

Approved: _____



Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on January 25, 1995 in Room 519-S of the Capitol.

All members were present.

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee: Rep. Ed McKechnie (Attachment 1)
Rep. Dee Yoh (Attachment 2)

Others attending: See attached list

Chair announced the scheduled hearing on **HB 2050** had been postponed and rescheduled for hearing on Monday, January 30.

Chair opened hearing on:

HB 2086 - Crawford County jail facility sales tax authorized (McKechnie & Yoh).

After presentations by sponsors of the bill and questions from committee, Chair closed hearing on **HB 2086**.

Chair requested committee bill introductions.

Moved by Hayzlett, seconded by Graeber, introduce a bill to amend K.S.A. 79-201a, tax exemption from all property and ad valorem taxes for property described. Motion carried. (Attachment 3)

Moved Mays, seconded by Aurand, introduce an act relating to sales taxation; exempting certain sales of food therefrom; amending K.S.A. 1994 Supp. 79-3606. Motion carried.

Chairperson Kline noted the recommendation of President Clinton in his State of Union message regarding family savings accounts.

Moved by Kline, seconded by Graeber, introduce a bill expanding the education savings account to include savings for home ownership and to allow deductibility of contributions. Motion carried.

The next meeting is scheduled for January 26, 1995.

Adjournment.

January 25, 1995
Testimony to House Taxation Committee
Rep. Ed McKechnie

Thank you Mr. Chairman and members of the committee for the opportunity to testify today in support of H.B. 2086. I will not give lengthy testimony or provide an entourage from Crawford County to extol the virtues of this legislation.

If you would desire I can have the County Commissioners and Sheriff provide ample and lengthy testimony.

Simply put, Crawford County needs a new jail. The current facility is too small, is experiencing crumbling infrastructure, endangerment of life and must be replaced. Last year more than \$100,000 was spent on repairs and we still have an old jail.

We believe the voters of Crawford County should decide whether they want to spend \$4.5 million over 4 years with a sales tax or more than \$9 million over 20 years with a property tax. Neither choice may be preferred, but at least the voters would decide.

I would appreciate your support.

DEE YOH
 REPRESENTATIVE, SECOND DISTRICT
 2802 E. 12TH
 PITTSBURG, KANSAS 66762



COMMITTEE ASSIGNMENTS
 GOVERNMENTAL ORGANIZATION AND ELECTIONS
 HEALTH AND HUMAN SERVICES
 JUDICIARY

STATE CAPITOL
 RM 174-W
 TOPEKA, KANSAS 66612-1504
 913-296-7655

TOPEKA

HOUSE OF
 REPRESENTATIVES

Mr. Chairman, Members of the committee, thank you for the opportunity to testify in front of you today on behalf of HB2086 which will allow Crawford County to impose a 1/2 cent sales tax for the purpose of financing a jail facility.

The entire amount of the sales tax raised would be devoted to capital expenditures, and once enough money was raised to complete the project, the tax would be suspended.

This same legislation was passed for Barton, Butler, Jefferson, Lyon, Montgomery, Riley, Saline, and Wyandotte counties; Crawford county is simply asking to be allowed the same consideration.

Our current facility is inadequate. The building is very old and in poor structural condition. There is no room for expansion, there is no room for program space, there is no exercise area, (no opportunity to ever be exposed to fresh air), there is little classification separation, the showers floors are rotting, in certain areas the walls crumble to the touch. This just address a few problems. Should Crawford county lose the lawsuit they are currently facing, the courts could mandate the building of a new facility, thus leaving voters out of the decision making process.

The plans for the new jail would increase the bed capacity, saving the expenses of "farming out" prisoners. Income could actually be derived from housing out of county inmates. The plans have been designed in such a manner that no additional staff would be necessary to operate the facility. The plans also look to the future and allow opportunity for expansion.

What are our options if this legislation is not passed? The county could impose a 20 year ad valorem property tax which is estimated to bring the debt service from \$4.5 million (through the proposed plan) to \$9.3 million.

To vote in favor of this bill does not mean a vote for a sales tax increase. What it does mean is giving the citizens who would be affected by this legislation the opportunity to make their own decision at the polls.

I strongly encourage you to support this bill.

TAX EXEMPTION

K.S.A. 1994 Supp. 79-201a, is hereby amended to read as follows: 79-201a. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First.

Second. All property used exclusively by the state or any municipality or political subdivision of the state. All property owned, being acquired pursuant to a lease-purchase agreement or operated by the state or any municipality or political subdivision of the state which is used or is to be used for any governmental or proprietary function and for which bonds may be issued or taxes levied to finance the same including property which is vacant, lying dormant or acquired for a future use, shall be considered to be "used exclusively" by the state, municipality or political subdivision for the purposes of this section. The lease by a municipality or political subdivision of the state of any real property owned or being acquired pursuant to a lease-purchase agreement for the purpose of providing office space necessary for the performance of medical services by a person licensed to practice medicine and surgery or osteopathic medicine by the board of healing arts pursuant to K.S.A. 65-2801 *et seq.*, and amendments thereto, shall be construed to be a governmental function, and such property actually and regularly used for such purpose shall be deemed to be used exclusively for the purposes of this paragraph. All property leased, other than property being acquired pursuant to a lease-purchase agreement, to the state or any municipality or political subdivision of the state by any private entity shall not be considered to be used exclusively by the state or any municipality or political subdivision of the state for the purposes of this section except that the provisions of this sentence shall not apply to any such property subject to lease on the effective date of this act until the term of such lease expires but property taxes levied upon any such property prior to tax year 1989, shall not be abated or refunded. The lease by a municipality or political subdivision of the state of any real property owned or being acquired pursuant to a lease-purchase agreement to another entity for a use that would otherwise be exempt from property or ad valorem taxes under this chapter if such real property were owned by or belonged solely to such entity shall be deemed to be used exclusively by the

~~municipality or political subdivision for the purpose of this section.~~ Any property constructed or purchased with the proceeds of industrial revenue bonds....

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