

Approved: Jan 25, 1996
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 January 24, 1996 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 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: Senator Gerald Karr
Alan Winkler, Wabaunsee County Commissioner
Senator Christine Downey
Senator Don Steffes

Others attending: See attached list

APPROVAL OF MINUTES

Senator Clark made a motion to approve the minutes of January 23, 1996. The motion was seconded by Senator Corbin. The motion passed.

SB 425--WABAUNSEE COUNTY SALES TAX AUTHORIZED TO FINANCE SOLID WASTE TRANSFER STATION

Senator Karr said **SB 425** was requested by the Wabaunsee County Commissioners. He explained the rationale and need for the bill. He said the bill relates specifically to Wabaunsee County, and it allows local authorities to deal with the solid waste. He introduced Mr. Winkler who told more about the bill request.

Alan Winkler, Wabaunsee County Commissioner, told of the location and demographics of Wabaunsee County. (Attachment 1) He told about the development of a solid waste plan for a multi-purpose site of 20 acres. Wabaunsee County currently has a one percent sales tax and they are asking for permission to hold an election to raise the sales tax 1/4 percent. He said the county citizens are evenly divided about the support of a transfer station.

There were questions from the committee concerning when the election will be held, how the local businesses perceived an increase in the sales tax and if all 3 county commissioners were in favor of the increase in the sales tax. Mr. Winkler said they hoped to hold an election in August or November, the businesses were not in favor but he felt the 1/4 percent sales tax increase would have a minimal impact, and the vote by the county commissioners was unanimous. Mr. Winkler said Wabaunsee County is growing and they hoped the facility would encourage more growth in the county.

Mr. Winkler said there are pros and cons on this issue, but the citizens of Wabaunsee County will be heard by voting in an election whether or not to finance a transfer station by increasing the sales tax.

Senator Martin made a motion to pass **SB 425** favorably. The motion was seconded by Senator Bond. The motion passed.

SB 479--TAX EXEMPTION OF CERTAIN PROPERTY CONTIGUOUS TO DAMS AND RESERVOIRS

Senator Christine Downey and Senator Don Steffes, co-sponsors of **SB 479**, both stood at the podium to discuss this bill. They said they were requested to introduce this bill and they felt it had merit; however, there

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:00 a.m. on January 24, 1996.

is controversy among the land owners about the subject. Originally, the tax exemption was for 20 years and that time has now expired. The bill provides tax exemptions indefinitely. Senator Downey said (1) the incentives to have land donated still exists; (2) there are still many structures that provide nuisance situations that have to be maintained; and (3) there is a positive impact for people that are downstream. She said there is a serious reason to have this bill introduced but she felt they needed to wait for any action until there is agreement.

There was also a fiscal note which the committee felt was high and which added 10 full time employees to the Department of Agriculture.

The hearing was closed on **SB 479**.

SB 447--ADULT CARE HOME PROPERTY TAX EXEMPTION

Senator Langworthy asked the committee to review **SB 447** which had been heard last week. Staff presented a balloon to the bill and explained the reason for the amendment. (Attachment 2) The change was to take care of any problem that the Board of Tax Appeals has with granting an exemption in this case. The stricken language has been returned to the bill plus additional clarifying language.

The committee felt that the changes satisfied any concerns which they had about the bill being too broadly interpreted.

Senator Martin made a motion to adopt the amendment. The motion was seconded by Senator Corbin. The motion passed.

Senator Bond made a motion to pass **SB 447** favorably as amended. The motion was seconded by Senator Corbin. The motion passed.

The meeting adjourned at 11:40 a.m.

The next meeting is scheduled for Thursday, January 25, 1996.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: Jan 24, 1976

NAME	REPRESENTING
Glen Kirk	KS Water Office
Amy Duell	Pattubell Assoc.
Anne Spiess	KS. Assoc. of Counties
Alan Winkler	Wabaussee County
Maurice Gleason	" " Comm.
Matthew Goddard	Heartland Community Bankers
Christy Bailey	Senator Karr
MARIE BECK	KDOT
Harry Ray	Jo Co Commission
Dwight Church	Quind Park Chamber of Commerce
John Hair	Hair, Ebert & Co
John Brown	mis. my long personal
Chava McKee	Senator Downey
Christina Downey	Senator
Howe Steffen	Senator
Frank Hummer	Self
John J. Federico	Pete McMill + Assoc

TESTIMONY FOR SENATE BILL 425

By: Alan Winkler
Wabaunsee County Commissioner

Wabaunsee County is part of a well known region in Kansas known as the "Flint Hills." The northern boundary of the county is marked by the meandering Kaw River and the east line adjoins Shawnee County. The county is predominantly rural with a population of about 6600 people. Of course, Farming and ranching are the main industries in the area.

On April 8, 1994 Wabaunsee County's landfill was closed because of the Federal Government's Subtitle D regulations and guidelines. Since this time, household solid waste from the 7 incorporated cities and some rural areas have been direct hauled to facilities outside the county by contract haulers.

The Wabaunsee County solid waste plan which is currently being developed, calls for a multi-purpose site of 20 acres which would provide a construction-demolition landfill, an area for white goods and tires, and dumpsters for rural household waste. This plan also provides for the construction of a transfer station in the future, which will be financed by sales tax. The transfer station would provide the capacity to handle all household waste generated within the county.

Since Wabaunsee County is predominantly agriculture with little industry, property tax has a noticeable impact on its citizens. Wabaunsee County's valuation is 36,517,000 which equates to \$36,517 for each mill levied. The county tax rate is almost 36 mills and the school districts range from 40 to 70 mills. By adding levies from towns, townships, fire and ambulance districts, most residents pay a tax rate of well over 100 mills. For this reason, Wabaunsee County Commissioners prefer to finance the transfer station with sales tax rather than additional property tax. At the present time, Wabaunsee County has no bonded indebtedness. However, because of a deteriorating county infrastructure, the commissioners are considering GO bonds for the replacement of up to 8 bridges scattered through out the county at a cost of almost one million dollars.

Wabaunsee County currently has a 1% sales tax which generated a total of \$243,508 for the cities and county in 1994. A 1/4% increase would generate about \$61,000 in revenue and would be sufficient to finance a solid waste facility for less than 10 years with minimal impact. An engineer study estimates that a transfer station located at a multi-purpose site would cost \$320,000.

*Sen. Assess + Tax
Jan 24, 1996
attach 1-1*

Citizens of Wabaunsee County seem to be evenly divided on the issue of supporting a transfer station. Some farmers and ranchers are opposed to financing this facility because by law they can dispose their solid waste on their own land and feel it is not necessary. Others are opposed because they perceive a transfer station will subsidize the contract haulers at the expense of the taxpayers. Some want to continue direct hauling all solid waste outside the county to avoid any investment or operating expenses involved with an intra county solid waste facility.

Proponents of the solid waste facility point to the recent population growth of the county over the past 3 years. This is the first increase since 1900 and no doubt will continue because of the county's central location between Topeka and the Manhattan-Junction City areas. Also, they are hopeful that economic development will occur in the near future making adequate solid waste disposal a necessity.

As a Wabaunsee County Commissioner, I am a proponent of a transfer station because I feel a complete solid waste facility which will meet the needs of all our citizens now and in the future is necessary. One study shows that over the years, it will be more economical to have our own facility rather than direct hauling waste to the county facilities which surround us. However, more important than the pros or cons of this issue, is the ability of Wabaunsee County citizens to be heard by voting in an election, whether or not to finance a transfer station by increasing sales tax 1/4%.

1 which is operated by a corporation organized not for profit under the laws
 2 of the state of Kansas or by a corporation organized not for profit under
 3 the laws of another state and duly admitted to engage in business in this
 4 state as a foreign, not-for-profit corporation, charges to residents for serv-
 5 ices of which produce an amount which in the aggregate is less than the
 6 actual cost of operation of the home or the services of which are provided
 7 to residents at the lowest feasible cost, taking into consideration such
 8 items as reasonable depreciation and interest on indebtedness, and con-
 9 tributions to which are deductible under the Kansas income tax act; and
 10 all intangible property including moneys, notes and other evidences of
 11 debt, and the income therefrom, belonging exclusively to such corpora-
 12 tion and used exclusively for adult care home purposes. *The fact that real*
 13 *property or real or tangible personal property may be leased from a not-*
 14 *for-profit corporation, which is exempt from federal income taxation pur-*
 15 *suant to section 501(c)(3) of the internal revenue code of 1986, and*
 16 *amendments thereto, and which is the parent corporation to the not-for-*
 17 *profit operator of an adult care home, shall not be grounds to deny ex-*
 18 *emption or deny that such property is actually and regularly used exclu-*
 19 *sively for adult care home purposes by an adult care home, nor shall the*
 20 *terms of any such lease be grounds for any such denial*

21 *Third.* All real property, and tangible personal property, actually and
 22 regularly used exclusively for private children's home purposes by a pri-
 23 vate children's home as the same is defined by K.S.A. 75-3329, and
 24 amendments thereto, which is operated by a corporation organized not
 25 for profit under the laws of the state of Kansas or by a corporation or-
 26 ganized not for profit under the laws of another state and duly admitted
 27 to engage in business in this state as a foreign, not-for-profit corporation,
 28 charges to residents for services of which produce an amount which in
 29 the aggregate is less than the actual cost of operation of the home or the
 30 services of which are provided to residents at the lowest feasible cost,
 31 taking into consideration such items as reasonable depreciation and in-
 32 terest on indebtedness, and contributions to which are deductible under
 33 the Kansas income tax act; and all intangible property including moneys,
 34 notes and other evidences of debt, and the income therefrom, belonging
 35 exclusively to such a corporation and used exclusively for children's home
 36 purposes.

37 *Fourth.* All real property and tangible personal property, actually and
 38 regularly used exclusively for housing for elderly and handicapped per-
 39 sons having a limited or lower income, or used exclusively for cooperative
 40 housing for persons having a limited or low income, assistance for the
 41 financing of which was received under 12 U.S.C.A. 1701 *et seq.*, or under
 42 42 U.S.C.A. 1437 *et seq.*, which is operated by a corporation organized
 43 not for profit under the laws of the state of Kansas or by a corporation

charges to residents for services of which produce an amount which in the aggregate is less than the actual operation of the home or the services of which are provided to residents at the lowest feasible cost, taking into consideration such items as reasonable depreciation, interest on indebtedness, acquisition costs, interest and other expenses of financing acquisition costs, lease expenses and costs of services provided by a parent corporation at its costs,

Sen Cassens + Jay
 Jan 24, 1993
 Attach. 2-1