

Approved: Feb 20, 1995  
Date

## MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:00 a.m. on February 15, 1995 in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Martin,  
Senator Bond, Senator Clark, Senator Hardenburger, Senator Lee,  
Senator Ranson and Senator Sallee

Committee staff present: Tom Severn, Legislative Research Department  
Chris Courtwright, Legislative Research Department  
Don Hayward, Revisor of Statutes  
Elizabeth Carlson, Secretary to the Committee

Conferees appearing before the committee: Ron Svaty, City of Ellsworth  
Charles E. Simmons, Acting Secretary, Department of  
Corrections  
Sondra Clark, Coordinator of the Kansas Community Service  
Program, Department of Commerce and Housing

Others attending: See attached list

### APPROVAL OF MINUTES

Senator Clark made a motion to approve the minutes of February 14, 1995. The motion was seconded by Senator Corbin. The motion carried.

### SB 276--EXCHANGE OF LAND BETWEEN CITY OF ELLSWORTH AND DEPARTMENT OF ADMINISTRATION

Senator Lee said the bill request was made for the city of Ellsworth to be able to exchange property with the Department of Corrections.

#### Proponents

Ron Svaty, City of Ellsworth, appeared before the committee to request the exchange of property currently owned by the Ellsworth Municipal Airport. (Attachment 1) The Kansas Department of Corrections has a lien on all Ellsworth Municipal Airport property and that is the reason for **SB 276**. He said the land would be used for a proposed business which would hire approximately 50 people. The Department of Corrections, in turn, would receive 11 acres adjacent to the Ellsworth Correctional Facility. Mr. Svaty said the owner is very anxious to build immediately and they would appreciate prompt action on the bill.

Charles E. Simmons, Acting Secretary, Department of Corrections, said this is a "win-win" situation. (Attachment 2) He said this transfer of land does not adversely impact the operations of future development of the Ellsworth Correctional Facility. The state does not own this property but does have a lien on it.

Senator Martin asked about the market value of the land. Mr. Svaty said it is all farm land and the value per acre is about the same. Senator Lee said the land the state would receive is adjacent to the Ellsworth Correctional Facility and could be used in the future for expansion.

Senator Bond made a motion to pass **SB 276** favorably. The motion was seconded by Senator Lee. The motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:00 a.m. on February 15, 1995.

**SB 203--Income tax credit for community service contributions; carrying forward of unused credit.**

Sondra Clark, Coordinator of the Kansas Community Service Program, Kansas Department of Commerce and Housing, spoke in support of **SB 203**. (Attachment 3) She said the current legislation has an unlimited carry-forward provision. In researching other states with similar programs most of them have a three to five year carry forward. Section 1, Line 36 through 37, establishes a ceiling of \$5 million in tax credits per fiscal year. They would also like to amend KSA 79-32,197 by deleting the word "in a rural community." She said they believe the current wordage restricts the original intent. A business should be allowed to contribute to a community service organization located anywhere in the state of Kansas.

Senator Langworthy reminded the committee that this program was new. The bill authorizing it was just passed last session. Ms. Clark said these are changes we feel would be helpful in working with the Department of Revenue. There was discussion from staff about the proper wording to be used in amending the bill.

Ms. Clark was asked by Senator Ranson about the success of this new program. Ms. Clark said it has been very successful. For the first deadline they had about 30 applications and on November 1 they had administered about \$4,7 million. March 3rd is the deadline for the second round and they have a limit of \$928 thousand left. She said they have had over 200 applications. The committee expressed interest in who had received the allocations and she said she will be glad to get a list of the organizations who have received contributions.

Senator Lee made a motion to amend **SB 203** on line 22, to move the words "in a rural community" and place them following the words "governmental entity" in line 23. The motion was seconded by Senator Martin. The motion carried.

Senator Lee made a motion to pass **SB 203** favorably. The motion was seconded by Senator Hardenburger. The motion carried.

The meeting was adjourned at 11:30 a.m.

The next meeting is scheduled for February 16, 1995.



# City of Ellsworth

## KANSAS

CITY HALL - FIRST STREET & KANSAS AVENUE  
P.O. BOX 163 -- 67439  
913-472-5566

**ROBERT S. HOMOLKA**  
MAYOR  
**DELMAR KOHLS**  
COUNCIL MEMBER  
**MICHAEL E. SLECHTA**  
COUNCIL MEMBER  
**DANE BRITTON**  
COUNCIL MEMBER  
**STEPHEN M. BAHAN**  
COUNCIL MEMBER  
**MURRAY A. MARSTON**  
COUNCIL MEMBER

February 15, 1995

Ladies and Gentlemen,

The following information is provided in support of Senate  
Bill 276:

Explanation of the Request and Project;

Survey information concerning the properties of exchange;

Aerial photograph showing the properties of exchange (not to  
scale);

Real Estate Contract;

Lien Affidavit.

Thank you for your time and consideration in this matter.  
Should you have any questions, or require further information --  
please let me know.

Kindest regards,



I.D. Creech, II  
City Administrator

**Gladys Wagner**  
City Clerk  
**Margaret P. Shepherd**  
Treasurer  
**Dave Smith**  
Chief of Police  
**Robert Ashbaugh**  
Water/Sewer Supt.  
**Dale D. Bettenbrock**  
Supt. Street  
**Kelly B. Carter**  
Supt. Golf Course  
**Tony Nelson**  
Recreation Director  
**Ron Svaty**  
City Attorney  
**Greg Hoffman**  
City Attorney  
**Louis A. Drazic**  
Municipal Judge  
**I.D. Creech, II**  
City Administrator

*Senate Assess + Tax*

*Feb 15, 1995*

*attach 1-1*

**CITY OF ELLSWORTH, KANSAS  
KANSAS DEPARTMENT OF CORRECTIONS  
PROPERTY EXCHANGE**

SENATE BILL 276

The City of Ellsworth, Kansas is packaging the construction of a 43,200 square foot building including a 3,200 square feet office to be located on property that is currently owned by the Ellsworth Municipal Airport. The Kansas Department of Corrections has recorded a lien on all Ellsworth Municipal Airport property -- thus, the request for approval of Senate Bill 276.

The City of Ellsworth is requesting that the Kansas Department of Corrections be allowed to release approximately 15 acres of Municipal Airport property fronting K-14 highway. The City intends to provide the necessary 13 acres for this project at no charge to the client. In this manner, eventually, the property will be placed on the tax rolls. In exchange for the lien release, the City of Ellsworth is willing to release claim to approximately 11 acres of property immediately north of the current Ellsworth Correction Facility.

The proposed business will create twenty (20) jobs initially with expansion planned for an additional thirty (30) jobs within eighteen (18) months. The jobs will pay between \$7 and \$12 plus benefits. To support the construction of the proposed sight, the City has applied for 0% interest loan from the Smoky Hill Rural Electric Cooperative in the amount of \$400,000 as partial financing for this project.

**TYPE of BUSINESS:** The owner of PKM Steel and Salina Steel Supply, Incorporated will create a new manufacturing business -- MAICO, Inc. -- in the proposed facility. The company will manufacture steel I-beams for sale to Butler Steel Buildings company. The work is an expansion of the current operations of PKM Steel.

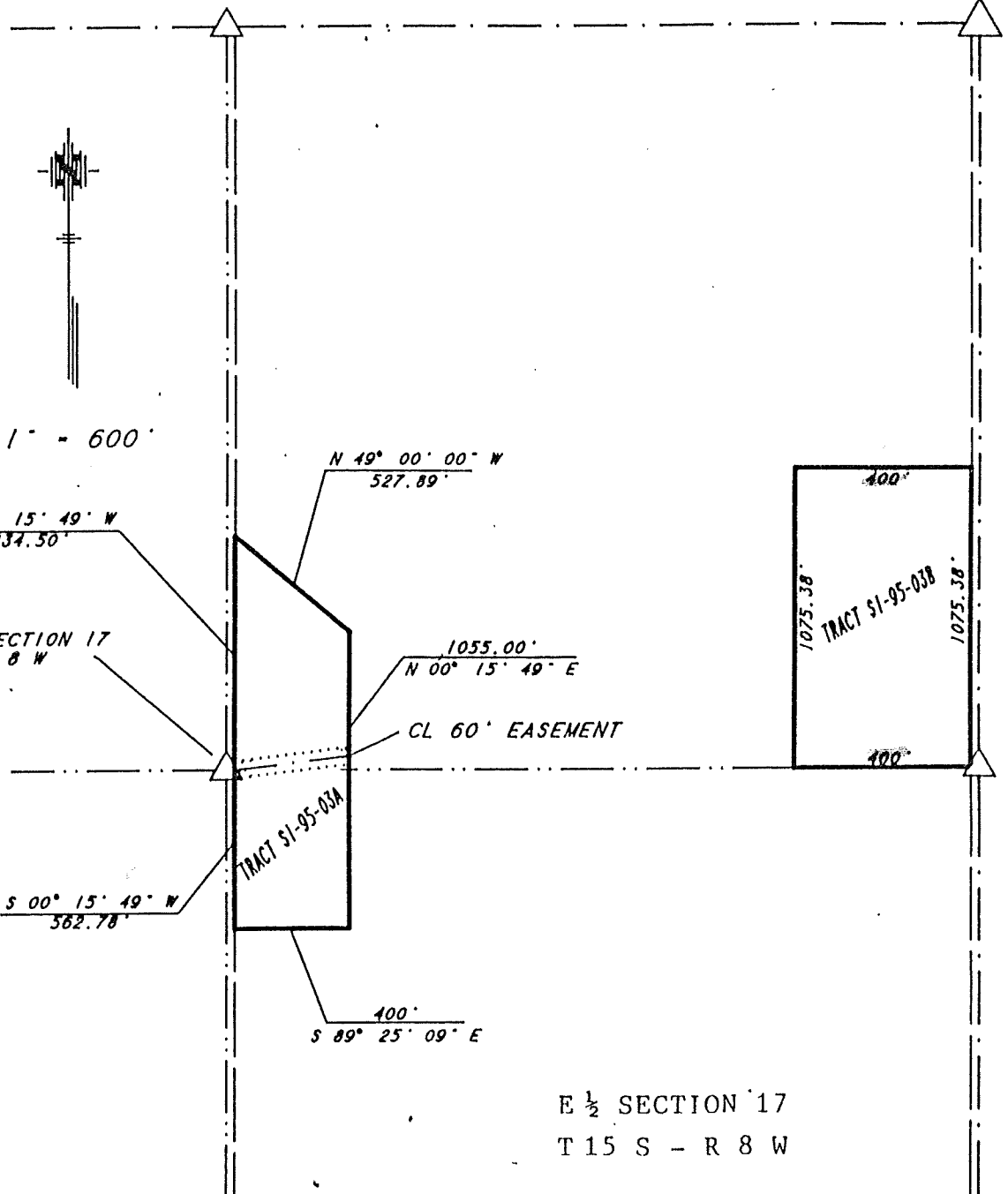
**PROPOSED FACILITY:** The client requires the construction of the following metal building on 13 acres of land:

- 100' by 400' building with 22' ceilings;
- mechanical support including heaters and ventilation system;
- 1,000 amp electric service;
- adequate water and sewer service for 50 employees with potential for expansion to 100 employees within 5 years;
- adequate land for expansion;
- 3,200 square feet of office space;
- business telecommunications service;
- 40' hard service highway access including drainage considerations;
- hard surface parking area to accommodate 50 employees, and additional visitors as required by local zoning ordinance; and,
- security fencing.

Client will provide:

- overhead crane system and other material handling equipment and systems as required;
- a minimum of 15 440 volt 30 amp welding units;
- other miscellaneous machining equipment as needed to pre-cut, drill, shape, etc. steel prior to manufacture; and,
- employee training.

The respective releases identified in Senate Bill 276 allows the City to pursue the economic benefit of a new manufacturing facility and the Department of Corrections receives potential expansion property for the facility. Under the current ownership/lien arrangement, both entities are restricted from pursuing options that could benefit both the City and the State.



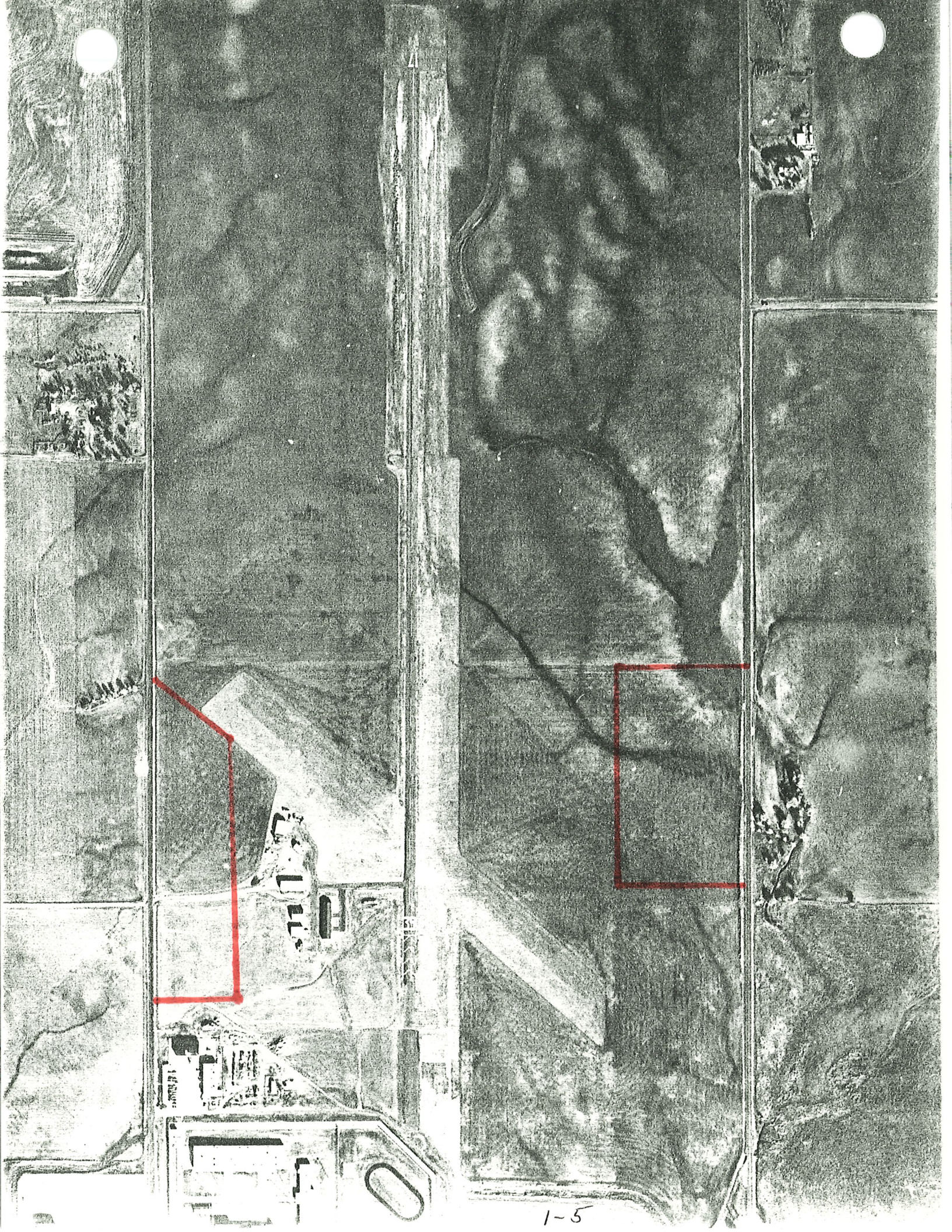
**SURVEYS, Inc.**  
 ELLSWORTH, KANSAS 67439

PROJECT 95-03

DATE January 27, 1995

BY JDF SH. 1 OF 3





1-5



REAL ESTATE CONTRACT

THIS CONTRACT, made and entered into this 12<sup>th</sup> day of October, 1988, by and between the City of Ellsworth, Kansas, a municipal corporation and hereinafter called "SELLER", and Department of Corrections, State of Kansas, hereinafter called "BUYER".

WITNESSETH:

1. The SELLER agrees to sell and convey title to BUYER as hereinafter set forth, to the following described real estate, to-wit:

A tract of land in the Southeast Quarter (SE/4) of Section 17, Township 15 South, Range 8 West of the 6th P.M. Ellsworth County, Kansas, described as follows:

Beginning at a point thirteen hundred twenty six and sixty four hundredths (1326.64') feet east and two hundred fifty (250.00') feet north of the Southwest corner of the Southeast Quarter (SE/4) of said section; thence on a bearing of North 00 degrees 16' 53" East on the 1/16 section line for a distance of ten hundred seventy four and thirty eight hundredths (1074.38') feet to the center of the Southeast Quarter of said section; thence on a bearing of South 89 degrees 25' 45" East for a distance of seventy (70.00') feet to a point on the East-West 1/16 line; thence on a bearing of North 00 degrees 16' 53" East on a distance of seven hundred fifty nine and fifty five hundredths (759.55') feet to a point; thence on a bearing of North 89 degrees 25' 45" West for a distance of five hundred sixty nine and forty two hundredths (569.42') feet to a point; thence on a bearing of South 00 degrees 15' 49" West for a distance of eighteen hundred and fourteen (1814.00') feet, to a point; thence on a bearing of South 89 degrees 25' 09" East for a distance of two hundred twenty seven (227.00') feet to a point; thence on a bearing of South 00 degrees 15' 49" West for a distance of two hundred twenty (220.00') feet to the North right of way line of old highway 40; thence on a bearing of South 89 degrees 25' 09" East on the right of way line for a distance of sixty (60.00') feet to a point; thence on a bearing of North 00 degrees 15' 49" East for a distance of two hundred (200.00') feet to a

point; thence on a bearing of South 89 degrees 25' 09" East for a distance of two hundred eleven and sixty seven hundredths (211.67') feet more or less to the point of beginning.

the above described tract of land contains 22 acres more or less;

subject however, to easements and restrictions of record.

2. BUYER agrees to purchase the aforesaid real estate and pay for the same as hereinafter provided.

3. The purchase price of \$150,000.00 is to be paid at closing.

4. At closing, SELLER shall, at its expense, deliver a duly executed and acknowledged general warranty deed, in a form acceptable to BUYER, conveying good and marketable title in fee simple to the said real estate, free and clear of any and all liens, easements, and restrictions of record.

5. This transaction shall be closed on or before the 1st day of November, 1988, and possession shall be delivered at the time of closing. The date of closing shall be at the BUYER'S election.

6. The parties agree that BUYER shall make arrangements for owner's title insurance pursuant to provisions of a bond issue involving construction of the Ellsworth Correctional Facility.

7. BUYER shall not sell, assign or transfer this contract or any interest under it, or any interest in or to said property, without first obtaining the written consent of the SELLER.

8. It is understood between both SELLER and BUYER that in conjunction with the transfer of the approximately 22 acres described above, the SELLER hereby agrees that it shall donate to the BUYER upon the happening of the conditions set forth below the balance of what the SELLER owns at the date of this agreement of the East Half of Section 17, Township 15 South, Range 8 West of the 6th P.M. Ellsworth County, Kansas, less the tract described above. The BUYER shall have the same surveyed and shall place an executed deed with the Citizens State Bank & Trust Company as escrow agent and the escrow agent shall record said deed upon the happening of the following condition to-wit:

When the Ellsworth Municipal Airport is moved to another location as evidenced when the City determines by resolution that the current airport facility shall cease to function as the City's Airport because a new airport has been constructed which is adequate to service the City of Ellsworth and the surrounding Ellsworth County area:

9. It is understood at the time of the execution of this agreement that the construction of the Ellsworth Correctional Facility may impose restrictions on air travel in and to the Ellsworth Municipal Airport and it is the understanding of both parties that the BUYER shall minimize any restrictions the building of the Ellsworth Correctional Facility will cause upon the use of the Ellsworth Municipal

10/12/89 137



Airport.

10. In consideration of the donation of property referenced above, the BUYER agrees to support the SELLER in its application for a FAA grant for the construction and operation of a new municipal airport at a site away from the Ellsworth Correctional Facility.

11. Any Taxes or special assessments owing on the property at the date of closing shall be paid by the SELLER. Any 1988 taxes or assessments shall be paid on prorata basis.

12. Time is made of the essence of this contract, and this contract shall be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns.

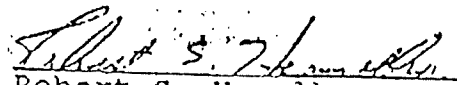
13. The provisions found in the Contractual Provisions Attachment (DA-146a), which is attached hereto as Attachment "A" and executed by the parties to this agreement, are hereby incorporated in this contract and made a part hereof.

14. Each party shall be responsible for their own costs in connection with this transaction.

IN WITNESS WHEREOF, the parties have signed their names as of the day and year first above written.

SELLER

BUYER

  
Robert S. Homolka  
Mayor, City of Ellsworth


  
Roger V. Endell  
Secretary of Corrections



PHOTO COPIED

AFFIDAVIT

day of January A.D. 19 90  
8:40 o'clock A M., and  
recorded in book Mis-7 on page 470  
Fee \$ 10.00  
Jarvis Smith  
Register of Deeds  
By Sue Oklahoma Deputy

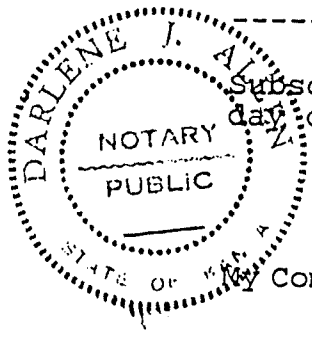
State of Kansas )  
County of Shawnee ) ss:

Steven J. Davies, of lawful age, being first duly sworn, deposes and says:

- 1) He is the Secretary of the Kansas Department of Corrections, with offices at Topeka, Kansas.
- 2) That pursuant to a real estate contract between the Secretary of Corrections and the City of Ellsworth, Kansas, entered into on October 12, 1988, whereby an interest in all real estate then owned by the City of Ellsworth situated in the East Half of Section Seventeen (17), Township Fifteen (15) South, Range Eight (8) West of the 6th P.M., was negotiated, granted and conveyed to the Kansas Department of Corrections for valuable consideration, namely one hundred and fifty thousand dollars (\$150,000.00).
- 3) That aforesaid consideration was tendered to the City of Ellsworth on October 14, 1988 by the State of Kansas.
- 4) That no money consideration under the aforementioned real estate contract is now or shall ever become due and owing according to its terms.

Further affiant sayeth not.

Steven J. Davies  
Steven J. Davies, P.H.D.  
Secretary of Corrections



Subscribed and sworn to before me this 16<sup>th</sup> day of January 1990.

1st Darlene Allen  
Notary Public

My Commission expires: February 7, 1990.

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DEPARTMENT OF CORRECTIONS  
OFFICE OF THE SECRETARY  
*Landon State Office Building*  
900 S.W. Jackson — Suite 400-N  
Topeka, Kansas 66612-1284  
(913) 296-3317

Bill Graves  
Governor

Charles E. Simmons  
Acting Secretary

## MEMORANDUM

**DATE:** February 15, 1995  
**TO:** Senate Committee on Assessment and Taxation  
**FROM:** Charles E. Simmons, Acting Secretary  
**SUBJECT:** SB 276

The Department of Corrections supports SB 276.

This bill authorizes a land transfer between the Department of Corrections and the City of Ellsworth. The City will transfer approximately 11.2 acres to the State in exchange for which the Department of Corrections will transfer to the City its interest in approximately 15.3 acres. The property being transferred by the Department of Corrections is not owned by the State. It is owned by the City of Ellsworth. The State has an interest in the land pursuant to an agreement with the City entered into several years ago which provided that if the City relocates its airport, the land on which the airport is located will be conveyed to the State. The acreage described in the bill is part of the airport property.

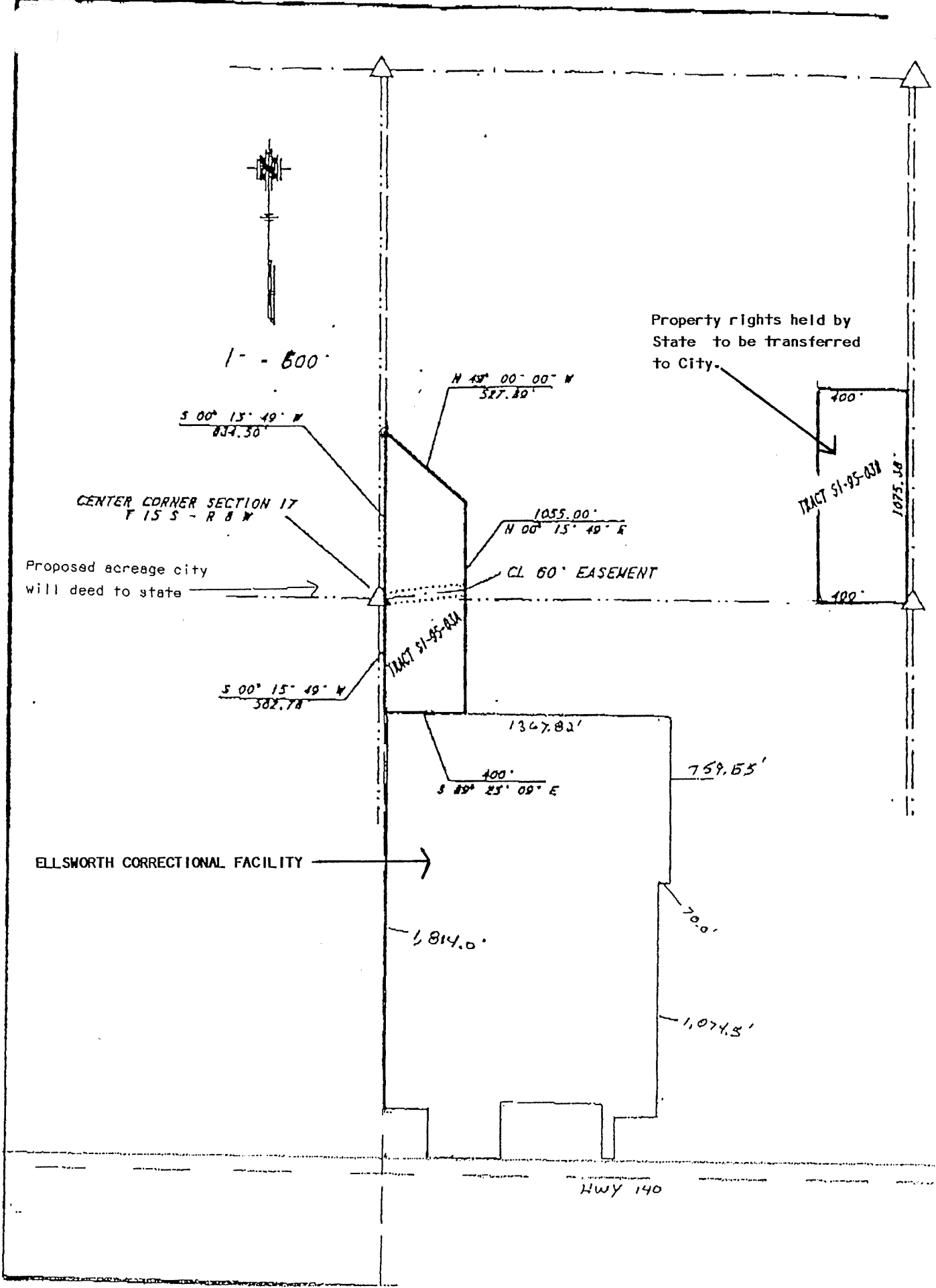
The impact of the bill is that the Department of Corrections will give up its interest in possibly acquiring title, at some point in the future, to the described land. In return, it will acquire title now to the land being transferred by the City.

The City desires to acquire clear title to the land covered by the Departments's interest so it can be used for economic development purposes. The transfer does not adversely impact the operations or future development of the Ellsworth Correctional Facility.

CES:dja

*Senate Assess & Tax.*  
*Feb 15, 1995*  
*attach 2-1*





Good morning, Senator Langworthy and members of the committee. My name is Sondra Clark. I am the coordinator of the Kansas Community Service Program, for the Kansas Department of Commerce & Housing. Thank you for the opportunity to speak with you this morning.

It is a pleasure to be here this morning to testify in support of Senate Bill No. 203, an act relating to income taxation; concerning community service contribution credits.

These proposed changes would address questions that arose frequently during the first round of the program.

Section 1, Line 28 through Line 34 limits the carry-forward provision to four tax years. The current legislation has an unlimited carry-forward provision. I researched the other states with similar programs and met with the Missouri Department of Economic Development to ascertain the way in which they handle their carry-forward. Most states have a three to five-year carry-forward with the State of Missouri having a five-year carry-forward. Missouri indicated most tax credits are used within a three year period.

Section 1, Line 36 through Line 37, establishes a ceiling of \$5 million in tax credits per fiscal year. This change is being introduced to clarify that the Kansas Department of Commerce & Housing receive \$5 million in tax credits to allocate every fiscal year. If the total \$5 million in tax credits is not allocated, in any fiscal year, they will not carry forward and be available for the next fiscal year.

We would like to amend K.S.A. 79-32,197 by deleting the words ... "in a rural community". The current statute is worded ... The amount of credit allowed pursuant to K.S.A. 1994 Supp. 79-32,196 shall not exceed 70% of the total amount contributed during the taxable year by the business firm in a rural community to a community service organization or governmental entity located therein for programs approved pursuant to K.S.A. 1994 Supp. 79-32,198. The Kansas Department of Commerce & Housing believes that the current wordage restricts the original intent. A business entity should be allowed to contribute to a community service organization located anywhere in the State of Kansas. If the language is not changed, community service organizations located in rural areas would be restricted to receive contributions solely from business firms located in rural communities, which could be limiting.

Again, thank you for this opportunity to speak with you.

I would be happy to address any questions at this time.

*Senate Assess + Tax*

*Feb 15, 1995*

*attach 3-1*