

Approved: March 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 March 15, 1995 in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Martin, Senator Bond, Senator Clark, Senator Feleciano, Jr., Senator Hardenburger, Senator Lee, Senator Ranson, Senator Sallee and Senator Wisdom.

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: Paul Fleener, Farm Bureau  
Dee Likes, Kansas Livestock Association  
Mark Tallman, Kansas Association of School Boards  
Karen France, Kansas Association of Realtors  
Bob Corkins, KCCI  
Gerry Ray, Johnson County Board of Commissioners  
Karl Peterjohn, Kansas Taxpayers Network, Inc.  
Chris McKenzie, League of Kansas Municipalities

Others attending: See attached list

Continued Hearing on:

**SB 240--FINANCING OF SCHOOL DISTRICT; PROPERTY TAX REPLACED WITH STATE SALES TAX**

Paul Fleener said the movement away from the reliance on the property tax for elementary and secondary education has been a longtime goal for the farmers and ranchers across the state. (Attachment 1) He said ownership of property is not a good measurement of wealth or ability to pay taxes. A policy was voted on by the members of Farm Bureau and it clearly indicates the desire to move away from reliance on the property tax and to utilize the income and the sales tax. (See attachment) He said they continue to oppose a statewide property tax levy. He urged favorable consideration of **SB 240**.

Senator Bond asked Mr. Fleener if the Farm Bureau has any concern about the competitiveness with other surrounding states and also the entire nation on income tax and sales tax rates. Mr. Fleener said yes they are concerned. Some statistical information shows that Kansas is significantly higher than other states but we think we should move away from the property tax and rely more on those things that are geared to people service. This would be more appropriate. Senator Bond asked as a trade-off in finding revenue, would the Farm Bureau be interested in removing the sales tax exemption that relates to agriculture? Mr. Fleener replied they were willing to look at any and all exemptions. He said they were not proponents of the new school finance plan in 1992.

Senator Lee said she represents farming interests and they would be willing to look at removing the exemptions if business and industry are also willing to look at the exemptions. She thinks they should look at all of them.

Mr. Fleener said it runs through his mind there are about \$2.7 million of exemptions that are supposed to be good public policy and he said if everyone comes to the table, Farm Bureau is willing to come also.

Senator Bond said he was willing to ask business and industry to meet on this too. This is a problem which needs to be solved and he wants to be sure that we are all ready to sit down and discuss it. If we are going to get rid of the 35 mills, he said he does not think any entity, segment or area can bear it all.

Senator Sallee said the mill levy has been a problem in his area and also the valuations have continued to rise. He asked Mr. Fleener if he saw that as a problem. Mr. Fleener said he has talked to education committees and

CONTINUATION SHEET

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

taxation committees for years about mills levies, but he said we need to look at the underlying problem, do we have equity across the state?

Dee Likes, Kansas Livestock Association, said they have long been a proponent of increased reliance on sales and income taxes to fund schools. (Attachment 2) He said they appreciate the differing opinions and the difficulty in balancing the sources and the mix of tax revenues to finance schools. They hope the Legislature will take this opportunity to move away from property taxes. It is a nineteenth century concept that land ownership is a more reliable indicator of wealth or a taxpayer's ability to pay. Today, wealth is basically in the form of investments and income. KLA believes that the income tax is the fairest of all because it is a better measure of wealth.

Mark Tallman, Kansas Association of School Boards, expressed the support of the member boards of education for the concept of continuing to shift funding of public education from property to non-property sources of revenue. (Attachment 3) He said the statewide mill levy was set too high and the base budget per pupil was set too low. **SB 240** would correct the first problem. Other states in the nation, such as Michigan, are moving in this direction. The second problem is more complex. Because the base budget per pupil was so low, the largest school districts had to make substantial use of the local option budget while the smaller districts were generally protected by the low enrollment weighting. They recommend the Legislature use a portion of the new revenue proposed by **SB 240** to raise school district base budgets over a phase-in period to substantially reduce the need to use the LOB. This would offer property tax relief to Kansas families and businesses and would continue progress toward a more equitable range in school spending per pupil.

Senator Ranson said her district tried to use the local option budget and it failed with 78% of the voters voting against it. She said there is a strong feeling that giving more money to the schools does not improve the educational value. She asked if this bill is passed, what will keep the local option budgets from increasing and the property taxes from going higher? Mr. Tallman said the LOB can always be voted down. School budgets are already controlled and can go up only if the citizens approve.

Senator Bond asked if the Kansas Association of School Boards supported the 1992 School Finance Act? Mr. Tallman said they supported it over all, but there were elements of it that they did not support. Senator Bond asked about Mr. Tallman's remark concerning new revenue. He thought this was a shift in taxes, and he did not know where the new revenue was coming from. Mr. Tallman said perhaps that is wishful thinking on their part; if the base budget was increased substantially the districts would not have to rely on the LOB.

Karen France, Kansas Association of Realtors, said they believe that alternatives to property taxes should be closely examined and seriously considered. (Attachment 4) It has been a longstanding position that real estate is burdened with an excessive share of state and local government. They believe real estate taxes should be used only to pay for state and local governmental services which are rendered to real estate. Education should be paid for by other types of taxation. She urged the committee to strongly consider removing the statewide mill levy and replacing it with other forms of tax, such as the sales and income tax combination. However, if the legislature removes the statewide mill levy for schools, be sure to not loosen the reins on the exercise of the LOB authority. If that is allowed to increase or the protest petition process is removed, any beneficial gains will soon be lost.

Bob Corkins, KCCI, said he was appearing in a neutral position. (Attachment 5) KCCI, while they approve of this legislation's intent, they do not support the proposal at this time. They believe much more research is needed. He listed several relevant policies by his organization. He said they take great exception to some of the amendments to this bill made by the Senate Education Committee. KCCI supports a reduction of the Kansas corporate income tax rates. Kansas has held the highest corporate income tax rates in this part of the country until three years ago when Nebraska surpassed Kansas. Before taking a position, he said they would have to review substantial data and conduct more member opinion surveys.

Senator Wisdom read testimony from Steven J. Davies, Ph.D., former school superintendent. (Attachment 6) Dr. Davies said his remarks were based upon his experience as superintendent of two school districts. He said the taxpayers in his district felt that school funding should not be done totally through property tax alone. A majority of the district expressed their opinion that school taxes should be made up of sales, income and property taxes combined.

Senator Langworthy said this issue is bigger than the bill and she would recommend this subject for an interim study. Senator Ranson said she thought it should have a task force study, formed by the Governor, rather than an interim study.

The hearing was closed on **SB 240**.

CONTINUATION SHEET

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

**SB 371--APPORTIONMENT OF REVENUE RECEIVED FROM JOHNSON COUNTY  
RETAILERS' SALES TAX**

Gerry Ray, Johnson County Board of Commissioners, said **SB 371** is a technical amendment to the countywide sales tax distribution formula for Johnson County. (Attachment 7) She gave some background on the formula. In 1992 legislation was adopted that allowed the local units to levy sales tax in one-quarter cent increments rather than one-half cent increments. At that time the Johnson County section was not amended to reflect the change. **SB 371** is needed to update the Johnson County statute to include this change. The proceeds will be dedicated to the construction and operation of corrections facilities.

Senator Martin asked if this increment would have to be distributed to the remainder of the cities and will they not be able to construct the correctional facilities? Ms. Ray said they would not have enough money to construct the facility and then run it.

The hearing was closed on **SB 371**.

**HB 2209--MUNICIPALITIES; BONDS; NOTICE REQUIREMENTS FOR ELECTION AND  
BALLOT**

Mark Tallman, Kansas Association of Schools Boards, said they did appear as an opponent to this bill in the House Taxation Committee. He said they feel it is not a critical issue. The primary concern is that the school boards already provide the public with information when they can but this type of notice will seem to be more definite to the voters and if it turns out the expenses were not correct, the public would feel they were betrayed. The future tax rate is very difficult to project. If there is really a problem, they can do this, but they do not feel it is a serious problem.

Senator Martin said there are about 30 sponsors of the bill. He asked if Mr. Tallman knew what the vote in the house was, and he replied he thought it was pretty overwhelming.

Karl Peterjohn, Kansas Taxpayers Network, Inc., said he would like to mention two facts the committee should consider in support of this proposal. Some supporters in Johnson County are working on a junior college bond issue that has been promoted at a \$72 million dollar bond event. These supporters have not been able to get the information necessary to put out how much this is actually going to cost before this bond issue is voted on. Another case was in Shawnee Mission recently where they apparently rolled over the current bond issue into the new bond issue so it was the equivalent of a 7 mill issue. **HB 2209** is an attempt to correct this. The committee should act to support this bill.

Chris McKenzie, League of Kansas Municipalities, said they are not testifying today because their concerns were with Section 2 which was stricken. It would have made a very cumbersome ballot proposition. They have no objection to the bill as it stands.

The hearing will be left open since Representative Graeber could not be here to present his bill.

The meeting adjourned at 11:55 a.m.

The next meeting is scheduled for Thursday, March 16, 1995.

# SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: March 15, 1995

NAME	REPRESENTING
Martin Hawva	Hawva's Capital Report
John Marshall	Harris news service
MATTIE (MARTIN)	UAR
KAREN FRANCE	KS Assoc of REALTORS
BEV BRADLEY	KS Assoc of Counties
Jon Lehman	KS governmental consulting
Tudy Perkins	CPA
Bill Anderson	Water Dist #1 of Jo Co
Jacquie Dakes	SOE
Mark Tallman	KASIS
Quayle	Overland Park Chamber of Commerce
Quayle Clark	Hallmark Cards
DONALD SMOGRASS	KS FOOD DEALERS
Bob Martin	Sen. Karr's office
Christy Bailey	Sen. Karr's office
BILLY ROBERTS	SEN MORAN'S OFFICE
Art Brown	mid - Am Lumbermens ASSN
Bob Corkins	KCCI
Rosie Lehman	UID 233







# PUBLIC POLICY STATEMENT

## SENATE ASSESSMENT AND TAXATION COMMITTEE

### RE: S.B. 240 - Financing Elementary and Secondary Education

March 14, 1995  
Topeka, Kansas

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

Chairperson Langworthy and members of the committee:

We welcome the opportunity to come before your committee today and make some brief comments in support of legislation designed to move us away from reliance on the property tax for elementary and secondary education in the State of Kansas. That movement has been a longtime goal of our farmers and ranchers in the 105 counties of Kansas. It is a goal that has been supported by a large number of organizations as testimony has come forward to Assessment and Taxation Committees and education committees. We are here today as proponents of S.B. 240.

For the record, my name is Paul E. Fleener. I am the Director of Public Affairs for Kansas Farm Bureau.

*Senate Assess + Tax  
3-15-95  
Attach 1-1*

Public school finance is of interest to our members throughout the state. The school finance plan has come under examination several times in the legislative process. Each time you look at it our people are also looking at it. It's time to look again. It is time to examine the possibility of reducing reliance on the property tax. For years we have described to committees the fact that ownership of property is not a good measurement of wealth or ability to pay taxes.

The policy adopted by voting delegates representing members in the 105 County Farm Bureaus is attached to this statement. The policy was adopted on November 19, 1994. It clearly indicates the desire to move away from reliance on the property tax and to utilize, as major sources of revenue for school funding, the income tax and the sales tax.

In a stand-alone line in our policy position, you will see this sentence:

**"We continue to oppose a statewide property tax levy."**

We invite your careful consideration of S.B. 240 as it seeks to reduce the reliance on the property tax and seeks to replace property taxes with revenues from nonproperty tax sources. We applaud the effort. We encourage favorable consideration of this legislation.

Thank you for the opportunity to make these brief comments. I would be happy to respond to questions.

## Public School Finance

ED-7

The Kansas Legislature should develop school finance legislation which provides for minimal reliance on the property tax for support of public elementary and secondary schools. The major sources of revenue for school funding should be the income tax and sales tax.

We oppose use of a local income or earnings tax by any local unit of government, other than a Unified School District.

We continue to oppose a statewide property tax levy.

We oppose any effort to abolish the taxing autonomy of school districts and any effort to place all spending control with the state. Until actually required to be remitted for state distribution, property taxes should remain in control of the USD where collected in order to provide interest income and to give local banks an opportunity to bid on and use deposits to assist with local community development. We believe school district finances, curriculum choices and building construction or remodeling decisions should remain under local authority.

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





*A Century of Service  
1894-1994*

STATEMENT OF  
THE KANSAS LIVESTOCK ASSOCIATION  
TO THE SENATE COMMITTEE ON ASSESSMENT AND  
TAXATION  
SENATOR AUDREY LANGWORTHY, CHAIRPERSON  
WITH RESPECT TO  
SB240  
PRESENTED BY  
DEE LIKES, EXECUTIVE VICE PRESIDENT  
MARCH 14, 1995

*Madam Chair and Members of the Committee, as most of you already know, neither our association or I consider ourselves to be experts on school finance. However, because our members who attempt to make a living in the livestock industry require large investments in land and are therefore greatly impacted by the heavy reliance on property tax to finance education, we do have a substantial stake in school finance issues. KLA has long been a proponent of increased reliance on sales and income taxes to raise the needed revenues to fund schools. We do, however, appreciate the differing opinions and impact on various constituencies and the difficulty you face of fairly balancing the sources and the mix of tax revenues to finance schools. Therefore, I won't express a position on the specific levels and sources of the sales and income tax increases proposed in this bill which are to replace the phase down of the statewide property tax to finance schools. However, we do hope that you will take this opportunity to have a serious and thoughtful discussion about how to move further away from the property tax to finance schools and other local units of government. In our association we have the belief that the property tax system is largely antiquated because it is a nineteenth century concept when land ownership was more of a reliable indicator of wealth or of a taxpayer's ability to pay. It is a product of the days when our economy was based largely on agricultural activity and all those one room school houses and county courthouses had to be funded whether or not agriculture actually made a profit. Today, our entire society has changed dramatically. No longer is real property necessarily a reliable indicator of wealth or of the ability to pay. Remember, all property tax must be paid from income. In today's society, it is not necessarily correct to assume that a mortgaged*

*Senate Assess + Tax  
3-15-95*

piece of land or a mortgaged building or home is a reliable indicator of wealth. Today, wealth is basically in the form of investments and income. For example, KLA believes that the income tax is the fairest of all because income is a better measure of wealth than any other source and because it is obviously based on the individuals ability to pay. There is a significant number of people in our society that really don't own much property other than an automobile and therefore, don't share as much as they possibly should in the support and financing of education. We believe that the most appropriate sources of revenue for schools are a combination of income and sales taxes and we hope you will make recognition of that fact and proceed accordingly with examining these difficult revenue source questions.





TO: Senate Committee on Taxation  
FROM: Mark Tallman, Director of Governmental Relations  
DATE: March 14, 1995

RE: Testimony on S.B. 240

Madam Chairperson, Members of the Committee:

We appreciate the opportunity to appear before you on behalf of the member boards of education of the Kansas Association of School Boards. We want to express our support for the concept of continuing to shift funding of public education from property to non-property sources of revenue.

KASB believes that there were two major flaws in the 1992 school finance act: the statewide mill levy was set too high and the base budget per pupil was set too low. S.B. 240 would correct the first problem. Although this would clearly be a major change in state tax policy, other states around the nation, most notably Michigan, are moving in this direction.

The second problem is more complex. Because the base budget per pupil was set so low, all of the largest school districts in the state had to make substantial use of the local option budget to hold their budgets harmless. The smaller districts were general protected by the low enrollment weighting. This Legislature has recognized this problem by endorsing the concept of "correlation weighting," which has been approved by both the House and Senate. But the amount of correlation weighting proposed within "current resources" still leaves many districts dependent on extensive use of the local option budget. Your staff and the State Department of Education project continued expansion of the LOB if the base budget is increased only minimally or not at all, which means increasing local property taxes.

We would recommend that the Legislature use a portion of the new revenue proposed in S.B. 240 to raise school district base budgets over a some phase-in period to substantially reduce the need to use the LOB and to rely on LOB property taxes. This would not only offer property tax relief to Kansas families and business, it would also continue progress toward a more equitable range in school spending per pupil.

Thank you for your consideration.

*Senate Assess + Tax  
3-15-95*

*attach 3*





Executive Offices:  
3644 S. W. Burlingame Road  
Topeka, Kansas 66611-2098  
Telephone 913/267-3610  
Fax 913/267-1867

TO: SENATE ASSESSMENT AND TAXATION COMMITTEE  
FROM: KAREN FRANCE  
DATE: MARCH 14, 1995  
SUBJECT: SB 240, SCHOOL FINANCE AND THE STATEWIDE MILL LEVY

Thank you for the opportunity to testify. The Kansas Association of REALTORS® supports the concepts of SB 240. We believe that alternatives to property taxes should be closely examined and seriously considered.

It has been our longstanding position that real estate is burdened with an excessive share of the constantly increasing cost of state and local government. We believe real estate taxes should be used only to pay for state and local governmental services which are rendered to real estate. People related services and programs such as education should be paid for by other types of taxation. We have advocated the restructuring of state and local taxation sources for the funding of non-property related services. We urge the state to work for the restructuring of taxes to relieve the inequitable real property tax burden but also not to unfairly shift the tax burden to any tax paying entity.

Property ownership is no longer an indication of the ability to pay. When it was first instituted, years ago, the ownership of property was an indicator of wealth. That is no longer the case. For example, we have people on fixed incomes whose property has appreciated in value through no fault of their own and their property tax bills have essentially become a rental payment to the government for their homes.

When the statewide mill levy was adopted in 1992, it began another whole spectrum of property taxation, by putting the state in the business of levying property tax far beyond the 1 1/2 mills it used to levy. The state now has to worry about increases and decreases in the statewide assessed valuation and is now a reluctant player in the game of maintaining current levels.

We urge the committee to strongly consider removing the statewide mill levy and replacing it with other forms of tax, such as the sales and income tax combination proposed here. While this may not be the right mix might need to be found, we think it will be in the long term best interest of the state to get out of the business of assessing property taxes and into the business of removing, at least partially, the use of an antiquated tax.

*Senate Assess + Tax  
3-15-95  
attach 4-1*



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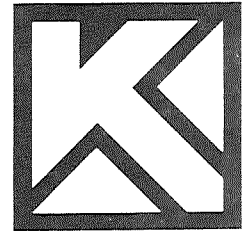
Page 2  
SB 240

We do have one caveat, however, and that is, if you remove the statewide mill levy for schools, you have to make sure that you do not loosen the reins on the exercise of the LOB authority. If the amount of the LOB authority is permitted to increase or the protest petition process is removed, then any beneficial effects you might have gained by moving away from a statewide mill levy will soon be lost. Sales and income tax will have increased while property taxes return to their previous levels. Additionally, while it would not be addressed by this committee, the need for some sort of tax lid for the other levels of government would be imperative. The legislature should keep both of these factors in mind when addressing this issue.

Thank you for the opportunity to testify.

# LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry



835 SW Topeka Blvd. Topeka, Kansas 66612-1671 (913) 357-6321 FAX (913) 357-4732

SB 240

March 14, 1995

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Committee on Assessment and Taxation

by

Bob Corkins  
Director of Taxation

Madam Chair and members of the Committee:

My name is Bob Corkins, director of taxation for the Kansas Chamber of Commerce and Industry. I appreciate the opportunity to present the Chamber's thoughts on SB 240. While KCCI approves of this legislation's intent to replace property taxes with sales and income taxes, we do not support its proposal at this time. We believe much more research is needed to assess the bill's overall impact on the state's economic development.

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

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

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

Clearly, there is a substantial amount of recent history we share with most of you on this general subject. The fiscal realignment proposed in the bill would be staggering, dwarfing even the monumental school finance shift of 1992. Consequently, KCCI's membership has spoken its view through relevant standing policies which have evolved to read as follows:

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3-15-95  
Attach 5-1*

(TF-19) General Tax Sources. KCCI is vigorously opposed to further dependence on the property tax; and when additional state revenue is needed, for state or local governmental purposes, KCCI favors use of non-ad valorem tax sources, with major emphasis on sales tax and income tax.

(TF-27) Property Tax Relief. KCCI supports through statutory methods efforts to reduce the reliance of local units of government upon property taxes for revenue as long as any revenues replacing property taxes do not adversely affect economic growth. One acceptable method for reducing reliance on property taxes would be to increase the reliance on state sales tax.

These position statements therefore would enable, but not compel, the Chamber's support for SB 240. However, we do take great exception to some of the amendments made to this bill by the Senate Education Committee. KCCI supports a reduction of the Kansas corporate income tax rates. The corporate income tax increases now proposed in this bill would consequently be unacceptable as part of a package of tax shifts levied upon the business community.

Kansas, for decades, held the dubious distinction of having the highest corporate income tax rates in this part of the country. Three years ago, Nebraska surpassed Kansas by enacting a top corporate rate of 7.8% (Kansas' top rate is 7.35%). Other competing states in this region are substantially lower. Missouri, Oklahoma and Colorado each impose a flat 5% corporate rate. We therefore strongly oppose the eventual 8.7% rate suggested in SB 240.

Like previous lengthy debates about property tax classification, this bill would create a plethora of new "winners" and "losers" in the overall state tax scheme. No research is currently available which indicates how this fundamental tax shift might affect different types of businesses in different parts of Kansas. Before staking out KCCI's position on property tax classification and school finance, we reviewed substantial data and conducted numerous member opinion surveys. Before taking a position on SB 240, we would have to do the same again.

Thank you, again, for this chance to testify.

DATE: March 14, 1995

TO: Senator Audrey Langworthy and  
Assessment and Taxation Committee Members

FROM: Steven J. Davies, Ph.D.  
Private Citizen

SUBJECT: SB 240

This testimony is based upon my experience as superintendent of two school districts. While performing my duties it became very evident that the taxpayers in my district felt that funding, school finance, bond issues, and LOB's should not be funded totally through property tax alone. While conducting a bond issue in USD 331, I had personal contact with over 1500 people in the district reviewing the bond issue. The major concern was the funding of the bond issue through property taxes alone. The bond issue failed by seven votes and the loss was attributed to the type of taxation to fund the projects. The bond issue was conducted again and the bond issue lost by over 500 votes. Although I was not the superintendent when the second bond issue was conducted I did have much contact with taxpayers after the vote. The patrons pointed out that they still did not like this form of taxation and that was the cause of such a large defeat. It is my feeling that the taxpayers I came in contact with felt there needed to be a different form of taxation for school funding. A majority expressed they felt school taxes should be made up of sales, income, and property taxes combined. They did not feel the burden of paying for schools should be solely placed upon property taxes alone.

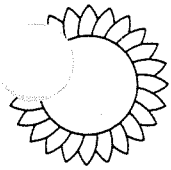
I felt this committee should know these feelings that the taxpayers I had contact with would be in support of SB 240.

I apologize for not being present today, but I am home ill and I hope this brief statement shows support for SB 240. If the committee would like me to appear, I will be happy to at a later date.

SJD:pb

*Senate Assess + Tax*  
*3-15-95*  
*Attach 6*





March 14, 1995

SENATE ASSESSMENT AND TAXATION COMMITTEE

HEARING ON SENATE BILL 371

TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL COORDINATOR  
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 support of SB 371.

SB 371 is a technical amendment to the countywide sales tax distribution formula for Johnson County. To give you some background, in the mid 1980's the Legislature adopted a special distribution formula for the second half-cent countywide sales tax in Johnson County. The formula is as follows: The County receives one-quarter cent of the one-half cent and the remainder is distributed to the cities based on population and tax effort. The cities within the county all agreed to this change as a means to fund roads and other countywide services.

In 1992 legislation was adopted that allowed the local units to levy sales tax in one-quarter cent increments rather than one-half cent increments. At that time the Johnson County section was not amended to reflect the change.

The County Commission is now in the process of bringing the approval of a one-quarter sales tax increase to a referendum in April. The proceeds of the increase will be dedicated to the construction and operation of corrections facilities. Therefore, SB 371 is needed to update the Johnson County statute to include one-quarter cent increments in the distribution formula.

We appreciate your willingness to consider the bill and ask that you recommend it for passage.

*Senate Assess + Tax*  
*3-15-95*  
*Attach 7*