

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT

The meeting was called to order by Senator Audrey Langworthy at _____
Chairperson

9:08 a.m./~~p.m.~~ on Wednesday, February 26, 1992 in room 531-N of the Capitol.

All members were present except: Senator Petty was excused

Committee staff present: Theresa Kiernan, Revisor of Statutes
Mike Heim, Legislative Research
Elizabeth Carlson, Committee Secretary

Conferees appearing before the committee:

Doug Bach, City of Kansas City
Gerry Ray, Johnson County Board of Commissioners
Ernie Mosher, League of Kansas Municipalities
Anne Smith, Kansas Association of Counties
Paul Shelby, Assistant Judicial Administrator

Bill Burns, District Court Administrator, Wyandotte County

SB 663 Referendum on increasing ad valorem taxes to fund cities or counties

In the absence of Doug Bach, City of Kansas City, testimony will be presented later. (Attachment 1) The testimony was as an opponent to the bill.

Gerry Ray, Johnson County Board of Commissioners, appeared as an opponent of SB 663. (Attachment 2) She said although they support the removal of the local tax lid, there are some problems with the bill in its present form. The 1% cap does not take into consideration any growth. Johnson County has experienced a 2% annual growth. She also discussed the local budget schedules, and if the proposed budget is rejected, how do they pay for the \$100,000 approximate cost for the election. Johnson County uses a fee schedule for 11.5% of the county budget. She also asked why is it necessary to put this cap at only the local level?

Senator Daniels asked if 11.5% is about average. Mrs. Ray said she would check on this.

Senator Montgomery asked what the percentage of property tax. Mrs. Ray said it was about 40% but will check on that. She said Johnson County has tried to get the property tax down but the people are not willing to vote any new sales taxes.

Senator Steineger asked about the mill levy for schools. Mrs. Ray said she knew Gardner and Olathe were very high, but she would do some research and report back to the committee. She stated the money paid for services in lieu of property tax have to be used in support of those services.

Ernie Mosher, League of Kansas Municipalities, appeared as an opponent to SB 663. (Attachment 3) He stated Kansas has lots of cities that don't have a 1% increase. If this bill were enacted, you would see an increase for everyone. He said the League is opposed to any state-imposed property tax lid, as a matter of home rule principle.

Anne Smith, Kansas Association of Counties, appeared in opposition to the bill. (Attachment 4) She said several areas caused concern for cities and counties. For some of the smallest counties, exceeding the 101% budget would take only a small increase.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT,

room 531-N, Statehouse, at 9:08 a.m./~~p.m.~~ on Wednesday, February 26, 1992

Paul Shelby, Assistant Judicial Administrator, appeared to ask for the district court in a county to be exempt from the budget lid. (Attachment 5) He urged the committee to adopt this exemption so the district courts are not adversely impacted.

Bill Burns, District Court Administrator, Wyandotte County, appeared to answer any questions concerning the courts.

Senator Montgomery asked about the history of the increase of the cost of operating the courts over the past years. Mr. Burns said in the past 3 - 4 years, he would estimate the increase to be from 2 - 5%. So many expenditures of the courts are uncontrollable and unpredictable.

Senator Steineger asked about the total cost of court fees, how much do the courts get to keep and what percentage goes to the state?

Mr. Shelby reported \$24 million from the court fees go to the state treasurer.

Senator Montgomery asked if the courts are getting enough fees to cover the costs of the court system. Mr. Shelby said money is appropriated from the general fund. There was a general discussion on the fees to support programs from court costs.

Mike Heim stated to amend the tax lid law, take counties out of the tax lid law, then all those exemptions that are in the tax lid now, don't need to be there any more. It doesn't make any sense to exempt counties for the courts because they are not covered by the lid anyway. You need to take the exemptions that are in the tax lid law and put them in subsection (b) of Section 1. That way those exemptions would be in the new budget lid. Everything in this bill is just cleaning up so that cities and counties will not be in the tax lid any more. Exemptions you want to plug in to this bill, need to be put in Section 1.

Bill Burns stated Wyandotte County is opposed to this bill.

SB 604 Housing impact statements; state and local laws and regulations

Ernie Mosher, League of Kansas Municipalities, appeared as an opponent to **SB 604**. He stated that if every city and county has to prepare a fiscal note for every ordinance or resolution passed, it would be extremely burdensome. One of the advantages of local government is that they can respond quickly. He questioned whether it would serve any public purpose.

Senator Steineger asked if he objected to the 30 days. Mr. Mosher said he did not think you should mandate this against every city.

Discussion was turned to **SB 186**. Senator Langworthy asked how the committee would like to deal with this bill.

Senator Lee moved the bill be reported aversely. Senator Gaines seconded the motion.

Senator Burke asked if there had been any discussion between the Kansas Contractors Association and the Association of Counties. Bob Totten of the Kansas Contractor's Association said "No". There was discussion in the committee about considering this issue for an interim study.

Senator Lee said she would withdraw her motion and ask that it be put in for an interim study.

Senator Montgomery asked if the amount of \$10,000 was changed or raised, would the bill be more acceptable.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT,
room 531-N Statehouse, at 9:08 a.m./~~p.m.~~ on Wednesday, February 26, 192.

Senator Gaines withdrew his second.

The Kansas Contractors Association and Association of Counties will discuss their differences on this bill and report back to the committee.

The meeting adjourned at 9:58 a.m.



CITY OF KANSAS CITY, KANSAS

INTERGOVERNMENTAL & PUBLIC AFFAIRS



EXECUTIVE CHAMBER
ONE MCDOWELL PLAZA

KANSAS CITY, KANSAS 66101
PHONE (913) 573-5038

February 25, 1992

Senator Audrey Langworthy
Members of the Senate Local Government Committee
State Capital, Room 531-N
Topeka, KS 66612

SENATE BILL 663

Senator Langworthy and Members of the Senate Local Government Committee,

I am appearing today in opposition to S.B. 663 as the adoption of this bill will further hinder the ability of local units of government to react to the needs of their communities. Local governments are continually faced with increased cost in order to maintain their existing services, while providing for new mandated expenditures, increased workloads of employees, higher cost of resources, and to provide new programs requested by the community.

Each year mandates are sent down from higher levels of government directing cities and counties to provide new services or increase workloads by new regulatory measures. Current issues which are and will have severe impacts on community budgets are environmental factors concerning solid waste and recycling. Additionally, the bureaucracy involved with federal programs continually increase the workloads of employees. Funding for federal programs have also changed in recent years, placing a great deal of strain on local revenues to maintain existing programs. During the past decade our city has experienced a \$20 million dollar cut in federal funding, while the services provided by this funding are still expected by the citizens of our community.

Another important factor is the higher prices of resources which keep cities struggling to provide comparable services from year to year. A restriction of 1% on local government budgets could hinder a communities ability to replace needed equipment, thus leaving workers to use inadequate equipment and create major replacement needs in the years ahead which will far exceed the cost of replacing capital equipment on an as needed basis. For example, Kansas City witnessed an increase of 4 to 8 percent on the purchase of new dump trucks and police cars in the last year. Reacting to the need to lower the tax burden, reductions were made to our annual replacement of police cars from 55 to 28 vehicles for 1992. On a limited term, and knowing the condition of our existing police cars, this reduction was possible this year. However, if we are dictated to make cuts in our equipment or overall budget by a body of government who has no idea what the condition is of our existing equipment the results could be negative to our community's future

*attachment 1-1
Senate Local govt
Feb 26, 1992*

budgets. The resulting circumstances would be increases in our repair cost, along with down time of police vehicles which can often have other tragic results, and greater replacement cost in later years.

Furthermore governments must be able to react to the ever increasing cost of items such as health insurance. It is reasonable to expect 10 to 15 percent increases in this area and possibly more in coming years. A one percent tax lid on city/county budgets will not cover this expense during certain years when cuts in services are not realistic. Local governments have elected bodies who deal with the day to day needs of their communities, and they are in positions where they understand what the citizens want and are very capable of making those decisions. We ask that you continue to let them do what they were elected for.

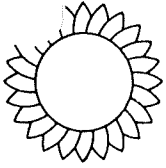
It is easy to say that if a city needs a tax increase to provide the necessary services for its citizens, then the citizens will realize this and provide the needed tax dollars. While it is true that the citizens will recognize this need, it is the timeliness of this reaction which will cost our local communities in Kansas additional tax dollars. We have trained professionals in all of our departments analyzing the services we provide and determining what their cost are and what they will be in coming years. As history has shown us, having the flexibility to make a 2 or 3 percent tax increase this year can and will result in a tax decrease in the future.

Respectfully Submitted,

Doug G. Bach

Douglas G. Bach, Intergovernmental Coordinator
City of Kansas City, Kansas

*Attachment 1-2
Senate Local govt
Feb 26, 1992*



February 24, 1992

SENATE LOCAL GOVERNMENT COMMITTEE

HEARING ON SENATE BILL 663

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

Madam Chairman, members of the Committee, my name is Gerry Ray, representing the Johnson County Board of Commissioners and appearing today in opposition to Senate Bill 663.

Although we support the removal of the local tax lid, there are several problems with the bill in its present form. First, the 1% cap on the budget does not take growth into consideration. Johnson County has experienced about 2% annual growth in past years, would we be required to cut the mill levy to bring the budget into line? Second, we question how this process would fit into the budget preparation timetable, would the local budgets have to be finalized earlier to allow for the possibility of a petition and an election? Third, if the proposed budget is rejected by the voters and there can be no increase, how do we pay the \$100,000 plus for the cost of the election?

The purpose of the bill seems to be to reduce dependance on property tax by cities and counties. The proponents of the bill suggest that the local governments reduce this dependance by using their other alternatives. Those alternatives generally include voter approval, however in the current environment it is not realistic to expect to pass a referendum to impose additional tax. As to the use of fees, we agree this is a good alternative. Johnson County uses a fee schedule that is believed to be fair and equitable and accounts for 11.5% of the county budget. Nevertheless, it must be recognized that if excessive fees are charged, the group most adversely affected are the people on low and fixed incomes. We do not believe the purpose of government is to adversely affect such groups in order to benefit others.

While we all support the democratic process, we would point out that the same voters elect the local officials and the state officials. Therefore, why is it necessary to put this additional "safeguard" at only the local level? The Johnson County Commissioners believe they are in office to represent the best interest of the people who elected them and should be allowed to retain the authority to do so.

Johnson County would urge the Committee to recommend Senate Bill 663 adversely unless it is amended substantially to address the concerns of the local governments it affects.

*Attachment 2-1
Senate Local Government
Feb 26, 1992*



**THE LEAGUE
OF KANSAS
MUNICIPALITIES**

**Municipal
Legislative
Testimony**

AN INSTRUMENTALITY OF KANSAS CITIES 112 W. 7TH TOPEKA, KS 66603 (913) 354-9565 FAX (913) 354-4186

TO: Senate Committee on Local Government
FROM: E.A. Mosher, Research Counsel, League of Kansas Municipalities
RE: SB 663--Property Tax Lid Limit on Cities and Counties; Referendums
DATE: February 25, 1992

By action of a policy committee of the League, I appear in opposition to SB 663 on behalf of the League and its member cities.

For many Kansas cities, especially those experiencing stable or declining assessed valuations, the provisions of SB 663 may be more advantageous than the existing property tax lid law, since it guarantees them at least a 1% increase, over and above taxes levied for debt service. However, since the League by convention action is opposed to any state-imposed property tax lid, as a matter of home rule principle, we cannot support the bill even if it does grant additional taxing authority. Further, we call to your special attention the provisions of Section 9 of the bill, which would eliminate the present home rule option a city or county to exempt itself from or modify the provisions of the existing tax lid law.

While we don't like the existing tax lid law, we think it is a better approach than SB 663.

*Attachment 3-1
Senate Local govt
Feb. 26, 1992*



"Service to County Government"

1275 S.W. Topeka Blvd.
Topeka, Kansas 66612
(913) 233-2271
FAX (913) 233-4830

EXECUTIVE BOARD

President
Marion Cox
Wabaunsee County Sheriff
Wabaunsee County Courthouse
Alma, KS 66401
(913) 765-3323

Vice-President
Murray Nolte
Johnson County Commissioner
Johnson County Courthouse
Olathe, KS 66061
(913) 432-3784

Past President
Marjory Scheffler
Edwards County Commissioner
(316) 995-3973

Roy Patton
Harvey County Weed Director
(316) 283-1890

Nancy Prawl
Brown County Register of Deeds
(913) 742-3741

DIRECTORS

Leonard "Bud" Archer
Phillips County Commissioner
(913) 689-4685

George Burrows
Stevens County Commissioner
(316) 593-4534

Dudley Feuerborn
Anderson County Commissioner
(913) 448-5411

Howard Hodgson
Rice County Commissioner
(316) 897-6651

Harvey Leaver
Leavenworth County Engineer
(913) 684-0468

Mark Niehaus
Graham County Appraiser
(913) 674-2196

Gary Watson
Trego County Treasurer
(913) 743-2001

Vernon Wendelken
Clay County Commissioner
(913) 461-5694

Barbara Wood
Bourbon County Clerk
(316) 223-3800, ext 54

NACo Representative
Keith Devenney
Geary County Commissioner
(913) 238-7894

Executive Director
John T. Torbert, CAE

TO: Senate Local Government Committee
Chairman Audrey Langworthy

FROM: Anne Smith
Director of Legislation

DATE: February 25, 1992

RE: SB 663

The Kansas Association of Counties is opposed to SB 663.

There are several areas of the bill that cause concern to the KAC. Cities and counties are going to be severely limited in their growth by the provisions of new section 1. For some of our smallest counties exceeding the 101% would take only a small increase in their budgets.

Also under new section 1 is concern related to the administration and costs of a mail ballot election. The Kansas County Clerks Association told us that mail ballot elections are more costly to conduct than other elections. Also, due to the scheduling of a mail ballot election and because mail ballot elections cannot be conducted the same day as other elections, we would in some cases be holding two elections five days apart.

For the above stated reasons, the KAC is opposed to SB 663.

Thank you for your consideration of our concerns.

attachment 4-1
Senate Local govt
Feb. 26, 1992

Senate Bill No. 663
Senate Local Government Committee
February 25, 1992

Testimony of Paul Shelby
Assistant Judicial Administrator
Office of Judicial Administration

Madam Chairperson and members of the committee:

I thank you for the opportunity to discuss with you Senate Bill No. 663 which sets out a procedure to call for a vote of citizens whenever the governing body of a city or county proposes raising the budget for the ensuing year beyond an amount set forth in the bill. My office is chiefly concerned with Section 1 (b). Section 1 (b) does not include a subsection of the current budget law which permits expenses of the district court in a county to be exempt from the budget lid.

Not including this exemption seems to be inconsistent with the exemptions which remain. For instance, judgments, settlements and expenses for protection against liability. These are expenses the county may not avoid; they share with the district court county operating fund budget characteristics of unpredictability and immunity to control. Many of the expenses the county must fund in the district court county operating budget are of the same nature. They are expenses that in most cases have been mandated by enactment of a state statute and are essential to operation of a trial court.

For example, K.S.A. 20-348 says that the county shall be responsible for all expenses incurred for the operation of the district court in the county. Counties and district courts customarily budget expenditures mandated to be paid by the county in the district court budget. K.S.A. 43-171 prescribes juror fees which must be paid out of the county general fund--often juror's fees are a major and unpredictable expenditure from the district court budget.

Another example can be found in K.S.A. 38-1505 and 38-1582 which mandate appointment of an attorney for any parent who cannot afford one in child in need of care and parental severance cases. The child in these proceedings is also to have an attorney appointed as guardian *ad litem* so that in these cases there may very well be three attorneys to be paid from the court budget at a minimum rate of \$50 per hour.

If a county has the power to reduce expenditures for a particular item then it may very well be that increased expenditure should be a matter of citizen voting. However, a county must follow statutory mandates or be deemed to be in violation of law enacted by this legislature.

Attachment 5-1
Senate Local govt.
Feb. 26, 1993

The legislature sets the policy for allowing exemptions to this budget lid and I urge this committee to adopt our amendments on pages 1 and 4, so that expenditures over which a county has no control do not adversely impact county operations.

Bill Burns, District Court Administrator from Wyandotte County supports our amendment and is available to help answer your questions.

Attachment 5-2
Senate Local govt
Feb 26, 1992

SENATE BILL No. 663

By Senators Petty, Karr, Martin, Parrish and Walker

2-12

8 AN ACT relating to budgeting by cities and counties; authorizing
9 referendums on the question of increasing ad valorem taxes to
10 fund budgets; amending K.S.A. 1991 Supp. 79-5021, 79-5022, 79-
11 5024, 79-5025, 79-5026, 79-5028, 79-5032 and 79-5036 and re-
12 pealing the existing sections.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 New Section 1. (a) Whenever the governing body of any city or
16 county proposes to adopt a budget of expenditures for the ensuing
17 year to be funded by ad valorem taxes in an amount exceeding 101%
18 of the amount of the current year's budget funded by ad valorem
19 taxes, such governing body shall include notice thereof in the notice
20 required pursuant to K.S.A. 79-2929, and amendments thereto, and
21 may prepare an alternative budget for the ensuing year ad valorem
22 tax funding for which does not exceed that for the budget of the
23 current year. If a petition containing the signatures of not less than
24 5% of the registered voters of such city or county is filed within 30
25 days after the date of the budget hearing required by K.S.A. 79-
26 2933, and amendments thereto, with the appropriate county election
27 officer requesting an election on whether the ensuing year's budget
28 shall be funded by such increased ad valorem taxes, an election
29 thereon shall be conducted in the same manner as prescribed for
30 elections under the mail ballot election act, K.S.A. 25-431 *et seq.*,
31 and amendments thereto, except that ballots may be sent to electors
32 at any time not less than three days preceding the date of the
33 election. If such an election is held, no taxes shall be levied in excess
34 of the amount levied to fund the budget of expenditures for the
35 current year unless the same have received the approval of a majority
36 of the electors voting in such election.

37 (b) The provisions of subsection (a) shall not apply to or limit
38 the levy of taxes for the payment of principal and interest on bonds,
39 temporary notes and no-fund warrants or judgments rendered against
40 any such city or county.

41 Sec. 2. K.S.A. 1991 Supp. 79-5021 is hereby amended to read
42 as follows: 79-5021. As used in K.S.A. 79-5021 to 79-5035, inclusive,
43 mendments thereto: (a) "Taxing subdivision" means every taxing

or for funding district court county operating budgets approved in accordance with K.S.A. 20-348 and 20-349, and amendments thereto, including detention of juveniles.

Attachment 5-3
Senate Local govt
Feb 26, 1992

ins, and employee retirement and pension programs; or

(d) ~~expenses incurred by counties for district court operations under the provisions of K.S.A. 20-348 or 20-349, and amendments thereto, and expenses incurred by counties for the detention of juveniles; or~~

(e) ~~expenses incurred by counties for payment of out-district tuition to community colleges pursuant to K.S.A. 71-301, and amendments thereto, and expenses incurred by counties and townships for payment of out-district tuition to municipal universities pursuant to K.S.A. 13-13a26, and amendments thereto.~~

The provisions of K.S.A. 79-5021 to 79-5036, inclusive, and amendments thereto, do not apply to the tax levies authorized or required under K.S.A. 19-4004, 19-4011, 65-212 and 65-215 and amendments thereto.

Amounts produced from any taxes levied for purposes specified in this section shall not be used in computing any aggregate limitation under the provisions of this act. In addition, amounts needed to be produced from the levy of taxes by a taxing subdivision to replace the difference between the amount of revenue estimated to be received by such taxing subdivision pursuant to K.S.A. 79-5101 et seq., and amendments thereto, in 1990, and the amount of such revenue estimated to be received by such taxing subdivision in each year thereafter shall not be used in computing any aggregate limitation under the provisions of this act. On or before June 1 of each year, information necessary to make such computation shall be provided to each taxing subdivision by the appropriate county treasurer.

Sec. 8. K.S.A. 1991 Supp. 79-5032 is hereby amended to read as follows: 79-5032. Whenever any city, county, township, municipal university or community college shall be required by law to levy taxes for the financing of the budget of any political or governmental subdivision of this state which is not authorized by law to levy taxes on its own behalf, and the governing body of such city, county, township, municipal university or community college is not authorized or empowered to modify or reduce the amount of taxes levied therefor, the tax levies of such political or governmental subdivision shall not be included in or considered in computing the aggregate limitations upon the property tax levies of the city, or county, pursuant to section 1 or the township, municipal university or community college levying taxes for such political or governmental subdivision. The fund levy limits of such political or governmental subdivision shall be established in accordance with subsection (c) of K.S.A. 79-5022, and amendments thereto.

Sec. 9. K.S.A. 1991 Supp. 79-5036 is hereby amended to read

expenses incurred by counties for district court operations under the provisions of K.S.A. 20-348 or 20-349, and amendments thereto, and expenses incurred by counties for the detention of juveniles; or

(e)

Attachment 5-4
Senate Local govt
Feb. 26, 1992

County Statutory Obligations

1. The following statutes specifically require the county or the county general fund to bear certain costs:

<u>Statute</u>	<u>Description</u>
22-2904	Testimony at preliminary hearing reduced to writing on request of defendant. Costs to be paid by county general fund for indigents.
22-3006	Compensation for grand jury members to be paid from county general fund.
22-3104	Witness fees for grand jury sessions to be paid from county general fund.
22-3105	Witness fees and expenses of an inquisition to be paid by county.
22-3803	Requires the county to pay costs in criminal cases when a convicted defendant cannot pay.
22-3805	Requires the county to pay costs of commitment of a mentally ill person if the person or person's estate cannot pay.
38-1505	Assigned counsel for parents who are unable to employ counsel and who are in jeopardy of severance of parental rights to be paid from county general fund. Also, costs for guardians ad litem may be taxed to the county and paid out of the general fund.
38-1511	Certain child in need of care court costs may be charged to the county and paid out of the general fund.
38-1512	Expenses for detention of a child in need of care not eligible for social welfare to be paid out of the county general fund.
38-1606 & 38-1613	A juvenile charged as an offender is to have assigned counsel; cost to be paid from county general fund.
38-1616	Expenses for care and custody to be paid by SRS when child is eligible; otherwise, out of the general fund of the county where proceedings are brought; parents to reimburse county.

Attachment 5-5
Senate Local Govt
Feb 26, 1992

County Statutory Obligations
Page 2

- 38-1685 Costs on appeal. All such costs to be paid from county general fund subject to reimbursement by parents unless court orders county to pay.
- 43-171 Fees and mileage for jurors to be paid out of the county general fund.
- 59-2934 Fees for professional services for mentally ill persons may be ordered paid from the general fund of the patient's county of residence.
- 59-3032 Guardian and conservator fees for professional services may be taxed to the county and paid from county general fund.
- 65-4053 Fees for professional services in alcoholic treatment cases to be paid from county general fund of county of residence when taxed to the county.

*Attachment 5-6
Senate Social Govt
Feb 26, 1992*