

Approved: 3-26-96
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION..

The meeting was called to order by Chairperson Phill Kline at 9:10 a.m. on March 8, 1996 in Room 519-S of the Capitol.

All members were present except: Rep. Doug Lawrence

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

Conferees appearing before the committee:

Rep. John Toplikar
Tim Kennedy , Kansas Taxpayers Assn.
Barry Scanlon, Overland Park
Don Kellogg, United We Stand
Rep. David Adkins
Bill Roach, Sprint
Terry Brady, Lathrop & Gauge

Others attending: See attached list

Chair announced the Taxation Committee would meet on Friday, March 15 to hear the reports of the subcommittees on **HB 2998 and HB 2999.**

Chair opened hearing on:

HB 2879 - Kansas and Missouri metropolitan

Proponents:

Rep. John Toplikar (Attachment 1)
Tim Kennedy , Kansas Taxpayers Assn. (Attachment 2)
Barry Scanlon, Overland Park (Attachment 3)
Don Kellogg, United We Stand (Attachment 4)

Written testimony only from:

Rosemary McCaffrey, Leawood (Attachment 5)
Spencer Hawerlander and Charlotte O'Hara (Attachment 6)
Justin Styers (Attachment 7)

Opponents:

Rep. David Adkins (Attachment 8)
Bill Roach, Sprint (Attachment 9)
Terry Brady, Lathrop & Gauge

Chair closed hearing on **HB 2879.**

The next meeting is scheduled for March 11, 1996.

Adjournment 9:58 a.m.

Attachments - 9

TAXATION COMMITTEE GUEST LIST

MARCH 8, 1996

DATE: _____

NAME	REPRESENTING
LARRY McFall	
RUDY SPRINT	KCC
DET SPORN	mid Am-Lumbermen ASPN
Joe Reinhardt	
Mark Ferguson	Latrop & Gage
JUDY BADD	SPRINT
Jackie Clark	Hallmark
TERRY D BRUDY	Yes on Proposition 13
Kristi Smith Wyke	Shelton KC Chamber of Commerce
Frances Kastner	KS Food Dealers Assn
TIM KENNEDY	KS. TAXPAYERS NETWORK
DAVE HOLTTHUS	Western Resources
BARRY SCANLON	SELF and OTHER CITIZENS
Elaine Frisbie	DOB.
Richard Lawson	Sprint
Don Kellogg	United We Stand America
Lain Kellogg	United We Stand America
T.A. STOLKUS	MIB Amer Regional Council

STATE OF KANSAS

JOHN M. TOPLIKAR

REPRESENTATIVE, 15TH DISTRICT

507 E. SPRUCE
OLATHE, KS 66061



HOUSE OF REPRESENTATIVES

OFFICE: 155 EAST
TOPEKA, KS 66612
(913) 296-7683

March 8, 1996

TESTIMONY IN SUPPORT OF HB-2879

Mr. Chairman and Members of the House Taxation Committee:

The bill you have before you, HB-2879, is the Kansas and Missouri Metropolitan Culture District Compact in its entirety, also known as the Bi-State Sales Tax Compact. The Compact was passed into law in 1991.

To briefly refresh your memory, the cross-state tax would generate revenue to pay for arts and culture projects designated by an appointed commission that could send money to either Kansas or Missouri. Before any money could be raised, both the County Commission in Johnson County, Kansas and Jackson County, Missouri would have to hold referendums on the question. If the tax is passed in these counties, then other counties contiguous to them can also have an election on the question of raising the tax in their counties and becoming a participant.

The 1/4 cent sales tax, if passed this fall, would raise approximately \$10.1 million for 1996, as estimated by the Johnson County Budget Office.

Last year the House overwhelmingly voted to repeal the entire Compact after floor debate on the concept of Kansans' money going to finance real estate in Missouri. The Senate, however, did not act on the repeal and the Compact remains in place, so the purpose of this legislation is to correct the problems of the Compact so that the Senate may be more willing to work with us and our reasons for calling for the repeal.

I will go through the specific amendments that I am proposing. In Article III, in the definition section, Page 2, Line 7, the bill amends "cultural activities" to exclude school operations, activities, or curricula. In Line 16, "cultural facilities" is amended to exclude schools. This is

done because many residents believe that the Compact may be used to help Kansas City, Missouri in financing desegregation and solving other school districts' problems. This change would alleviate those fears.

On Page 3, Line 20 through 22, the change is that a referendum can only be held once every four years on the question of whether or not to implement the tax.

Line 31 through 37 is changed to require the county to state on the ballot exactly who and what the money from the tax will be used for, and an estimate of the amount that will stay in Kansas and the amount going out of state to Missouri.

Let me illustrate the need for this change. Several years ago, in the early 1980's, the city of Olathe passed a 1/2 cent sales tax. The tax was promoted by the City Council and media, that it would pay for constructing a new bridge over I-35 on Santa Fe Street which was heavily congested. The tax was passed on a referendum but construction never began. The public wanted an answer. When I became a city council member in 1989, a few years later, our Audit Committee found that the question on the ballot did not specifically state that the 1/2 cent tax would go to the bridge construction project, and consequently the money was spent by the city for general operations and other projects. The point is, if we want money to pay for Science City at Union Station, we had better state it clearly on the ballot or it will never get there.

On Page 4, Line 17 and 18, the bill strikes language referring to bonded indebtedness. At a time when we are cutting back needless spending at every level of government, it is absurd that anyone could think of putting the public in debt to pay for culture. Line 33 makes a change to require the gubernatorial appointees to the commission to live in the taxing district. The reason this is done is so that all commissioners who have the authority to spend the money, actually have to pay the tax.

On Page 6, beginning on Line 40 and continuing to Page 7, the bill has stricken the enabling language for bonded indebtedness and also Line 29 on Page 8. Finally, Page 10, Line 28 is changed so that if voters approve the tax, it sunsets in four years.

I ask the Committee to make these very necessary changes.

Rep. John Toplikar
15th District

1-2

KANSAS TAXPAYERS NETWORK

P.O. Box 20050

Wichita, KS 67208

(316) 684-0082

FAX (316) 684-7527

March 8, 1996

Kansas Taxpayers Network appears today in support of House Bill 2879 because it proposes amendments that are important to taxpayer interests. The first such interest is that the bill would exclude public schools from the definition of "cultural activities" and "cultural facilities". This prohibition would prevent the possible expansion of the traditional funding mechanisms for public schools.

This bill includes provisions that would provide more accountability for the use of public funds by requiring for specific enumeration of recipients and projects. These provisions provide taxpayers the kind of information necessary to allow them to be more informed voters. The Kansas Taxpayers Network steadfastly supports empowering voter participation in tax matters.

Of particular importance, is the limitation on the ability to issue bonds and incur indebtedness. We believe, given the current fiscal environment, that it would be unwise to extend the authority to issue bonds to this kind of commission.

Finally, we agree with the sunset provisions of this legislation. This is consistent with our belief that it is beneficial to allow the voter a voice in determining which services should be rendered. Adding the four year sunset provision and allowing voter reauthorization of the tax strengthens the legislation.

Scanlon

Barry & Janette

15428 Floyd
Stanley, KS 66223-3040

Phone (913) 897-2747
FAX (913) 897-0834

March 7, 1996

Representative Phill Kline, Chairman
House Taxation Committee
Kansas State Capitol
Room 170 West
Topeka, Kansas 66612

Fax #913-291-3446

Dear Representative Kline:

I am a citizen of Johnson County, Kansas, and I have several very deep concerns about the proposed bi-state cultural tax.

My deepest concern is that we will voluntarily relinquish the sovereignty of our boundaries, thus establishing a precedent. That precedent may then be used against us in some future situation. Regardless of the restrictions we might write into a compact between States and Counties, a Federal Judge might construe it as a legal precedent in order to encroach upon our sovereignty. Who could argue that if we were willing to relinquish our sovereignty and commit funds for something as non-essential as art, why shouldn't we contribute to something as important as education, for example?

Citizens usually impose taxes upon themselves either to fund the perpetual necessities of community life, or to finance a specific project for a defined amount of time and money. The proposed tax does neither. It is not a necessity, nothing is defined, and by its very nature this proposal begs for perpetuity. Wisdom dictates that furnishing a blank check is the fastest road to poverty.

Frankly, I find it rather audacious that such a tax would be proposed at a time when the population is crying out for tax relief. In November of 1994 we sent an unmistakable message to the United States Congress that we are through with waste, frivolity and taxation. This cultural tax will only serve to tighten the screw another notch on the middle class, but especially on those with low incomes, fixed incomes and no incomes.

Sincerely,


J. Barry Scanlon

House Taxation
3-8-96
Attachment 3



UNITED WE STAND AMERICA OF KANSAS, INC.

10734 W. 116th Street / Overland Park, Kansas 66210 / Phone: 913-339-6434 / Fax: 913-696-0013

March 7, 1996

Testimony in Support of the Toplikar Amendment to House Bill No. 2879

before the

Taxation Committee

by

Don Kellogg, Issues Chair, 3rd Congressional District

Mr. Chairman and members of the Committee

Thank you for this opportunity to speak in support of John Toplikar's Amendment to the Bi-state cultural tax bill HB2879.

United We Stand America supports this amendment because it calls for full disclosure to the public before they vote. A practice we would like to see on all tax initiatives.

Since taxpayers will be paying for this, we believe they have a right to know all the facts. It is not unreasonable for the public to know what the money will be used for, what it will be spent on, how much will be spent in each state.

For example: Will the city officials and county commissioners be paid for serving on this commission in addition to the taxpayer paid salaries they already receive? If so, how much will they be paid? The way this bill is written it would appear that the appointed commissioners will make that decision without any oversight or recommendation from any approving body.

Since most of the cultural facilities in the greater Kansas City area are located in Missouri it seems reasonable that the majority of the tax would be spent in Kansas. However, so far, all we hear about are Missouri projects - none in Kansas. The project most often mentioned is the restoration of the Kansas City Union Station. If Missourians will not vote to support this renovation, why should Kansans be taxed to pay for it?

The citizens of Johnson County are already obligated, for many years, to pay for schools, jails and other public buildings, we don't need more bond indebtedness. We are glad to see this amendment eliminate the possibility of additional obligations.

With 72 taxing authorities in Johnson County already, it's doubtful that we need another, and we certainly don't need one without limits to its authority.

Thank you

House Taxation
3-8-96
Attachment 4

March 8, 1996
Rosemary Mc Caffrey
9910 Cherokee Lane
Leawood, Kansas
66206

Rep. Phill Kline
Kansas House of Representatives
300 SW 10th Ave.
Topeka, Kansas 66612-1504

RE: House Bill No. 2879
Committee Hearing Rm 519 South

Dear Rep. Kline,

I had hoped to appear personally before your committee this morning regarding the Kansas and Missouri metropolitan culture district compact; amending K.S.A. 1995 Supp. 12-2536 and 12-2539.

Nowhere in the Kansas Constitution do I find ANY authority given to the legislature to VIOLATE AND NEGATE STATE SOVEREIGNTY.

This entire " COMPACT" WITH A FOREIGN POWER IS UNCONSTITUTIONAL AND VIOLATES THE RIGHTS OF THE SOVERIGN, the people of the State of Kansas.

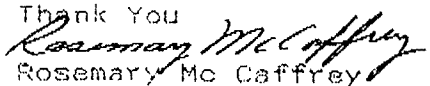
The only power the legislature has is TO PROTECT THE RIGHTS OF THE PEOPLE.

Such a " COMPACT " could permanently strip our Sovereign Rights, not only in the area of school finance and bussing, which Jackson County has been trying to accomplish for years, but other areas as well. This " COMPACT" could put Kansas under the jurisdiction of a Federal Court Judge such as Judge Clark.

I appreciate Rep. Toplikars attempt to limit this Raping of our Sovereignty but a RAPE IS STILL A RAPE and will NOT BE TOLERATED BY THE SOVEREIGN.

Please take immediate steps to rectify this serious error and repeal K.S.A. 199555 Supp 12-2536 and 12-2539 and all supporting legislation.

Thank You


Rosemary Mc Caffrey
Citizen of the State of Kansas

Please submit this letter to the Committee and make it a part of the record in todays Committee Hearing

House Taxation
3-8-96
Attachment 5

To: Phill Kline, Chairman of the House Tax Committee 3-8-96
Capitol Building
Topeka, Ks.

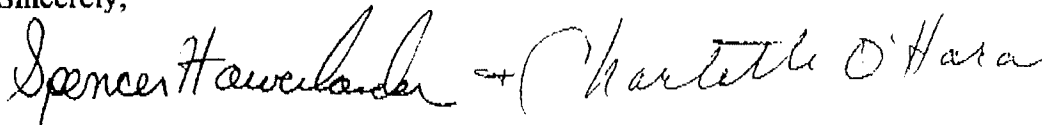
From: Spencer Haverlander and
Charlotte O'Hara
14585 W. 155th Terr.
Olathe, Ks. 66062
764-1341

Dear House Tax Committee Members,

My husband and I are very supportive of the admendments being offered by Rep. John Toplikar to House Bill # 2879. If the citizens of Johnson County are faced with the bi-state cultural tax question on the ballot, they deserve to be informed as to what specific projects are to funded and an estimate of revenue to be received by each participating county.

Rep. Toplikar's admendments also contains the common sense approach of a sunset provision. This forces the legislative body to revisit this issue, to study its effectiveness, and make a decision as to whether or not to continue this program. Also, we strongly support Rep. Toplikar's provision which will not allow this new entity to incur bonded indebtedness. Johnson County can not afford to shoulder additional debt, we already have plenty, thank-you!!!!

Sincerely,

Handwritten signatures of Spencer Haverlander and Charlotte O'Hara, joined together with a plus sign.

Spencer Haverlander and Charlotte O'Hara

From: Paul Styers

To: John Toplizar, Rep. State of Kansas

I as an individual, citizen in the State of Kansas, do support your efforts with regard to HB2879. Any effort made with regard to specific restrictions of free spending relating to elected and appointed government officials is to be encouraged. Further, let all elected and appointed officials be mindful of their misguided understanding of a taxpayer's burden and a taxpayer's disposable income...

Paul Styers
Justin Styer

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

STATE CAPITOL
TOPEKA, KANSAS 66612
(913) 296-7678

RESIDENCE
8021 BELINDER ROAD
LEAWOOD, KANSAS 66206
(913) 341-1232



COMMITTEES:

VICE CHAIRMAN: JUDICIARY
VICE CHAIRMAN: JOINT COMMITTEE ON ARTS
AND CULTURAL RESOURCES
MEMBER: FEDERAL AND STATE AFFAIRS
CHAIRMAN: KANSAS YOUTH AUTHORITY
MEMBER: KANSAS FILM COMMISSION

REPRESENTATIVE DAVID ADKINS
TWENTY-EIGHTH DISTRICT

Testimony before the House Committee on Taxation
In Opposition to HB 2879

Chairman Kline and Members of the Committee:

I appear today in opposition to HB 2879. The bill attempts to amend the provisions of an existing compact between the State of Kansas and the State of Missouri regarding what is commonly known as the Bi-State Cultural District. During the past interim I studied this matter as Chair of the Joint Committee on Arts and Cultural Resources.

I believe this bill, or any bill which seeks to alter the compact, will result in a defacto repeal of the compact. Any change made by Kansas would require identical enactments in Missouri. Given the current legislative schedules it is unlikely Missouri could or would incorporate such changes into Missouri law this year, thereby delaying a vote on the district to at least November of 1998.

I am committed to the implementation of a project that will require the consideration of the electorate in 1996 if it is to be successful. I believe the quality of life of citizens in the Kansas City Metropolitan area will be greatly enhanced by the construction of Science City at Union Station. Bi-State Cultural District funds are an essential component in the financing of this exciting community resource. I want the voters of Johnson County to have the opportunity to decide if they wish to impose a sales tax to assist with funding Science City at Union Station. The status of the project would require a vote in 1996.

We must also be mindful of political realities. I do not believe this bill will be considered by the Senate and even if it were to pass both houses, I am confident the Governor would veto it. The pendency of this bill only serves as a source of controversy. Many people are working hard to make the Bi-State Cultural District a reality and many others want a chance to vote on the matter. This legislation is but one more attempt by opponents of the Bi-State to de-rail implementation of the compact. We should not be afraid to allow the voters to consider a ballot proposal. Ultimately they are best situated to determine the fate of the Bi-State cultural district. Their votes will determine whether the Bi-State is implemented.

I would urge you to table this bill at the first possible moment and resolve any doubts regarding our commitment to allow the current compact to rise or fall on its own merits. I appreciate your consideration of my testimony.

Respectfully submitted,

David Adkins

House Taxation
3-8-96
Attachment 8



*P. O. Box 11315
Kansas City, MO 64112
Telephone (913) 624-3738
Fax (913) 624-8387*

*William T. Esrey
Chairman
Chief Executive Officer*

March 7, 1996

To: Kansas House Taxation Committee

As Chairman of both the Capital Campaign and Project Coordinating Committee charged with the responsibility of restoring Kansas City's Historic Union Station and building the metro area's first Science Museum, I am writing to express grave concerns and opposition to any efforts to amend the existing Bi-State Cultural Arts District legislation. This concern is also shared by the other Kansans who are members of the organizations responsible for developing this world class facility, the Kansas City Museum and the Union Station Assistance Corporation.

Union Station is the second largest train station in the United States and a recognized national architectural landmark that has served citizens of the entire region for almost 70 years. It is now completely closed to all events and tours due to the increase in structural deterioration.

A tremendous momentum has developed over the past two years not only to restore this community treasure but also simultaneously to establish a science museum designed to motivate school children and adults regarding the importance of science, math and technology. My involvement in the telecommunications industry has been especially instructive concerning the need to teach and inspire our young people so they are ready to meet the economic and technological challenges of tomorrow.

It is not possible to establish an absolutely final cost of the project at this time because the new design has not been completed. However, detailed feasibility studies have estimated the cost to be approximately \$110 million. In addition, a substantial endowment will be required. Funding commitments and pledges have reached \$72.5 million for both the renovation of the station and creation of the museum, and the endowment. While this fund raising amount has set new records, a public vote for support has been anticipated by

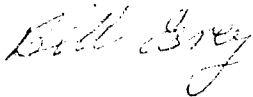
House Taxation
3-8-96
Attachment 9-1

all donors and the schedule of that vote is of great importance to the projects ultimate success.

A renowned design team is working hard and the project is proceeding on an aggressive schedule. The proposed legislation would keep a Bi-State vote from occurring for two years; this translates into a cost increase of at least 6% per year, or \$13.2 million. The community momentum that has been steadily building throughout Johnson and Wyandotte counties, along with the entire metropolitan area, for Science City at Union Station would certainly be diminished by a two year delay. Program managers, architects, and historic preservation work temporarily funded by a core group of donors, would have to cease. Further deterioration of the building would be unavoidable. Further, the economic impact analysis performed for the project concluded that upon completion, an average of \$3.07 million per year in tax revenues would be generated by the State of Kansas until the year 2030. This estimate is conservative because it does not include revenues generated from other taxes such as corporate income and franchise taxes. New revenues for the State of Kansas therefore are also threatened.

Again, on behalf of all Kansans included on the Kansas City Museum Board and Union Station Assistance Corporation Board leadership, their member support organizations, and the Volunteer Education Council, as well as the thousands of citizens who have repeatedly demonstrated their excitement for the project at Union Station open houses and special events, I urge you to refrain from amending the existing legislation.

Sincerely,



William T. Esrey