCE	TOPEKA	KAR
Al Masken	Topeka	Deaconess of KS
Richard Charlton	Topeka	SUNFLOWER SUB-COMMITTEE PARALYZED VETERANS of AM
Rolph Decker	Topeka	Kansas Lottery
Dorothy L. Sutton	Topeka	Kansas Lottery
Paul M. [unclear]	Topeka	ASSOC. COUNCILS Ks., Inc.
Robert Epps	Topeka	SRS
Chys Wheelen	Topeka	Ks Medical Soc.
Erud Smoot	Topeka	Home Builders of Kc
Tom Bell	Topeka	Ks Hosp. Assn.
Dinner Zimmerman	Wichita	Ch. Co. En. Dis. Panel
George PUCKETT	WICHITA / TOPEKA	KS RESTAURANT & HOTEL ASSN
Jeff Weymann	Senate Staff	State
Chuck Stones	Topeka	KBA
Tam Slatter	Topeka	AGC of Ks
Patrick J. Hurley	Topeka	McGraw Hill
Kevin W. Davis	Topeka	ROPT

GUEST LIST

COMMITTEE: ASSESSMENT & TAXATION

DATE: 2/26/92 ^{P.2}

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Susan Somers	Topeka	KSCPA
Art Proom	K.C.	KS. USR Dealer Ass'n
Jean Allen	Topeka	McCull & Assoc
Harriet Lange	Topeka	K.A.B
Bob Storey	Topeka	DeHart & Barr
Gary Anderson	Topeka	AIA Kansas
John Peterson	Tyrone	Beech Aircraft
FRANCES Kastner	Topeka	Ks Food Dealers Assn
MIKE GASKILL	Moscow, KS	USD #209
Stanley McGill	Moscow, Ks	USD #209
Bill Grimes	Moscow Kc	USD #209
ELIZABETH E. TAYLOR	TOPEKA	Liquidators INTERNATIONAL
Chris Wilson	Topeka	Ks Grain Feed Ass'n
JANET STUBBS	Topeka	HBA of Ks.
BEV BRADLEY	Topeka	Ks Assoc of Counties
Barbara Butts	Topeka	Dept of Admin
Edhel Evans	Grant Co.	Commissioner
Tommy Kumpka	Topeka	KMHA
Mike Becht	Topeka	AT+T
Reawdson	O.P.	Sun Newspaper
HAROLD PITTS	TOPEKA	AARP-CCTF
George Goebel	Topeka	AARP-SLC-CCTF
MAX MASON	PRAIRIE VILLAGE	WTPDG
Ron Hein	Topeka	Mo 59

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Ronald R. Hein
William F. Ebert
Eric S. Rosen

SENATE TAXATION COMMITTEE
HEARING RE: SCHOOL FINANCE HB2892
Presented by Ronald R. Hein,
on behalf of MESA, Inc.
March 25, 1992

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for Mesa. Mesa is one of the nation's five largest independent gas producers and currently has approximately 60% of its natural gas reserves in the state of Kansas.

Mesa and Kansas's other natural gas producers are currently impacted directly and significantly by the combined production taxes imposed on gas production in Kansas.

To many, the "oil and gas" industry is viewed as being one industry. But the Kansas tax burdens of oil producers and gas producers are significantly different.

In Kansas, both oil and natural gas are currently assessed at the highest classification rate, 50% above many other Kansas businesses.

But there is considerable disparity between the severance tax rate applied on gas versus oil. Gas producers are levied at a rate of 7% of gross revenues; oil is taxed at a statutory rate of 4.33%, or about 40% less. In addition, the 1990 statistics reflect that due to certain exemptions in the severance tax law, the actual effective rate of tax collected on 1990 oil production was 2.41%, which more closely approximates other Kansas gross receipt burdens. In contrast, the effective rate on gas production was 6.87%. The end result is that when viewed in relation to the value of production, natural gas producers bear a 285% greater severance tax burden than oil producers.

Kansas gas producers pay this gross receipts tax at a rate of 7% in addition to property taxes. Mesa currently pays an additional property tax burden of 8% of gross natural gas income.

For Mesa, this results in a 15% combined gross receipts tax since both severance and ad valorem taxes are levied and determined in part by the amount of gas a business produces.

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The idea of a gross receipts tax in Kansas is not unique but other industries pay rates of approximately 1%-2%, and more significantly, their taxes are in lieu of other property taxes. No other Kansas industry comes close to bearing the gross receipts tax burden levied on natural gas producers, whether they are profitable or unprofitable.

Based upon 1990 statistics, the total wellhead value of crude oil produced in Kansas was 50% greater than the total wellhead value of gas produced. However, it has been estimated that the ad valorem burden is about equal. This disparity of the tax burden as compared to gross revenues will increase under a statewide mill levy.

Oil is spread throughout the state, and for the most part, oil producers in the state will benefit by a uniform mill levy since most oil production is in districts which currently levy more than 29 mills. But, natural gas is heavily concentrated in one Hugoton Field where some levies will go up, even at the 29-mill levy. This would be after the mill levy increases which some school districts in Southwest Kansas voted on themselves last year in anticipation of a uniform mill levy.

When the discrepancy on ad valorem taxes between oil and gas is combined with the disparity in the severance tax rates between oil and gas, the unfairness of the current tax structure on the natural gas industry becomes painfully obvious.

The original rationale in 1983 for the severance tax being imposed on natural gas at 7%, versus 4.33% on oil, was two-fold:

- 1) The severance tax on natural gas could be passed out of state to out of state consumers at that time, pursuant to then existing federal regulation:

Since deregulation at the national level, it is no longer possible for natural gas producers to pass on the cost of a severance tax. Today the tax is directly on Kansas producers.

- 2) The credit for ad valorem tax (3.67% for oil, and only 1% for gas in recognition of the low ad valorem taxes in the Hugoton) was an attempt to keep the combined ad valorem and severance tax burdens on oil producers and gas producers equal.

The second rationale for a higher severance tax rate on gas is eliminated if a uniform mill levy passes, regardless of the size of the uniform levy.

Most industries, when facing excessive taxation, have the ability to increase the price of their product, reduce costs, or increase production in order to help mitigate the tax burden. None of these are true for the natural gas industry or for Mesa in particular.

The price of natural gas is determined to a large extent by the "spot market", which is influenced by national and international market forces. Kansas, by itself, cannot change this.

Natural gas producers have already faced the difficult task of cost reductions. Mesa, for example, is operating with 35% fewer personnel than it had one year ago today. Consider the impact on the Kansas economy if all businesses had to reduce their employees by 35%.

Lastly, gas producers in Kansas cannot apportion increased taxes over a greater amount of product, because we are regulated by law as to how much gas we can produce.

Mesa's recommendation is to help mitigate the impact on our valuable gas industry through corresponding measures to aid in the expansion of the business, or at least to curb the contraction.

One badly needed measure is to reduce the natural gas severance tax burden to parity with that imposed on oil producers and/or the other industries on which gross receipts taxes are imposed.

This, coupled with a review of current production regulatory practices by the Kansas Corporation Commission, will stimulate production and will regenerate some, if not all, of the dollars lost to the SGF by the decreased severance tax rate.

Modification of certain rules and regulations by the KCC could increase the assessed valuation of the Hugoton field, resulting in increased property tax receipts, recoupment of some lost severance tax dollars, and incentives for infill drilling.

Providing incentives to complete the infill drilling already approved by the KCC could generate \$400 million in capital investment in Southwest Kansas. This results in more jobs, more taxes of all types, and more assessed valuation to benefit the region and the State.

Mesa supports regulatory controls that encourage production of natural gas at economically acceptable levels and that insure that there is not economic waste of energy producing states' valuable natural resources. However, Kansas, while being a major gas producing state, is a relatively small slice of the pie, and cannot, by itself, drive policy in the major gas producing states such as Texas and Oklahoma. Unless all gas producing states operate with approximately the same level of control, it makes no sense for Kansas to penalize Kansas taxpayers and producers unilaterally.

Until such time as other states are willing to adopt reasonable regulatory controls, Kansas should not permit its home state businesses to suffer.

Lastly, Mesa encourages regulatory controls that insure that production allowables are assigned in such a way that such

production, and the tax revenue generated therefrom are reasonably assured of being realized.

In conclusion, Mesa strongly urges the legislature, working in conjunction with the KCC, to enact a program which expands the Kansas economic tax base, and not one which raises the burden on a shrinking industry. The result will be a benefit to Kansas producers, Kansas businesses, Kansas taxpayers, and Kansas school children through a strong educational system funded in a fair and equitable manner.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

TESTIMONY OF BOB W. STOREY
HOUSE BILL NO. 2892
SENATE ASSESSMENT AND TAXATION COMMITTEE
MARCH 26, 1992

Mr. Chairman and Members of the Committee:

I represent DeHart and Darr Associates, Inc., a public relations firm which in turn represents Idelman Telemarketing, Inc.

Idelman Telemarketing, Inc. ("Idelman Telemarketing") opened its first Kansas operation in Wichita in March of 1987, and today they have 485 employees in Wichita. Since that time, they have expanded and opened the following additional offices in Kansas:

Hutchinson (163 employees)
Newton (73 employees)
Salina (121 employees)
Emporia (218 employees)
Manhattan (148 employees)

Idelman Telemarketing employs 1208 Kansas citizens and hopes to employ more in the future; its estimated payroll for 1992 is approximately \$8,500,000.00.

Idelman Telemarketing believes it is an asset to Kansas. If the exemption is repealed, the revenue used to finance school districts as proposed in House Bill No. 2892 would cost Idelman Telemarketing an estimated thousands of dollars per year in additional tax and would raise its cost of doing business. Passed on to its customers, this would directly affect its ability to be competitive in the marketplace.

Permit me to share with you the considerations and actions of Idelman Telemarketing if the sales tax exemption is repealed.

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1. It could very well take steps to shift its call volume to a neighboring state. Missouri, Colorado and Nebraska do not impose a sales tax on interstate calls.
2. It would aggressively investigate relocation options.
3. It could redirect any future plans to expand in Kansas to another state. (This is no different than when Kansas was selected. It opted not to go to Duluth, Minnesota or Moline/Rock Island, Illinois because of economic disincentives.)

The same may well be true for other telemarketing operations in Kansas. Idelman Telemarketing is a forerunner in Wichita. Sears Catalog, Best Western Inbound, and Pioneer Teletechnologies set up operations as a result of Idelman Telemarketing's success in the Wichita labor market.

Idelman Telemarketing's employees are women and men, span all ages, work part-time and full-time, are tackling first jobs or are returning to the work force. They train young people; they retrain others. They pay wages and benefits.

Idelman Telemarketing is active in the State of Kansas. It has been the primary statewide sponsor of Special Olympics Torch Run through 1991 and will most likely continue the support. Idelman is a Pacesetter organization for the United Way and sponsors a food drive through the food bank. It is a major supporter and sponsor of the Wichita Wings and supports the Wranglers. It also supports baseball and basketball at Wichita State University and contributes to numerous school programs in areas where it does business.

Telemarketing is an effective and efficient way to contact former customers and to find new customers.

Telemarketers in Kansas already pay a 3% federal excise tax. Imposing Kansas sales tax would raise that by over 140%! You can understand that Idelman Telemarketing owes it to their customers to seek other alternatives should the exemption on sales tax be repealed. Others would be forced to act similarly. So would businesses considering locations in Kansas.

I am also appearing on behalf of 21 Kansas members of the Direct Marketing Association headquartered in 12 Kansas cities and numerous other DMA members who have operations in Kansas.

After sitting through the House Taxation Committee hearings on this matter, it was my understanding that it was the intention of the committee to impose a gross receipts tax on residential telephone services. It was explicitly stated by the committee that the exemption was to remain in place on interstate long distance telephone calls made by a telemarketing company.

The italicized portion of lines 40 - 42 on page 43 of the bill states, "except sales of interstate long distance telephone service for commercial use by way of a telemarketing communication system." My clients have not been able to determine the meaning or definition of a "telemarketing communication system." The term does not exist in the industry as we know it today.

As I am sure you are aware, DMA provides telemarketing services to its many members. I do not believe that these services would fall within the definition of a "telemarketing communication system." This would mean, of course, that the tax would be imposed on the DMA members.

After visiting with the legislative representatives of AT&T and MCI, I know they share my concern about the meaning of a "telemarketing communication system."

In order to clarify this matter, I would suggest that a period be placed after the word "use" in line 41 to insure that the exemption remain in place for interstate long distance telephone calls by a telemarketing company and the gross receipts tax would still be imposed upon residential use.

I know this committee and the legislature is concerned about school financing and seeking revenues with which to provide adequate financing. At the same time, you should be very conscious of the fact that we are in a deep recession not only in this state but in the entire United States. The economic levels for businesses are at an all-time low for Kansas and our state imposes some of the heaviest taxes on small business throughout the country and one more tax could very well be the catalyst that discourages new businesses from coming to Kansas and existing businesses from remaining in Kansas. Perhaps this committee should consider, as should the entire legislature, a reduction in spending rather than seeking revenues from those industries which have the ability to pay but do not have to remain in this great state.

Thank you very much for allowing me the opportunity to appear before you today to offer testimony on behalf of my clients. If there are any questions I can answer at this time, I will certainly do so.

Cedric "Ced" [redacted] Moege

Mr. Chairman - members of Senate Tax Comm.

District Representative - Retired
Aid Association for Lutherans

3045 Kentucky - Ph. 913-266-8922
Topeka, KS 66605

FREE ADVICE given on TAXES, GOVT., GOLF,
HUNTING, FISHING, GARDENING, ETC. ETC.

2 Governors and 3 Legislatures have provided NO property tax relief to date. The proposed 2.9 Mill property tax levy may be a step toward property tax relief but HB 2892 only addresses one aspect of tax relief while the people are also asking for property tax relief at City/Co levels and especially on motor vehicle taxes.

As some of you know, I strongly support a Prof. Tax Cap as has been proposed by Sen. Thiessen and others and feel it would be preferable to this School Finance plan.

The 1st Question asked about a Tax Cap is "How do you make up the lost Revenue"? and now the House in its wisdom has come up with 452 MILLION. A 5% spending cut would provide 125 Million additional to make up lost revenue, yet no mention is ever made of possible spending cuts. Results of a survey by Rep. Anthony Hensley are noteworthy

10. Where should money from the Kansas Lottery be spent? 99% of all property taxes are levied by the city, county, township and school board. Which of the following alternative sources of revenue should be used to reduce property taxes?

Question	Response	Count	Percentage
10. Where should money from the Kansas Lottery be spent?	1 - Reduce property taxes	505	29%
	2 - Finance education	361	20.5%
	3 - Better law enforcement	253	14%
	4 - Highways	83	5%
	5 - Job creation	163	9%
	6 - Economic development	117	6%
	7 - Prisons	65	4%
	8 - The Kansas Lottery should be eliminated	183	11%
	9 - Other	26	1.5%
	Total Responses:	1,756	
11. Which alternative sources of revenue should be used to reduce property taxes?	1 - Repeal state sales tax exemptions	268	14%
	2 - Apply state sales tax to services not now taxed	234	13%
	3 - Increase state sales tax	155	8%
	4 - Add a third "upper" bracket to Kansas Income Tax	296	16%
	5 - Place a "cap" on all local property taxes	372	20%
	6 - Cut spending	517	28%
	7 - Other	14	1%
	Total Responses:	1,856	

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Educators and school Boards are content with HB 2892 because it permits L.O.B. and L.E.B., bond and interest, and capital outlay escape clauses whereby schools can increase budgets and property taxes in excess of 29 MILLS

USD 501 in Topeka will NO doubt exercise their L.O.B. option as they are well aware no one will try to obtain 4,000 bona fide petition signatures to force an election on a 10% budget increase. The 5% protest requirement is too high. 2% would be more reasonable.

City and County Governments will be induced to raise mill levies and other govt taxing entities like Washburn, MTRP, Libraries, Health Services, Aging Dept, etc, etc will endeavor to get increased mill levies as a result of reduced school tax levies.

Big business will benefit from reduced school tax levies by millions of dollars whereas individual homeowners will benefit very little after paying increased sales and income TAX.

The NET result of HB 2892 will be that TOTAL Spending and TOTAL TAXES will be increased rather than decreased.

Testimony on HB 2892
Senate Assessment & Taxation
March 25, 1992

By: Thomas E. Slattery
Associated General Contractors of Kansas, Inc.

AGC of Kansas opposes the provision in HB 2892 that would repeal the sales tax exemption for gross receipts on original construction. This \$80 million tax increase would not be paid by contractors but by those people who might be willing to build new residential housing or commercial buildings. For several years the construction industry in Kansas has been in a serious recession. This proposal would only prolong, retard or prevent recovery.

Currently sales tax is collected only on materials and supplies on "new construction". This proposal would expand the tax to labor, overhead and profit (gross receipts).

Materials make up about 41% of a typical commercial building project. On a \$10,000,000 job that equals \$205,000 sales tax at 5%. If the remaining 59% which include labor, overhead and profit is taxed that adds another \$295,000 in tax to the project - more than double the current tax.

Construction has a significant economic impact on our Kansas economy. For example, each \$1 spent on new construction in

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Kansas generates a total of \$2.24 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a \$20 million project would result in a \$44,802,000 increase in the state's economy (\$20 million X the 2.24 multiplier). This total includes the original \$20 million project.

Each additional \$1 million spent on new construction in Kansas creates 34.7 jobs. For example, a \$20 million new construction project would create 694 jobs in the state in construction, supplier and service industries (\$20 X 34.7 jobs/million).

For each \$1 of new construction, the earnings of households in the state is increased by \$.71. For example, a \$20 million construction project would increase the total household earnings in the state by \$14,200,000 (\$20 million X \$.71). Both construction workers and employees of other industries benefit from this increased standard of living, plus the tax base of the state is increased.

The total construction industry payroll in Kansas in 1989 was \$888,772,000, 5.5 percent of the state's total private industry payroll. In 1990 total expenditures for residential construction was \$650,200,000 and nonresidential construction was \$301,800,000.

It is unpredictable to what extent the removal of this exemption would reduce new construction or eliminate jobs, but it would be significant. It would have a severe impact in the Kansas City area since Missouri does not tax labor service on new construction or remodel.

We appreciate the very difficult task you face in funding the state's schools but respectfully request that you not tax new construction as a part of the solution.



Joan Finney
Governor

Kansas Lottery

Ralph W. E. Decker
Executive Director

Kansas Lottery's Position on the Sales Tax Issue

The Kansas Lottery is strongly opposed to the removal of the sales tax exemption on the sale of lottery tickets. If the exemption were to be rescinded, the result would be a negative impact on the Lottery, its retailers and players. The Lottery would be faced with a contractual issue with the Multi-State Lottery Association; the retailers, who only receive a 5% commission, would be burdened with an additional collection and bookkeeping responsibility; and, the players would be required to pay \$1.05, or more, for an instant ticket. The Lottery would lose a tremendous number of retailers and players and the State of Kansas would surely lose more revenue that would normally be contributed to the Gaming Fund than would be remitted by a Sales Tax.

No other Lottery State except Iowa charges sales tax on lottery tickets sold. And even in Iowa, the tax is absorbed by the Lottery and not paid by the players because the Lottery does not have a fixed percentage return to the State such as the 30% of every sales dollar that Kansas has currently.

Other Lottery states surveyed indicated a Sales Tax would result in a drastic decrease in sales. It is possible that 30% to 40% of Kansas Lottery Retailers could be lost.

Fiscal year 1991 resulted in the Kansas Lottery having generated approximately \$70,340,000 in net sales! The Lottery contributed to the State Gaming Fund 30% of these sales for an approximate total of \$21,100,000! Assuming the Lottery had been required to charge Sales Tax and; therefore, experienced a 20% reduction in sales volume as a result of lost retailers and players, Net Sales for fiscal year 1991 would have been only \$56,272,000. These reduced sales would have produced Gaming Fund revenue of \$16,881,600 and Sales Tax revenue of \$2,813,600 for a total of \$19,695,200. This is \$1,404,800 less than the actual amount that went to the State for fiscal year 1991.

Under the contract with the Multi-State Lottery Association, the price of a Lotto*America ticket must be \$1.00 (one dollar) including all applicable state and local taxes.

Furthermore, 45% of the sale price (45 cents of every dollar) must be allocated to the "prize fund".

If a 5% sales tax were to be levied on Lotto*America tickets, the actual sale price of the ticket would effectively be 95 cents. The calculations of the distribution of this 95 cents would be as follows:

<u>Lotto*America</u>	
Prize Fund 45% of 95 cents =	42.750 cents
(This is less than the contract provides - it would cause the Lottery to use operating funds to cover 2.25 cents needed to contribute 45 cents to prize fund as do all other lotteries)	
Gaming Fund 30% of 95 cents =	28.500 cents
Retailer commission 5% of 95 cents =	4.750 cents
Vendor commission 6.7% of 95 cents =	6.365 cents
(less than the contract provides)	
Sales tax =	5.000 cents
Total of distributions	87.365 cents

If, however, the contractual portions are adhered to, the total distribution would amount to 91.7 cents, leaving just 8.3 cents for Lottery operations, rather than 12.635 cents.

Sales impact for other games

Adding the 5 cent tax to the dollar would result in a price of \$1.05 for Kansas Lotto and instant tickets. In addition, in those municipalities and counties where additional fractional taxes are levied, the price could be \$1.06 or more for a lottery ticket. This raises the legal question of discriminatory pricing, i.e. \$1.00 (including sales tax) for Lotto*America, \$1.05 for all other tickets across the state where no additional local tax applies and \$1.05+ where a local tax applies.

Experience in the Lottery in Saskatchewan, Canada, resulted in a 13% drop in sales in four-and-a-half months in 1989 when a tax was imposed on lottery tickets. The tax was repealed because it resulted in a net loss to the province. (See attached memo from Saskatchewan Lottery.)

I will be most happy to answer any questions or provide any additional information concerning this matter.

Attach.

May 2, 1990

MEMO TO: SAM GIAIMO
G. TECH CORPORATION
TOPEKA, KANSAS

FROM: PAUL BARNBY
SASKATCHEWAN LOTTERIES

RE: HOSPITAL TAX - TAX ON LOTTERIES

On July 1, 1989, the Government of Saskatchewan implemented a 10% tax on Lotteries to raise additional monies for hospitals in the Province of Saskatchewan.

This was not a popular tax with the purchasing public or the lottery retailers and was subsequently withdrawn on November 17, 1989.

During the time the tax was in place, sales at some locations were down as much as 35%. The fiscal year for Saskatchewan Lotteries runs from April 1st to March 31st. For fiscal 1988/89 sales in Saskatchewan totalled \$107 million. For fiscal 1989/90 with the tax on for 4 1/2 months sales totalled approximately \$92 million, a drop of approximately 13%. Profit lost on these sales amounted to about (\$15 million x .35%) \$5.25 million. The government collected approximately \$2.9 million while the tax was on.

Sales after the tax was removed have recovered somewhat but are still considerably down from revenues achieved in the past. Current forecasts for fiscal 1990/91 are \$95.7 million. It would appear it will take several years to restore consumers purchasing habits to the levels achieved in fiscal 1989/90.

By way of comparison, Saskatchewan is in partnership with two neighbouring provinces, Manitoba and Alberta. Neither one of these provinces imposed the 10% tax on their Lottery operations. All three provinces offer the same line-up of lottery games and utilize a common advertising program. This is done through the Western Canada Lottery Corporation. Sales in Manitoba and Albert were virtually the same as fiscal 1988/89, while Saskatchewan was down 13%.

If you need further information give me a call.



TOPEKA

HOUSE OF
REPRESENTATIVES

ROCHELLE CHRONISTER
 REPRESENTATIVE, THIRTEENTH DISTRICT
 WILSON-WOODSON COUNTIES
 CHERRY AND WEST CHERRY TOWNSHIPS
 IN MONTGOMERY COUNTY
 ROUTE 2—BOX 321A
 NEODESHA, KANSAS 66757-0321

COMMITTEE ASSIGNMENTS
 RANKING REPUBLICAN: APPROPRIATIONS
 MEMBER: ECONOMIC DEVELOPMENT
 REAPPORTIONMENT
 JOINT COMMITTEE MEMBER: HEALTH CARE
 ISSUES
 FOR THE '90'S
 BOARD MEMBER: KANSAS TECHNOLOGY
 ENTERPRISE CORP.
 (KTEC)
 KANSAS ADVOCACY AND
 PROTECTIVE SERVICES
 (KAPS)

To: Senate Assessment & Taxation Committee

From: Representative Rochelle Chronister
 Thirteenth District

Date: March 26, 1992

Testimony on HB 2779

HB 2779 would allow cities or counties to submit to their electorate the question of raising an additional 1/4, 1/2, 3/4, or 1¢ of sales tax for the use of local health care services outside of the present local sales tax levy. Health care services are very broadly defined in the bill; however the governing body would have to define what health care services the money could be used for on the ballot. Potential uses in the bill are described as including but not limited to:

"Local health departments; city, county or district hospitals, city or county nursing homes; preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home health care services; mental health services; indigent health care; physician or other health care worker recruitment; health education; emergency medical services; rural health clinics; integration of health care services; home health services; and rural health networks."

The initial concept for this bill came about as I examined ways to help rural hospitals who are having difficulty remaining open due to changes in hospital reimbursements. You have written testimony from the administrator of the Wilson County hospital in relation to this problem. Shortly before we returned to session this year, however, I was approached by one of the Woodson County Commissioners in regard to the loss of obstetrical services to not only Woodson county, but also in Allen county. The Health Care for the '90s committee has also been discussing the difficulties we are having insuring quality medical care throughout Kansas.

SENATE ASSES: STAX

3-26-92
 ATT. 6-1

In my own legislative district I found a variety of health care difficulties - Neodesha needed additional resources to keep the hospital operating; Fredonia was already dedicating a local sales tax to hospital operations, but might in the future need to make major capital improvements to their hospital; Yates Center and all of Woodson county needs additional access to obstetrical care; Cherryvale is served by doctors in a clinic on a part-time basis; mental health services all over the district need upgrading as a result of the mental health reform act. If the health care needs are so varied among the 18,000 plus people of the 13th district, they must be monumental throughout Kansas, and indeed that is true.

Indigent and homeless health care is non-existent except by public hospital emergency rooms in most areas; healthy start programs are pilot programs with questionable on-going funding; in some places doctors are non-existent or do not deliver babies; present mill levies preclude additional property taxes being used to expand these services and many communities are at their limit for local sales taxes.

These localized problems appear to call for local solutions. The federal government is struggling toward changes in total health care provisions, but we can't afford to wait for their solutions and we may not be able to afford them when they come. HB 2779 offers an alternative to waiting for state or federal action. Either the city or county commissioners or by petition local citizens may bring to a vote the funding for local health care needs. The tax can be imposed for a limited time or may go on until another election is held repealing it - repeal may be initiated in the same way as it was originally brought to a vote by city or county commissioners or by local petition.

Mister Chairman, I have included several sets of statistics and articles with my written testimony, and would be pleased to answer questions.

* * * *

County Tax Levies for Health Related Functions
Legislative Research
Feb. 1992

County	1991 Population	Assessed Tangible Valuation	Ambulance	Health	Home for the Aged	Hospital	Mental Health And Retardation	Services For Elderly
Allen	14,638	53,747,285	1.494	0.518	0.000	0.000	1.942	0.556
Anderson	7,803	37,301,551	2.130	0.369	0.000	5.443	1.811	0.510
Atchison	16,932	58,704,444	0.987	0.533	0.140	0.000	1.171	0.987
Barber	5,874	56,771,256	1.389	0.675	0.000	0.000	1.593	0.589
Barton	29,382	150,854,907	0.542	0.690	0.000	0.000	1.773	0.000
Bourbon	14,966	51,266,910	0.531	0.484	0.000	0.000	1.436	0.685
Brown	11,128	50,001,334	0.837	0.715	0.000	0.000	1.200	0.986
Butler	50,580	219,361,615	2.218	0.494	0.000	0.000	0.937	0.596
Chase	3,021	21,975,363	1.909	1.127	0.000	0.000	0.720	1.313
Chautauqua	4,407	21,386,575	0.000	1.010	0.000	0.000	1.360	0.984
Cherokee	21,374	73,521,889	1.994	0.613	0.000	0.000	1.289	0.000
Cheyenne	3,243	28,299,640	0.260	0.280	0.000	4.830	0.660	0.500
Clark	2,418	30,741,237	1.335	1.079	0.000	0.000	0.961	0.000
Clay	9,158	40,294,223	1.627	0.766	0.000	0.000	1.340	0.917
Cloud	11,023	44,130,884	0.000	1.051	0.000	0.000	1.944	0.938
Coffey	8,404	544,655,189	0.498	0.205	0.000	0.998	0.317	0.000
Comanche	2,313	27,200,366	1.498	0.848	0.000	10.488	0.902	0.000
Cowley	36,915	143,067,820	0.996	0.350	0.000	0.000	1.277	0.724
Crawford	35,568	103,414,216	0.256	0.757	0.000	0.000	2.492	0.878
Decatur	4,021	27,097,850	1.712	0.686	1.091	1.039	1.248	1.001
Dickinson	18,958	80,867,206	2.982	0.509	0.000	0.000	0.919	0.764
Doniphan	8,134	33,626,207	0.000	0.267	0.000	0.000	1.265	1.000
Douglas	81,798	363,039,968	0.830	0.834	0.000	0.000	1.397	0.694
Edwards	3,787	36,102,534	0.307	1.212	0.000	7.953	1.223	0.000
Elk	3,327	17,915,045	1.856	1.395	0.000	0.000	1.968	0.984
Ellis	26,004	149,579,187	2.283	0.502	0.000	0.000	2.883	0.447
Ellsworth	6,586	41,212,758	1.185	0.646	0.000	0.000	1.234	1.137
Finney	33,070	282,126,333	1.580	0.200	0.000	0.000	1.230	0.800
Ford	27,463	152,185,056	1.830	0.619	0.000	0.000	1.457	0.000
Franklin	21,994	81,545,675	2.121	0.838	0.000	1.857	0.781	0.997
Geary	30,453	86,118,017	0.000	1.492	0.000	2.392	1.236	0.816
Gove	3,231	34,490,501	0.000	0.000	0.000	4.018	0.501	0.000
Graham	3,543	38,731,120	0.000	0.550	0.425	5.003	2.084	0.000
Grant	7,159	256,378,677	0.310	0.378	1.401	3.000	0.363	0.667
Gray	5,396	45,697,351	1.113	0.959	0.000	0.000	1.260	0.892
Greeley	1,774	27,564,628	0.300	0.070	2.000	6.000	0.860	0.300
Greenwood	7,847	43,920,878	0.961	0.525	0.000	1.994	1.387	1.056
Hamilton	2,388	42,334,847	0.790	0.440	0.000	11.320	1.050	0.500
Harper	7,124	53,808,819	0.000	1.010	0.000	0.000	1.450	1.380
Harvey	31,028	123,572,330	0.997	0.000	0.000	0.000	1.388	0.580
Haskell	3,886	116,395,076	0.000	0.000	0.000	0.000	0.320	0.950
Hodgeman	2,177	26,354,729	1.937	0.000	0.000	6.263	0.717	0.484
Jackson	11,525	39,111,556	0.000	0.000	0.000	0.000	0.000	0.712
Jefferson	15,905	61,262,156	2.934	0.610	0.000	0.000	1.129	0.402
Jewell	4,251	26,511,090	1.983	1.604	0.000	4.001	0.642	0.235
Johnson	355,054	2,724,743,221	1.396	0.452	0.027	0.000	1.463	0.000
Keamy	4,027	185,166,017	0.201	0.242	0.000	1.979	0.379	0.276
Kingman	8,292	73,133,670	1.341	0.266	0.000	0.000	1.415	0.738
Kiowa	3,660	50,434,580	0.827	0.826	0.000	1.997	1.174	0.000
Labette	23,693	70,873,102	0.446	1.008	0.000	0.000	1.518	0.000
Lane	2,375	26,874,291	2.521	0.961	0.000	8.504	1.843	0.000
Leavenworth	64,371	200,109,991	2.333	0.852	0.799	0.000	0.826	0.572
Lincoln	3,653	22,837,469	2.061	1.846	0.000	7.501	0.283	0.000

County	1991 Population	Assessed Tangible Valuation	Ambulance	Health	Home for the Aged	Hospital	Mental Health And Retardation	Services For Elderly
Linn	8,254	130,051,403	0.449	0.310	0.000	0.000	0.621	0.724
Logan	3,081	25,648,089	1.081	0.935	0.000	2.166	1.012	0.357
Lyon	34,732	125,822,541	0.721	1.571	0.000	0.000	0.816	0.694
Marion	11,705	57,945,116	1.164	0.470	0.000	0.000	1.016	0.509
Marshall	12,888	53,254,422	1.604	0.000	0.000	0.000	1.623	0.745
McPherson	27,268	156,099,563	0.000	0.180	0.000	0.000	0.000	0.000
Meade	4,247	65,142,089	1.250	1.270	0.250	0.000	0.690	0.630
Miami	23,466	96,259,171	1.902	0.048	0.000	1.149	1.238	0.804
Mitchell	7,203	34,513,234	1.267	0.597	0.000	1.837	1.588	1.000
Montgomery	38,816	144,880,393	0.995	0.701	0.000	0.000	2.173	0.497
Morris	6,198	33,162,774	0.151	1.087	0.000	2.000	0.681	1.000
Morton	3,480	117,398,779	0.800	0.560	0.000	1.910	0.450	0.490
Nemaha	10,446	50,520,932	0.848	0.000	0.000	0.000	1.477	0.000
Neosho	17,035	54,990,617	1.280	0.590	0.000	0.000	1.755	0.673
Ness	4,033	52,074,965	0.907	0.915	0.000	0.000	0.610	0.747
Norton	5,947	27,692,965	0.010	0.718	0.500	2.000	2.245	0.750
Osage	15,248	56,568,119	1.355	0.770	0.000	0.000	0.649	0.721
Osborne	4,867	26,977,283	1.145	0.769	0.000	6.000	1.048	0.000
Ottawa	5,634	32,424,747	0.000	0.993	0.000	0.915	0.724	0.372
Pawnee	7,555	49,416,530	0.000	1.314	0.000	0.000	0.965	0.376
Phillips	6,590	41,055,639	1.649	1.003	0.249	5.494	1.248	0.000
Pottawatomie	16,128	265,895,381	0.000	0.990	0.000	0.000	1.250	0.000
Pratt	9,702	70,756,590	2.930	0.830	0.000	0.890	1.430	0.400
Rawlins	3,404	29,737,219	1.696	0.261	0.250	2.571	1.322	0.466
Reno	62,389	292,494,591	0.000	1.262	0.000	0.000	0.901	1.000
Republic	6,482	35,255,592	2.432	1.032	0.000	2.200	1.656	0.000
Rice	10,610	71,709,302	1.418	0.000	0.000	0.000	1.029	1.000
Riley	67,139	162,287,596	1.402	0.897	0.602	1.997	1.392	0.815
Rooks	6,039	53,379,963	1.105	0.549	0.000	0.000	1.335	0.725
Rush	3,842	32,428,920	0.000	1.614	0.000	0.999	0.851	0.999
Russell	7,835	65,452,195	3.711	0.547	0.000	0.000	0.488	0.550
Saline	49,301	223,370,139	1.985	0.767	0.000	0.000	0.420	0.746
Scott	5,289	42,047,503	1.045	1.535	0.822	1.860	1.178	0.000
Sedgwick	403,662	1,962,204,228	0.892	0.000	0.000	0.000	1.574	0.809
Seward	18,743	164,837,172	1.287	0.000	0.000	0.000	0.000	0.837
Shawnee	160,976	814,050,185	0.000	0.000	0.000	0.000	0.000	0.000
Sheridan	3,043	28,326,995	0.618	0.314	0.000	9.402	1.217	0.250
Sherman	6,926	46,776,656	0.896	0.843	0.000	6.000	1.008	0.670
Smith	5,078	29,238,717	1.532	0.804	0.000	4.821	1.283	0.000
Stafford	5,365	60,885,262	0.804	0.744	0.000	0.000	1.149	0.000
Stanton	2,333	67,314,426	0.900	0.000	2.450	5.300	0.710	0.000
Stevens	5,048	296,281,046	0.000	0.000	1.860	4.000	0.000	0.000
Sumner	25,841	109,984,949	0.381	0.150	0.000	0.000	1.591	0.642
Thomas	8,258	60,853,522	1.160	0.680	0.000	0.000	1.740	0.740
Trego	3,694	31,778,936	0.996	0.528	0.000	3.250	1.647	0.000
Wabaunsee	6,603	32,718,469	0.000	0.980	0.000	0.000	0.830	0.860
Wallace	1,821	21,371,755	0.946	1.121	0.054	0.000	0.870	0.409
Washington	7,073	41,199,836	0.964	0.631	0.000	3.862	1.739	0.000
Wichita	2,758	26,142,607	0.000	11.058	0.000	0.000	1.273	0.581
Wilson	10,289	40,735,210	4.036	0.264	0.000	1.803	1.025	0.505
Woodson	4,116	23,372,431	1.801	0.562	0.000	0.000	1.983	0.528
Wyandotte	161,993	588,886,058	0.000	1.104	0.000	0.398	1.127	0.995

LOCAL SALES TAXES -- COUNTY

<u>County (61)</u>	<u>Rate</u>	<u>Effective Date</u>
Allen	0.5%	November 1, 1982
Anderson	1.0	January 1, 1983
Barber	1.0	February 1, 1983
Barton	1.0	November 1, 1982
Brown	1.0	November 1, 1982
Chautauqua	1.0	February 1, 1983
Cherokee	1.0	November 1, 1982
Cheyenne	1.0	July 1, 1986
Clay	0.5	November 1, 1982
Crawford	1.0	November 1, 1983
Decatur	1.0	November 1, 1984
Dickinson	1.0	July 1, 1983
Edwards	1.0	November 1, 1983
Elk	1.0	November 1, 1982
Finney ⁷	0.75	July 1, 1991
Ford ⁷	0.75	July 1, 1991
Franklin	1.0	July 1, 1983
Geary ¹	1.0	October 1, 1978
Gove	1.0	November 1, 1984
Gray	1.0	February 1, 1983
Greeley	1.0	November 1, 1982
Harvey	1.0	July 1, 1986
Haskell	0.5	January 1, 1983
Jackson ²	2.0	July 1, 1989
Jefferson	1.0	May 1, 1983
Jewell	1.0	February 1, 1983
Johnson ^{3,4}	0.6	July 1, 1990
Kiowa	1.0	November 1, 1982
Labette	1.0	September 1, 1981
Lincoln	1.0	February 1, 1983
Logan	1.0	November 1, 1982
Marion	1.0	July 1, 1987
McPherson	1.0	July 1, 1982
Meade	1.0	November 1, 1984
Miami	1.0	July 1, 1983
Mitchell	1.0	November 1, 1982
Morris	1.0	November 1, 1982

<u>County (61)</u>	<u>Rate</u>	<u>Effective Date</u>
Nemaha	1.0%	November 1, 1982
Osage	1.0	November 1, 1982
Osborne	0.5	January 1, 1983
Ottawa	1.0	February 1, 1983
Pawnee	1.0	July 1, 1983
Pratt	1.0	July 1, 1982
Rawlins	1.0	February 1, 1983
Reno ⁵	1.0	July 1, 1986
Republic	1.0	November 1, 1982
Rice	1.0	November 1, 1982
Riley	0.5	February 1, 1983
Russell	1.0	April 1, 1988
Saline	1.0	November 1, 1982
Scott	1.0	May 1, 1982
Sedgwick	1.0	October 1, 1985
Seward ³	1.0	November 1, 1980
Sherman	1.0	February 1, 1983
Stafford	1.0	November 1, 1984
Stanton	1.0	November 1, 1984
Thomas	1.0	November 1, 1982
Wabaunsee	1.0	February 1, 1983
Washington ⁶	1.0	February 1, 1983
Wichita	1.0	November 1, 1982
Wyandotte ³	1.0	January 1, 1984

- 1) Rate of 0.5 percent was effective November 1, 1974.
- 2) Rate of 1.0 percent was effective November 1, 1982.
- 3) Rate of 0.5 percent was effective October 1, 1975.
- 4) Combined rate of 0.6 percent includes 0.5 percent county tax plus 0.1 percent for stormwater management.
- 5) Rate of 0.5 percent was effective November 1, 1977.
- 6) Scheduled to expire February 1, 1993.
- 7) Combined rate of 0.75 percent includes 0.5 percent county tax plus 0.25 percent which became effective July 1, 1991. Finney County had been at 0.5 percent since November 1, 1981, and Ford County had been at 0.5 percent since January 1, 1983.

Note: Currently, five counties impose the tax at the rate of 0.5 percent, one county imposes the tax at a rate of 0.6 percent, two counties impose the tax at the rate of 0.75 percent, 52 counties impose the tax at the rate of 1.0 percent, and one county imposes the tax at the rate of 2.0 percent. County tax may be in addition to a city sales tax. For information on city sales tax rates and combined local rates, see "Local Sales Taxes -- City."

LOCAL SALES TAXES -- CITY

City (128) (County Where Located)	Rate	Effective Date
Abilene ¹ (Dickinson)	0.5%	May 1, 1983
Americus (Lyon)	0.5	April 1, 1987
Anthony (Harper)	0.5	November 1, 1984
Arkansas City ⁹ (Cowley)	1.0	April 1, 1985
Argonia (Sumner)	1.0	January 1, 1991
Arma ¹ (Crawford)	0.5	November 1, 1982
Atchison ⁹ (Atchison)	1.0	August 1, 1983
Auburn (Shawnee)	1.0	July 1, 1984
Augusta (Butler)	0.5	October 1, 1991
Baldwin ²⁴ (Douglas)	1.0	July 1, 1991
Basehor (Leavenworth)	0.5	July 1, 1982
Baxter Springs ^{1,14} (Cherokee)	1.0	July 1, 1985
Belle Plaine (Sumner)	1.0	October 1, 1989
Bonner Springs ^{1,18} (Wyandotte)	1.0	January 1, 1986
Caldwell ² (Sumner)	1.0	November 1, 1982
Caney ² (Montgomery)	1.0	November 1, 1982
Chanute ²¹ (Neosho)	1.0	November 1, 1987
Cherryvale ³ (Montgomery)	1.0	November 1, 1982
Chetopa ¹ (Labette)	1.0	July 1, 1985
Clay Center ^{1,2} (Clay)	1.0	November 1, 1984
Coffeyville ² (Montgomery)	1.0	May 1, 1984
Columbus ^{1,14} (Cherokee)	1.0	April 1, 1987
Concordia ⁵ (Cloud)	1.0	February 1, 1983
Conway Springs (Sumner)	1.0	October 1, 1989
Cottonwood Falls (Chase)	1.0	January 1, 1991
Delphos ¹ (Ottawa)	1.0	November 1, 1984
DeSoto ^{1,14} (Johnson)	1.0	January 1, 1991
Dighton (Lane)	1.0	July 1, 1983
Dodge City ¹ (Ford)	0.5	December 1, 1981
Easton (Leavenworth)	1.0	July 1, 1985
Edgerton ^{1,14} (Johnson)	1.0	July 1, 1985
Edna ¹ (Labette)	1.0	January 1, 1989
Edwardsville ¹ (Wyandotte)	1.0	January 1, 1986
Effingham (Atchison)	1.0	November 1, 1983
El Dorado (Butler)	1.0	October 1, 1989
Elkhart (Morton)	0.5	November 1, 1981
Ellis (Ellis)	1.0	November 1, 1983
Ellsworth (Ellsworth)	1.0	July 1, 1983
Elwood (Doniphan)	1.0	November 1, 1984
Emporia (Lyon)	0.5	September 1, 1984
Erie ⁷ (Neosho)	1.0	January 1, 1988
Eudora (Douglas)	0.5	November 1, 1982
Eureka (Greenwood)	1.0	January 1, 1991

<u>City (128) (County Where Located)</u>	<u>Rate</u>	<u>Effective Date</u>
Fairway ¹²⁰ (Johnson)	1.0	July 1, 1986
Fort Scott (Bourbon)	1.0	January 1, 1984
Fredonia (Wilson)	1.0	January 1, 1986
Frontenac ¹ (Crawford)	0.5	November 1, 1982
Galena ¹¹⁷ (Cherokee)	1.0	July 1, 1984
Garden City ¹ (Finney)	0.5	February 1, 1983
Gardner ¹⁷ (Johnson)	1.0	January 1, 1989
Gas ¹ (Allen)	1.0	January 1, 1991
Girard ¹ (Crawford)	0.5	November 1, 1982
Glasco (Cloud)	1.0	July 1, 1983
Hays (Ellis)	0.5	November 1, 1982
Herington ¹ (Dickinson)	0.5	July 1, 1980
Hiawatha ¹ (Brown)	0.5	November 1, 1980
Hill City (Graham)	1.0	July 1, 1985
Hillsboro ¹ (Marion)	0.5	May 1, 1985
Horton ¹² (Brown)	1.0	July 1, 1987
Hugoton (Stevens)	0.5	November 1, 1980
Humboldt ¹ (Allen)	0.5	January 1, 1982
Hutchinson ¹ (Reno)	0.5	July 1, 1986
Independence ³ (Montgomery)	1.0	April 1, 1986
Iola ¹²³ (Allen)	1.0	January 1, 1990
Junction City ¹ (Geary)	1.0	November 1, 1982
Kanopolis (Ellsworth)	1.0	July 1, 1985
Kansas City ¹² (Wyandotte)	1.0	January 1, 1984
LaCygne (Linn)	1.0	October 1, 1988
Lakin (Kearny)	1.0	July 1, 1983
Lansing ¹⁴ (Leavenworth)	1.0	January 1, 1989
Lawrence ⁴ (Douglas)	1.0	October 1, 1990
Leavenworth ¹⁹ (Leavenworth)	1.0	March 1, 1985
Leawood ¹⁶ (Johnson)	1.0	January 1, 1984
Lenexa ¹¹⁰ (Johnson)	1.0	February 1, 1984
Lindsborg ¹ (McPherson)	0.5	July 1, 1991
Longford ¹ (Clay)	1.0	January 1, 1989
Louisburg ¹ (Miami)	0.5	July 1, 1982
Manhattan ¹⁴ (Riley & Pottawatomie)	1.0	November 1, 1982
Mayfield (Sumner)	0.5	November 1, 1982
Medicine Lodge ¹ (Barber)	0.5	July 1, 1991
Merriam ¹¹¹ (Johnson)	1.0	February 1, 1984
Miltonvale (Cloud)	1.0	July 1, 1987
Mission ¹⁸ (Johnson)	1.0	July 1, 1985
Moran ¹ (Allen)	0.5	July 1, 1984
Neodesha ² (Wilson)	1.0	February 1, 1983

<u>City (128) (County Where Located)</u>	<u>Rate</u>	<u>Effective Date</u>
Ogden ¹² (Riley)	1.0	November 1, 1982
Olathe ^{1,12} (Johnson)	1.0	February 1, 1984
Onaga (Pottawatomie)	1.0	November 1, 1982
Osawatomie ¹ (Miami)	0.5	July 1, 1981
Ottawa ¹ (Franklin)	0.5	February 1, 1979
Overland Park ^{1,13} (Johnson)	1.0	February 1, 1984
Oxford (Sumner)	1.0	November 1, 1984
Paola ¹ (Miami)	0.5	July 1, 1981
Perry ¹ (Jefferson)	0.5	July 1, 1981
Pittsburg ¹ (Crawford)	0.5	February 1, 1981
Plainville (Rooks)	0.5	February 1, 1985
Pomona ¹ (Franklin)	0.5	July 1, 1981
Prairie Village ^{1,9} (Johnson)	1.0	February 1, 1984
Roeland Park ^{1,14} (Johnson)	1.0	March 1, 1984
Rossville (Shawnee)	1.0	October 1, 1986
St. Marys ⁷ (Pottawatomie)	1.0	November 1, 1984
Sabetha ¹ (Nemaha)	0.5	July 1, 1991
Salina ¹ (Saline)	0.5	January 1, 1991
Satanta ¹ (Haskell)	0.5	January 1, 1987
Scammon ¹ (Cherokee)	1.0	April 1, 1988
Sedan ¹ (Chautauqua)	0.5	November 1, 1981
Shawnee ^{1,2} (Johnson)	1.0	July 1, 1985
Spivey (Kingman)	0.5	January 1, 1979
Spring Hill ^{1,14} (Miami & Johnson)	1.0	February 1, 1984
Strong City (Chase)	1.0	January 1, 1990
Sublette ¹ (Haskell)	0.5	January 1, 1983
Syracuse (Hamilton)	1.0	June 1, 1984
Tonganoxie ²² (Leavenworth)	1.0	July 1, 1989
Topeka ⁴ (Shawnee)	1.0	November 1, 1982
Toronto (Woodson)	0.5	November 1, 1982
Ulysses (Grant)	1.0	November 1, 1983
WaKeeney (Trego)	1.0	February 1, 1983
Wakefield ^{1,2} (Clay)	1.0	November 1, 1982
Wamego ⁷ (Pottawatomie)	1.0	September 1, 1983
Weir ¹ (Cherokee)	1.0	November 1, 1984
Wellington ⁸ (Sumner)	1.0	July 1, 1983
Westmoreland (Pottawatomie)	0.5	February 1, 1983
Westwood ^{1,15} (Johnson)	1.0	February 1, 1984
Westwood Hills ^{1,16} (Johnson)	1.0	February 1, 1984
Williamsburg ¹ (Franklin)	0.5	July 1, 1982
Wilson (Ellsworth)	1.0	September 1, 1983
Winfield ¹⁸ (Cowley)	1.0	November 1, 1984
Yates Center ⁷ (Woodson)	1.0	January 1, 1986

Footnotes:

- 1 City sales tax is in addition to the county sales tax; see "Local Sales Taxes -- County."
- 2 Rate of 0.5% had been effective November 1, 1980.
- 3 Rate of 0.5% had been effective February 1, 1981.
- 4 Rate of 0.5% had been effective July 1, 1971.
- 5 Rate of 0.5% had been effective September 1, 1981.
- 6 Rate of 0.5% had been effective January 1, 1979.
- 7 Rate of 0.5% had been effective November 1, 1982.
- 8 Rate of 0.5% had been effective February 1, 1979.
- 9 Rate of 0.5% had been effective October 1, 1978.
- 10 Rate of 0.5% had been effective February 1, 1980.
- 11 Rate of 0.5% had been effective July 1, 1979.
- 12 Rate of 0.5% had been effective June 1, 1980.
- 13 Rate of 0.5% had been effective January 1, 1978.
- 14 Rate of 0.5% had been effective July 1, 1982.
- 15 Rate of 0.5% had been effective July 1, 1981.
- 16 Rate of 0.5% had been effective July 1, 1980.
- 17 Rate of 0.5% had been effective February 1, 1977.
- 18 Rate of 0.5% had been effective October 1, 1981.
- 19 Rate of 0.5% had been effective July 1, 1977.
- 20 Rate of 0.5% had been effective September 1, 1983.
- 21 Rate of 0.5% had been effective October 1, 1979.
- 22 Rate of 0.5% had been effective November 1, 1984.
- 23 Rate of 0.5% had been effective November 1, 1981.
- 24 Rate of 0.5% had been effective January 1, 1981.

Kansas Hospitals

(County, Hospital, City, Ownership, Status, Operator)

Allen County

Allen County Hospital, Toia, CNTY, NP, M/L

Anderson County

Anderson County Hospital, Garnett, CNTY, NP

Atchison County

Atchison Hospital, Atchison, PRVT, NP
Atchison Alcohol/Drug, Atchison, PRVT-Special, NP

Barber County

Kiowa District Hospital, Kiowa, DIST, NP
Medicine Lodge Memorial Hospital, Medicine Lodge, DIST, NP, M/L

Barton County

Ellinwood District Hospital, Ellinwood, DIST, NP, M/L
Central Kansas Medical Center, Great Bend, Church, NP, M/L
Clara Barton Hospital, Hoisington, Church, NP, M/L

Bourbon County

Mercy Hospitals of Kansas, Fort Scott, Church, NP

Brown County

Hiawatha Community Hospital, Hiawatha, PRVT, NP, M/L
Horton Community Hospital, Horton, PRVT, NP

Butler County

Augusta Medical Complex, Augusta, PRVT, NP
Susan B. Allen Memorial Hospital, El Dorado, PRVT, NP

Chase County

No Hospital

Chautauqua County

Cedar Vale Regional Hospital, Cedar Vale, PRVT, FP
Sedan City Hospital, Sedan, CITY, NP

Cherokee County

Baxter Memorial Hospital, Baxter Springs, CITY, NP
Maude Norton Memorial City Hospital, Columbus, CITY, NP

Cheyenne County

Cheyenne County Hospital, St. Francis, CNTY, NP, M/L

Clark County

Ashland District Hospital, Ashland, DIST, NP, M/L
Minneola District Hospital, Minneola, DIST, NP, M/L

Clay County

Clay County Hospital, Clay Center, CNTY, NP

Cloud County

St. Joseph's Hospital, Concordia, Church, NP

Coffey County

Coffey County Hospital, Burlington, CNTY, NP

Comanche County

Comanche County Hospital, Coldwater, CNTY, NP

Cowley County

Arkansas City Memorial Hospital, Arkansas City, CITY, NP
Wm. Newton Memorial Hospital, Winfield, CITY, NP
Winfield State Hospital, Winfield, STATE, NP

Crawford County

Crawford County Hospital District #1, Girard, DIST, NP
Mt. Carmel Medical Center, Pittsburg, Church, NP

Decatur County

Decatur County Hospital, Oberlin, CNTY, NP, M/L

Dickinson County

Memorial Hospital, Abilene, DIST, NP
Herrington Municipal Hospital, Herrington, CITY, NP

Doniphan County

No Hospital

Douglas County

Lawrence Memorial Hospital, Lawrence, CITY, NP

Edwards County

Edwards County Hospital, Kinsley, CNTY, NP, M/L

Elk County

No Hospital

Ellis County

Hadley Regional Medical Center, Hays, PRVT, NP
St. Anthony Hospital, Hays, Church, NP

Ellsworth County

Ellsworth Co. Veterans Memorial Hospital, Ellsworth, CNTY, NP
St. Francis - Ellsworth, Ellsworth, (Boys 7-12 grades), PRVT-PSY, NP

Finney County

St. Catherine Hospital, Garden City, Church, NP, M/L

Ford County

Humana Hospital - Dodge City, Dodge City, PRVT, FP
Spearville District Hospital, Spearville, DIST, NP

Franklin County

Ransom Memorial Hospital, Ottawa, CNTY, NP, M/L

Geary County

Geary Community Hospital, Junction City, CNTY, NP
Irwin Army Community Hospital, Junction City, FED, NP

Gove County

Gove County Hospital, Quinter, CNTY, NP

Graham County

Graham County Hospital, Hill City, CNTY, NP

Grant County

Bob Wilson Mem. Grant County Hospital, Ulvsses, CNTY, NP, M/L

Gray County

No Hospital

Greeley County

Greeley County Hospital, Tribune, CNTY, NP, M/L

Greenwood County

Greenwood County Hospital, Eureka, CNTY, NP, M/L

Hamilton County

Hamilton County Hospital, Syracuse, CNTY, NP

Harper County

Hospital District #6 of Harper County, Anthony, DIST, NP
Attica District Hospital, Attica, DIST, NP
Hospital District #5, Harper County, Harper, DIST, NP

Harvey County

Halstead Hospital, Halstead, Church, NP
Newton Medical Center, Newton, PRVT, NP
Prairie View Hospital, Newton, PRVT-PSY, NP

Haskell County

Satanta District Hospital, Satanta, DIST, NP, M/L

Hodgeman County

Hodgeman County Health Center, Jetmore, CNTY, NP

Jackson County

Holton City Hospital, Holton, CITY, NP

Jefferson County

Jefferson County Memorial Hospital, Winchester, CNTY, NP

Jewell County

Jewell County Hospital, Mankato, CNTY, NP

Johnson County

Meadow Brook, Gardner, PRVT-Special, NP
CPC College Meadows, Lenexa, PRVT-PSY, FP
Kansas Institute, Olathe, PRVT-PSY, FP
Olathe Community Hospital, Olathe, PRVT, NP
Charter - Overland Park, Overland Park, PRVT-PSY, FP
Humana Hospital - Overland Park, Overland Park, PRVT, FP
Shawnee Mission Medical Center, Shawnee Mission, Church, NP

Kearny County

Kearny County Hospital, Lakin, CNTY, NP

Kingman County

Kingman Community Hospital, Kingman, PRVT, NP, M/L

Kiowa County

Kiowa County Memorial Hospital, Greensburg, CNTY, NP, M/L

Labette County

Oswego Hospital, Oswego, CITY, FP, M/L
Labette Co. Medical Center, Parsons, CNTY, NP
Parsons State Hospital, Parsons, STATE, NP

Lane County

Lane County Hospital, Dighton, CNTY, NP

Leavenworth County

Cushing Memorial Hospital, Leavenworth, PRVT, NP
St. John Hospital, Leavenworth, Church, NP
Munson Army Community Hospital, Leavenworth, FED, NP
Veterans Administration Medical Center, Leavenworth, FED, NP
U.S. Penitentiary, Leavenworth, FED, NP

Lincoln County

Lincoln County Hospital, Lincoln, CNTY, NP, M/L

Linn County

No Hospital

Logan County

Logan County Hospital, Oaklev, CNTY, NP

Kansas Hospitals cont'd

Lyon County

Newman Memorial County Hospital, Emporia, CNTY, NP, M/L
St. Mary's Health Center, Emporia, Church, NP

Marion County

Salem Hospital, Hillsboro, Church, NP
St. Luke Hospital, Marion, PRVT, NP, M/L

Marshall County

Community Memorial Hospital, Marysville, PRVT, NP

McPherson County

Lindsborg Community Hospital, Lindsborg, PRVT, NP, M/L
Memorial Hospital, McPherson, PRVT, NP
Mercy Hospital, Moundridge, Church, NP

Meade County

Meade District Hospital, Meade, DIST, NP, M/L

Miami County

Miami County Hospital, Paola, CNTY, NP
Osawatimie State Hospital, Osawatimie, STATE, NP

Mitchell County

Mitchell County Community Hospital, Beloit, CNTY, NP, M/L

Montgomery County

Jane Phillips Comm. Health Clinic, Caney, PRVT-Special, NP
Coffeyville Regional Medical Center, Coffeyville, CITY, NP, M/L
Mercy Hospitals of Kansas, Independence, Church, NP

Morris County

Morris County Hospital, Council Grove, CNTY, NP

Morton County

Morton County Hospital, Elkhart, CNTY, NP

Nemaha County

Sabetha Community Hospital, Sabetha, CITY, NP, M/L
Nemaha Valley Community Hospital, Seneca, PRVT, NP

Neosho County

Neosho Memorial Hospital, Chanute, CNTY, NP, M/L

Ness County

Ness County District #2 Hospital, Ness City, DIST, NP
Ness County District #1 Hospital, Ransom, DIST, NP, M/L

Norton County

Norton County Hospital, Norton, CNTY, NP
Valley Hope Alcoholism Treatment Center, Norton, PRVT-Special, NP

Osage County

No Hospital

Osborne County

Osborne County Memorial Hospital, Osborne, CNTY, NP, M/L

Ottawa County

Ottawa County Hospital, Minneapolis, CNTY, NP, M/L

Pawnee County

EMHC Hospital Division
Earned State Hospital, Earned, STATE, NP

Phillips County

Phillips County Hospital, Phillipsburg, CNTY, NP, M/L

Pottawatomie County

Community Hospital, Onaga, PRVT, NP
Wamego City Hospital, Wamego, CITY, NP, M/L
Dechairo Hospital, Westmoreland, PRVT, NP

Pratt County

Pratt Regional Medical Center, Pratt, PRVT, NP

Rawlins County

Rawlins County Hospital, Atwood, CNTY, NP

Reno County

Hutchinson Hospital Corporation, Hutchinson, PRVT, NP

Republic County

Republic County Hospital, Belleville, CNTY, NP, M/L

Rice County

Hospital District #1, Rice County, Lyons, DIST, NP

Riley County

Memorial Hospital, Mannattan, PRVT, NP, M/L
St. Mary Hospital, Mannattan, Church, NP

Rooks County

Plainville City Hospital, Plainville, DIST, NP

Rush County

Rush County Memorial Hospital, La Crosse, CNTY, NP

Russell County

Russell City Hospital, Russell, CITY, NP

Saline County

Asbury Hospital, Salina, PRVT, NP
St. John's Hospital, Salina, Church, NP
St. Francis - Salina, Salina, PRVT-PSY (Boys 7-12 grades), NP

Scott County

Scott County Hospital, Scott City, CNTY, NP, M/L

Sedgwick County

Riverside Hospital, Wichita, PRVT, NP
St. Francis Regional Medical Center, Wichita, Church, NP
St. Joseph Medical Center, Wichita, Church, NP
HCA Wesley Medical Center, Wichita, PRVT, NP
CPC Great Plains Hospital, Wichita, PRVT-PSY, NP
McConnell Air Force Base, Wichita, FED, NP
Veterans Administration Medical Center, Wichita, FED, NP
Charter Hospital - Wichita, Wichita, PRVT-PSY, NP

Seward County

Southwest Medical Center, Liberal, CNTY, NP

Shawnee County

C. F. Menninger Memorial Hospital, Topeka, PRVT-PSY, NP
St. Francis Hospital and Medical Center, Topeka, Church, NP
Stormont-Vail Regional Medical Center, Topeka, PRVT, NP
Kansas Neurological Institute, Topeka, STATE, NP
Topeka State Hospital, Topeka, STATE, NP
Veterans Administration Medical Center, Topeka, FED, NP
The Kansas Rehabilitation Hospital, Topeka, PRVT-Special, NP

Sheridan County

Sheridan County Hospital, Hoxie, CNTY, NP

Sherman County

Northwest Kansas Regional Med. Center, Goodland, CNTY, NP, M/L

Smith County

Smith County Memorial Hospital, Smith Center, CNTY, NP, M/L

Stafford County

St. John District Hospital, St. John, DIST, NP
Stafford District Hospital, Stafford, DIST, NP

Stanton County

Stanton County Hospital, Johnson, CNTY, NP

Stevens County

Stevens County Hospital, Hugoton, CNTY, NP

Summer County

Hospital District #1 of Summer Co., Cuddeback, DIST, NP
St. Lukes Hospital, Wellington, CITY, NP, M/L
Wellington Hospital & Clinic, Wellington, PRVT, NP

Thomas County

Citizens Medical Center, Colby, PRVT, NP, M/L

Trego County

Trego County-Lemke Memorial Hospital, Wakeeney, CNTY, NP, M/L

Wabaunsee County

No Hospital

Wallace County

No Hospital

Washington County

Washington County District #1 Hospital, Emporia, DIST, NP
Washington County Hospital, Washington, CNTY, NP

Wichita County

Wichita County Hospital, Leoti, CNTY, NP, M/L

Wilson County

Fredonia Regional Hospital, Fredonia, DIST, NP, M/L
Wilson County Hospital, Neodesha, CITY, NP

Woodson County

No Hospital

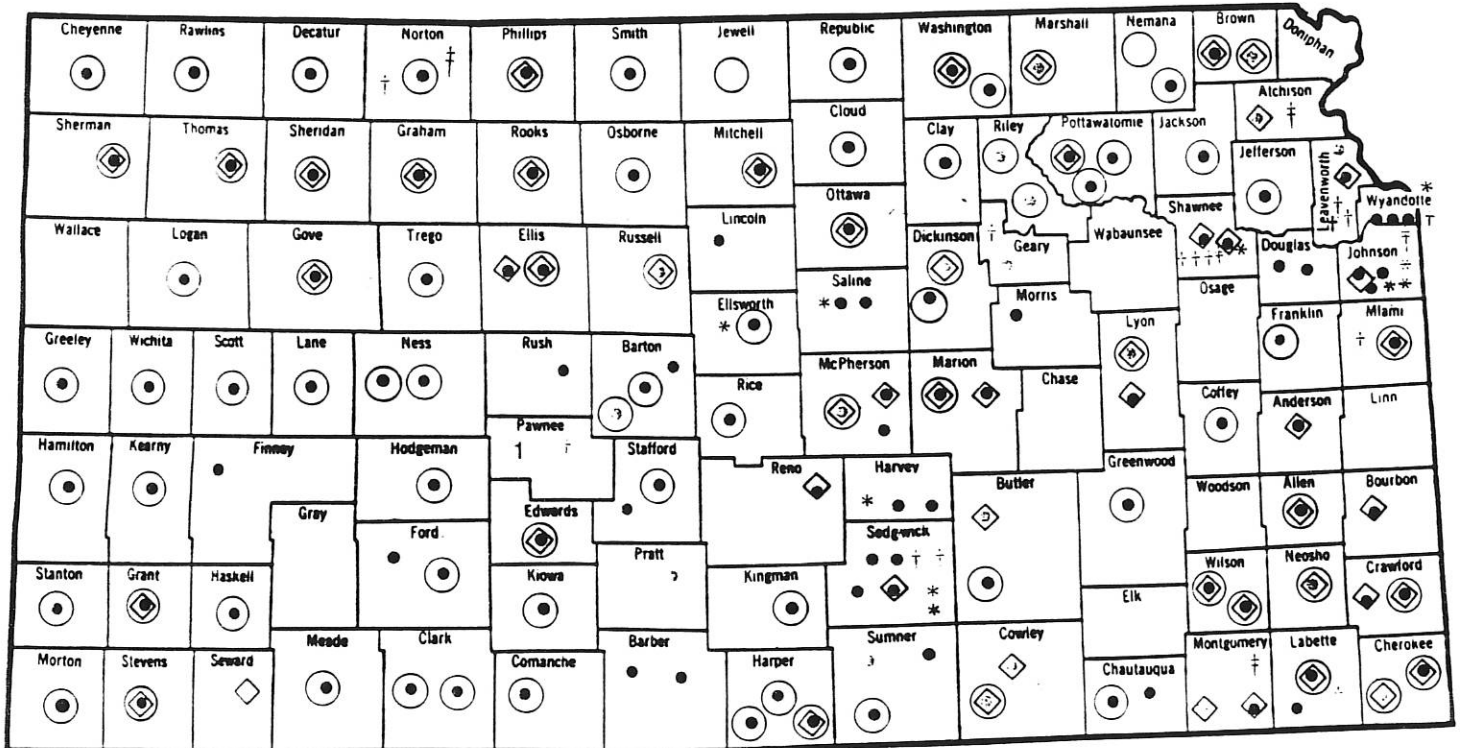
Wyandotte County

Bethany Medical Center, Kansas City, PRVT, NP
Providence-St. Margaret Health Center, Kansas City, PRVT, NP
University of Kansas Medical Center, Kansas City, STATE, NP
Rainbow Mental Health Facility, Kansas City, STATE, NP

OWNERSHIP: Public—CNTY—County—DIST—District—CITY—City—STATE—FED—Federal—Church—Private (PRVT)—PRVT—Private (PRVT)
STATUS: NP—Not for Profit—FP—For Profit
OPERATOR: M/L—Managed/Leased—Blank—Operated by Owner

Distribution of Kansas Hospitals

Of the 105 counties in Kansas, 39 contain more than one hospital, 57 contain only one hospital, and nine are without any hospitals.



Community Hospital Acute Licensed Bed Size

- - 24 and Under
- - 25-49
- - 50-99
- - 100 and Over

Hospital Classification

- * - Psychiatric
- † - State & Federal
- ‡ - Other Specialized

- ◇ - Home Health Agency
- - Swing-Bed

† St. Joseph, Larned (merged with Central Kansas Med. Ctr., Great Bend).

Source: Kansas Hospital Association, 1989 data

DATE:

Mon.

1-27-92

TOPEKA CAPITAL JOURNAL
WICHITA EAGLE
KANSAS CITY STAR
● EMPORIA GAZETTE

HAYS DAILY NEWS
HUTCHINSON NEWS
JOHNSON COUNTY SUN
LAWRENCE JOURNAL WORLD

OLATHE DAILY NEWS
PARSONS SUN
PITTSBURG MORNING SUN
RUSSELL DAILY NEWS

Primary-Care Clinic Helps the ^{IER} Medically Under-Served

By Kristen Hays
Gazette Reporter

A clinic to provide primary health care for uninsured or under-insured people is up and running in Emporia.

In September, the Lyon County Health Department joined forces with officials from Newman Hospital, the Newman School of Nursing, Emporia Radiology, local doctors and nurses and the Flint Hills Dental Society to seek a state grant to start a demonstration primary-care clinic for Lyon Countians who cannot afford adequate health care. They asked the state for \$77,000, but in November were awarded a grant of \$130,000.

Last year, the Legislature created a grant fund to establish

six to eight demonstration programs to provide primary medical care — the kind of care people get when they go to a doctor's or dentist's office — for people who have no health insurance or whose insurance is insufficient for their health needs.

Registered nurse Margaret Wright and advanced registered nurse practitioner Debbie Ballard run the clinic. Ms. Wright said it is designed to cover basic — but not all — health needs.

"It's for people who are medically under-served," Ms. Wright said. "It's not charity, and these people are not really indigent. They are people who don't have insurance or are under-insured."

Ms. Ballard agreed. "It's also for people who have such a high

deductible that all the money they have

"We are interested in having people enroll in the program before they are ill," Ms. Wright said. "This would be their doctor's office. We hope that if they participate in primary care — and don't go to the emergency room for non-emergencies — we can get them taken care of and keep them out of emergency rooms, where they are charged what they cannot afford."

The clinic opened at the Health Department, Eighth Avenue and Mechanic Street, about two weeks ago. So far, it has served at least 30 people.

Clients must provide income records, and fees are charged on a sliding scale based on income and family size. Those on welfare without access to private doctors can also seek health care at the clinic.

Its services cover pediatric needs, basic adult health care, family planning and gynecology with nurses, registered nurse practitioners and doctors available for assessment, treatment and referral.

The clinic pays for some prescriptions, laboratory and X-ray services. It can help pay for eyeglasses, dentures and other medical supplies. Patients are responsible for any costs from hospitalization, outpatient services, or emergency-room care.

Patients must keep appointments made through the clinic with doctors, optometrists or dentists. Unless the an appointment is cancelled with 24 hours notice, the clinic will not repeat the referral and patients are on their own.

The clinic does not assign doctors to specific clients. The doctors donate their time on a rotating basis at the health depart-

ment, and a doctor is not always on the premises during program hours from 8:30 a.m. to 4:30 p.m.

"We have nine doctors (who rotate shifts at the health department) and specialists who donate office time," Ms. Wright said. "Doctors come here two to four hours a month on their afternoons off. I think people are willing to see different doctors for the benefit of low-cost care."

The grant funds cover operating costs, salaries for health de-

partment advanced registered nurse practitioners, supplies and some dental costs when a dental program is added within a month. Some laboratory and X-ray work is donated, and more nurses volunteer time. The Jones Trust has donated money for pediatric care.

Eileen Greischar, health department administrator, said dental care is a special concern, because it tends to be of low priority for families whose children have other illnesses or barely get enough to eat.

The grant will fund the program until June, and officials hope the Legislature will approve funding for fiscal 1993. By then, the county should have gathered statistics on how many people are under-insured, especially people who work but cannot afford health insurance or have very high deductibles and do not qualify for medical cards.

For information on the clinic, call the Health Department, 342-4864.

5

Clinic Children must have a healthy start and new program will help them

Too many children are needy. The Children's Defense Fund is a national non-profit organization that promotes programs for children. The organization believes in "a healthy start, a head start, and a fair start for every American child."

This week the Wichita-Sedgwick County Department of Community Health took a giant step forward in helping medically underserved children get "a healthy start." They are the Sedgwick County children who do not have a pediatrician. They are the children whose families have limited income and little or no health insurance. They are the children who may not be immunized against childhood diseases; who miss school because there is no way to get treatment for such common ailments as sore throats and stomach upsets. They are the children who suffer needlessly from health problems that can be resolved. It's estimated there are 13,000 of these children in Sedgwick County.

Now, thanks to 26 health-care organizations, there is a clinic for those children. The clinic at the Sedgwick County health department, 1900 East 9th, is open Monday, Tuesday, Thursday and Friday from 6 p.m. to 9 p.m. and on Saturday from 9 a.m. to noon. Appointments aren't necessary. Fee scale is based on ability to pay.

Only a healthy child can grow up to be a productive adult. So projects such as the clinic for children are an investment in the future. More important, the clinic will help those children who need medical attention but could not otherwise get it.

The Children's Defense Fund logo is a small child in a tiny boat on the ocean. The slogan reads: "Dear Lord, be good to me. The sea is so wide and my boat is so small." The doctors and nurses at the new clinic have made that boat a little safer for Sedgwick County children. Those kids are more likely to have "a healthy start" in life.

Members of the editorial page staff are Op-Ed Page Editor Sharon Littlejohn, Editorial Writers Denney Clemens, Randy Brown and Myrre Roe, and Editorial Cartoonist Richard Crowson.

Wichita Eagle 2-6-92

⑥ Excerpt from testimony by Dr. Harry Anderson to
Joint Committee on Health Care Issues - Summer 1990

HEALTH CARE FACTS

In 1990, the USA will spend \$650 billion on health care.

This equals \$2,100 per man, woman, and child. (Canada \$1,400, West Germany \$1,050).

There are still approximately 35 million uninsured Americans.

Almost half a million Kansans are without health insurance.

Over one-third of the uninsured are children.

Over fifty percent of uninsured come from families with employment.

Health care consumes 11.5% of our GNP, Leisure & Recreation consume 9%

Health care in the USA is the best care in the world.

Social/cultural/educational/environmental issues impact remarkably on the American health care scene.

Our relatively poor showing in infant mortality is frequently used as a club against the American health care system but is actually a reflection not of health care, but a reflection of what expectant mothers do to their unborn children (alcohol, nicotine, marijuana, crack, cocaine, hepatitis, the AIDS virus and illegitimacy).

Infant mortality in the USA is approximately 10/1000 nationwide with 9/1000 in all Caucasian and Hispanic families, 18/1000 in all Negro families, and 30/1000 in Detroit and Washington D.C., despite door to door community efforts to provide care.

Japan has a very good infant mortality rate, but a Japanese woman is four times as likely to die in childbirth as is an American woman reflecting Japan's lack of sophisticated care for the pregnant female.

Less than 1% of pregnant Japanese women are teen-age or unmarried as compared to 60% in many American cities.

Although health care in the USA is excellent, there are definite problems with distribution of this health care with some communities and individuals actually receiving more care than is beneficial with others receiving inadequate care.

60 Kansas counties are medically underserved.

A Kansas Farm Bureau study shows that rural Kansas physicians work longer hours, see more patients and make less money than do their urban colleagues.

The Kansas Medical Scholarship Program has proven an inadequate financial incentive to promote rural health care.

Almost 60% of Canadian/English physicians are general practitioners.

Health care needs in many of our underserved counties can be well served only by family physicians/general practitioners.

There is little pay differential between general practitioners and specialists in the Canadian/English system.

Less than 11% of USA medical school graduates enter family practice. (UKMC-8% in 1990).

Reimbursement for health care in the USA has distorted health care away from preventive person oriented care and toward highly technical organ specific care.

10. A public hospital closes: impact on patients' access to care and health status. by Andrew B. Binoman, Dennis Keane and Nicole Lurie II v264 JAMA, The Journal of the American Medical Association Dec 12 '90 p2899(6)

ABSTRACT

Hospital closings have multiplied because of excess hospital beds nationwide and soaring health care costs. Some suggest that hospital closings represent the survival of better-quality hospitals and elimination of the worst. However, others report that threatened or closed hospitals are more likely to be those serving poor and underinsured patients, especially in rural or nonwhite urban areas. Public, nonfederal hospitals are at higher risk of closing, and many are located in rural areas. Access to health care for poor and minority citizens has declined during the last decade, causing negative health effects. However, many officials claim that no direct evidence demonstrates that access to medical care is disrupted or patients suffer when public hospitals close. In northern California, the effects of a semirural hospital closing on patients' access to health care and their health status were evaluated. A total of 219 subjects from Shasta, the closed hospital, and 195 from San Luis Obispo (SLO), a public semirural hospital in central California, answered a questionnaire; 191 and 173, respectively, were available to complete a follow-up questionnaire one year later. The Shasta County population included more whites and Native Americans, while more Hispanics obtained care at SLO. Although more patients from SLO were employed and their average household incomes were higher, the group included more people without health insurance. Over the one-year study period, the percentage of people in Shasta County without a health care provider doubled (from 14 to 27.7 percent); this was most apparent among those who had Medicaid or no insurance. Due to financial constraints and the number of physicians who refused Medicaid coverage, the percentage of Shasta County citizens who were denied medical care rose from 10.8 to 16.9 percent. More Shasta patients waited longer than a week for medical care and missed medications. Patients at SLO experienced improved access to health care with regular clinicians and no change in the level of care denied. Compared with the SLO group, patients in Shasta had significant decreases in four measures of public health: health perception, social function, role function, and pain. These findings suggest that, despite a remaining nonprofit and for-profit hospital in the region, patients from the closed public hospital suffered declines in access to outpatient and inpatient medical care, and health status. Consumer Summary produced by Reliance Medical Information, Inc.

DRAFT ⑧

MEMORANDUM

1/30/92

TO: Reps. Rochelle Chronister and Jim Lowther
FROM: Chris Courtwright, KLRD
RE: Local Sales Tax Estimates

This memorandum is in response to your request for information on the estimated fiscal impact of local sales taxes in several counties not now imposing such taxes.

Using the percentage of state sales tax collections from each of the counties for FY 1991 and adjusting the state sales tax base to include residential utilities (part of the local sales tax base but NOT part of the state base), I estimated one percent local sales taxes in Lyon, Wilson, and Woodson counties as follows:

County	One Percent Rate
Lyon	\$3.031 million
Wilson	\$0.434 million
Woodson	\$0.122 million

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"... Public Health in Action"

TESTIMONY IN SUPPORT OF HB 2779
presented to the SENATE ASSESSMENT & TAXATION COMMITTEE
March 26, 1992

The Kansas Association of Local Health Departments represents 83 members consisting of 92 local health departments serving 90% of the Kansas population.

Our Association strongly supports any efforts which will support public health and make it a greater local, state and national priority.

Basic public health services (including personal public health and environmental public health) consist of many services such as:

Communicable disease control

Immunizations

Sexually transmitted disease prevention and treatment

Disease prevention and treatment education

Counseling and testing for the HIV virus/AIDS

Environmental health services

Evaluation of water well systems

Water sampling and interpretations

Public education on contaminations

Food service inspections

On-site sewage disposal

Environmental nuisances

School health facilities

Disaster planning

Swimming pool and recreational area investigation

Vector and animal control

Local waste management

Adult and child care inspections and abuse investigations

Health education/risk reduction

Nutrition services

School health immunizations, assessments, and surveillance

Dental health services

Parent and child health services

Family planning services

Home health services

Primary care services

Currently state resources fund local public health services at \$2.50 per capita while the national average of state support for local health services is \$5.63 per capita. In tight financial times, we are looking for additional ways to support these necessary public health services.



**Association of Community
Mental Health Centers of Kansas, Inc.**

835 SW Topeka Avenue, Suite B, Topeka, KS 66612
Telephone (913) 234-4773 Fax (913) 234-3189

**TESTIMONY TO:
THE SENATE COMMITTEE ON TAXATION
REGARDING H.B. 2779**

Paul M. Klotz, Executive Director
Association of Community Mental Health
Centers of Kansas, Inc.

March 26, 1992

John G. Randolph
President
Emporia

Eunice Ruttinger
President Elect
Topeka

Ronald G. Denney
Vice President
Independence

Donald J. Fort
Secretary
Garden City

Don Schreiner
Treasurer
Manhattan

Mary E. McCoy
Member at Large
Hutchinson

Kermit George
Past President
Hays

Paul M. Klotz
Executive Director
Topeka

Thank you for this opportunity to comment on **H.B. 2779**. The Association of Community Mental Health Centers of Kansas strongly endorse this legislation.

The 30 licensed centers which provide services in all 105 counties and have exempted mill levies in each of those counties raise about \$12 million dollars from local property taxes.

As everyone knows, property tax is increasingly unpopular and is often described as inequitable or at least uneven in its ability to generate revenue for needed services across the state. We hear the call from every quarter for property tax relief. The call is for lowering property taxes, yet maintain the current quality of services.

H.B. 2779 allows for lower growth in property taxes and yet maintaining or even expanding community based services. In the area of mental health, the state has spoken very clearly on the need for community based services and clearly wants to prevent institutionalization.

H.B. 2779 clearly allows cities and counties to play a major role in health care. It clearly allows such participation on a voluntary basis.

Health care reform is quickly becoming the number one priority issue in this country and in this state.

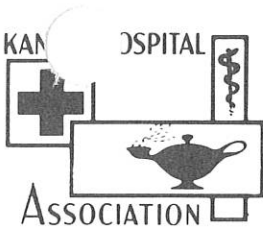
H.B. 2779 is an excellent bill in that it will provide local government an opportunity to play a meaningful role in the health care debate, a debate which will over the next two years, dramatically impact on their citizens and the viability of their communities.

H.B. 2779 should be passed. It is good public policy.

Thank you!!

SENATE ASSES. #74X

3-26-92
ATT. 8



Memorandum

Donald A. Wilson
President

March 26, 1992

TO: Senate Taxation Committee
FROM: Kansas Hospital Association
RE: HB 2779

The Kansas Hospital Association appreciates the opportunity to comment regarding the provisions of House Bill 2779. This bill would allow cities or counties to consider up to a one percent sales tax for health care services. We support its provisions.

The health care problems faced by local governments are well known. Many rural cities and counties struggle to maintain the local hospital. Urban areas are confronted with increasing numbers of individuals without health insurance. Most communities are seeking to provide alternatives to institutional care, such as home health. We have become well aware of the poor job we have done protecting our children with immunizations. HB 2779 helps this situation by giving local governments another tool they can use to deal with these difficult issues.

There are other positive aspects of HB 2779. First, it is a local option. No community is required to levy the tax. Second, the tax may not be levied without a vote of the people. This ensures there is public support for raising the additional revenue. Perhaps most importantly, the bill requires a given community to make a conscious decision about which health care services need extra support. As such, it encourages the entities involved in the delivery of the different health care services to discuss the needs of the community. Without a doubt, our health care system is in transition. Success during this period will require such discussion and collaboration. HB 2779 provides such an opportunity.

Thank you for your consideration of our comments.

/cdc

SENATE ASSES. STAFF

3-26-92
ATT: 9



LEGISLATIVE ISSUE PAPER

--League of Kansas Municipalities--

March 26, 1992

INCREASING THE LOCAL SALES TAX OPTION

Background. There are 128 cities and 61 counties which currently levy a local sales tax in Kansas, in addition to the state's 4.25% levy. Such local taxes may be levied only with the approval of the voters. In calendar 1991, local sales taxes produced \$240.7 million. This is equivalent to 39% of the general property taxes levied by cities and counties in 1990 for 1991 purposes. The League supports legislation to increase the local sales tax option.

General Rates. The general rate limitation is currently .5% or 1.0% for cities and also .5% or 1.0% for countywide sales taxes. However, there are several special sales tax laws, as noted below. All city rates are now .5% or 1.0%; Rossville has not exercised its authority to levy a 2.0% tax. All countywide rates are now .5% or 1.0% except in Johnson (.6%), Finney and Ford (.75%), and Jackson (2.0%). While a combined (city and county) effective rate of 3% is authorized in Rossville and in Jackson county cities, the highest current effective local rate is 2.0%.

Special Rate Provisions. Following are some of the special sales tax provisions that exist:

Jackson County. 1% additional tax authorized for reservoir project; tax is now 2.0%.

Wyandotte County. .05% additional tax authorized for public facilities; not now used.

Johnson County. 0.25% additional tax authorized for culture district; not now used. Additional tax authorized for stormwater purposes; tax now being levied for a county total of 0.6%.

Rossville. 1.0% additional tax authorized for flood protection; not now used; city does levy a 1.0% tax.

Ford and Finney Counties. 0.25% countywide tax authorized for certain highway improvements, within 1.0% limit; both counties now levy a 0.75% tax.

Special Distributions. Several counties have special provisions as to revenue distributions, but these provisions do not authorize an additional tax.

Pending Local Sales Tax Bills

There are nine bills relating to local sales taxes before the Legislature. These are:

SB 213. Sales Taxation; Saline County. As passed by the House, this bill includes the provision of HB 3166--see summary below. In Conference Committee.

SB 683. Local Sales Tax; Rate Increments. By S,AT. Amends K.S.A. 12-187 and 12-189 to permit all city or countywide rates to be at .25%, .5%, .75% or 1.0% (now .5% or 1.0%). Class B cities (Rossville) may levy a tax at .25% increments up to present 2.0% limit. To H,Tax.

SB 723. City Sales Tax; Independence--Economic Development. By S,AT. Amends K.S.A.

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12-187, 12-188 and 12-189 to authorize a newly created Class D city (Independence) to levy an additional .5% sales tax, for 5 years, for "economic development initiatives." To H,Tax.

HB 2549. City Sales Tax for Crime Prevention. By H,FSA. Allows any city, subject to an election, to levy an additional .25% sales tax for "special crime prevention efforts." To H,Tax.

HB 2585. City Sales Tax; Manhattan and K.S.U. Amends K.S.A. 12-187 to allow Manhattan to submit to election the question of levying an additional .5% local sales tax for projects mutually benefiting the city and Kansas State University. To H,Tax.

HB 2776. Countywide Sales Tax; Pottawatomie County. By Rep. Rezac. Amends K.S.A. 12-187 to allow Pottawatomie County to call an election to impose an additional 1.0% sales tax, with revenue pledged to the county's rural highway fund. To H,Tax.

HB 2779. Local Sales Tax; Health Care Services. By Reps. Chronister and 37 others. Amends K.S.A. 12-187 and 12-189 to allow any city or county to submit to a vote an additional sales tax of .25%, .5%, .75% or 1.0%, with revenue pledged to finance "health care services". To S,AT.

HB 2901. Local Sales Tax; Rate Increments. By Rep. Heinemann. Amends K.S.A. 12-189 relating to the general local sales tax rates that may be levied by cities or countywide, to permit .25% increments: .25%, .5%, .75% or 1.0% (now .5% or 1.0%). To H,Tax.

HB 3166. Countywide Sales Tax; Saline County. By H,AT. Amends K.S.A. 12-187 and 12-189 to authorize Saline County, with voter approval, to levy an additional 0.5% sales tax, with revenue earmarked for courthouse, jail or law enforcement center. To H,LG. (See SB 213, above).

League Proposal

The League of Kansas Municipalities proposes a bill, amendments or substitute bill which would do the following:

(1) Rate Increments. The amount of city or countywide local sales tax rates would be authorized at .25% increments, similar to the provisions of SB 683. The actual rate as under present law, would be determined by the voters according to ballot propositions submitted by local governing bodies.

(2) Increased Tax Rates. All cities and counties would be authorized to hold referendums on the question of levying an additional .25% or .5% sales tax, above the present general limit of 1.0%.

(3) Purposes. Revenue from the additional tax authority (from any .25% or .5% tax above the present general maximum of 1.0%) could be used only for a purpose or purposes specified in the ballot proposition, as discussed below.

(4) Term of Tax. There should be specific authority to specify the term of any proposed additional tax, to be included in the ballot proposition.

(5) Cap Limit. This proposal effectively provides for a general city tax maximum and general countywide maximum of 1.5%. However, special sales tax law provisions now authorize a tax of more than 1.0% in Jackson County (2.0%), Johnson County (1.10%), Wyandotte County (1.5%), and Rossville (2.0%). There is also the Metropolitan Culture District Compact 1991 Act. Further, HB 2779, as passed by the House, would authorize an additional 1% city and county

sales tax for health care. An amendment may be needed to exclude the application of the proposed additional general tax authority to those units that now have additional tax authority.

Purposes Of Additional Tax

The additional .25% or .5% tax would be authorized only for certain statutorily defined purposes, in contrast to the existing general sales tax authority which may be used for any general government purpose (with some special provisions for specified purposes). The purposes proposed to be included in the bill are as follows:

- (a) property tax reduction.
- (b) public safety and crime prevention, such as in HB 2549.
- (c) health care services, such as in HB 2799.
- (d) public infrastructure improvements, including buildings, such as in SB 213 and HB 3166.
- (e) economic development, such as in SB 723.

The League believes that the purposes for which local sales tax money should be spent should be a local decision. However, it is unlikely that a bill authorizing additional local sales tax authority will receive a majority in both houses of the Legislature unless the possible additional tax is limited to certain public purposes that seem to have a high priority with state legislators.

Reasons for Change

Local sales taxes are not an adequate and practical solution to local government financing and property tax problems in some areas of Kansas--it is simply not very productive in areas where there are few retail establishments. Further, proposed increases may not be acceptable to the voters in some cities and counties. However, it will help in many areas. The League believes that cities and counties, and their voters, should be given the options proposed in these amendments. It is the principal non-property tax option available to local units in the future. In some areas it provides an opportunity to further reduce the reliance on property taxes.



TESTIMONY ON HB 2779 - SENATE TAX COMMITTEE
MARCH 26, 1992

Chairman Thiessen, members of the committee, I am Mary Ellen Conlee here before you today to support HB 2779 on behalf of the four Wichita Hospitals.

In 1991, these hospitals provided an aggregate of nearly \$37 million of uncompensated and charity care representing about 6% of net patient revenue. In addition, another \$38 million was written off against \$81 million in Medicaid services provided.

Many urban areas have county or municipal hospitals which provide care for the indigent and medically underserved. In Wichita that population is treated in the four full-service hospitals and through seven non-profit clinics.

Hospital emergency rooms are expensive acute-care operations that are emergency-ready 24 hours a day. Hospital emergency rooms must treat everyone--including primary care patients for their non-acute care needs. The emergency rooms are the front door and the secured bed for the alcoholic or substance abuser who may be a threat to himself or others. Far too often they are the place where a sick child is brought to be diagnosed or where a growing number of ailing homeless people come for a night in from the cold.

Attached to my testimony is a page one article on the emergency room crisis in Wichita that ran in the Sunday, March 15, Wichita Eagle. I urge you to read this article. It provides a true picture of the dilemma facing hospital emergency rooms. HB 2779 would allow a community such as Wichita to opt to raise money locally to provide primary care services to those in need, thus alleviating some of the strain on hospital emergency rooms.

With start up funds from the state of Kansas under HB 2019 last session, the Sedgwick County Health Department has recently opened an after-hours and weekend clinic for children, which begins to address the need for an alternative delivery system to inappropriate and expensive hospital emergency room care.

SENATE ASSES. TAX

estimony
Senate Tax
March 26, 1992

HB 2779 provides a local, public funding source to address many of the needs and problems associated with providing care to the medically indigent and underserved. As the health care delivery system undergoes evaluation and revision over the next few years, we must find ways for communities like Wichita to offer primary and preventative care cost-effectively. A local option funding source is consistent with our community effort to pull together to find ways to bring the cost of health care in line.