

MINUTES OF THE HOUSE COMMITTEE ON TAXATION..

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on March 4, 1998 in Room 519-S of the Capitol.

All members were present except: Rep. Dave Gregory  
Rep. Douglas Johnston  
Rep. Nancy Kirk  
Rep. Robert Krhebiel  
Rep. Terry Presta  
Rep. Eugene Shore

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:  
Sen. Stan Clark  
Robert Watson, City Attorney, Overland Park  
Donald Siefert, City of Overland Park  
Tom Schaefer, Lenexa

Others attending: See attached list

Chair opened hearing on:

**SB 493 - Sherman County Sales Tax**

Proponents:

Sen. Stan Clark (Attachment 1)  
Robert Watson, City Attorney, Overland Park (Attachment 2)  
Donald Siefert, City of Overland Park (Attachment 3)  
Tom Schaefer, Lenexa (Attachment 4)

Closed hearing on **SB 493**.

Chair opened for action on:

**HB 2684 - Political subdivision property tax exemption, office space of psychologist**

Moved by Representative Larkin, seconded by Representative Kline, moved that HB 2684 be passed out and placed on consent calendar. Motion carried.

Chair opened for introduction of bills:

Moved by Representative Wempe, seconded by Representative Vickery, committee introduce a bill relating to economic development tax incentives; concerning reports of Kansas, Inc. Motion carried.

The next meeting is scheduled for March 5, 1998.

Adjournment.

Attachments - 4

# TAXATION COMMITTEE GUEST LIST

DATE:           **MARCH 4, 1998**          

NAME	REPRESENTING
George Petersen	Ks Taxpayers Network
Don Siefert	City of Galte
Robert J. Watson	City of Overland Park
Tom Schaefer	City of Lenexa
Kelly Kuetala	City of Overland Park
Erka Uupharan	State Montponary
Ann Dukes	Div of Budget
Don Schwaab	KIOGN
Mike Boucher	Tourist
Yvette Hunter	Tourist From St. Xavier J.C. High School C1092
Brett Bobbsom	Tourist
Ralph Millard	Tourist
Rainier Cruz	Tourist
MIKE BILLINGER	ELLIS CO. TREASURER
Terre Jones	tourist (teacher)
Cecil R. Allen	Seniors Day Wichita, KS
Brad Shelton	Teacher / Tourist
MaryJayne Hellquist	Kansas Smokers Kids Initiative
Jackie Clark	Hallmark

Ashley Shevard      Overland Park Chamber

# TAXATION COMMITTEE GUEST LIST

DATE:           **MARCH 4, 1998**          

NAME	REPRESENTING
Erik Santorius	Rete McGill Assoc.
Goeran Subasic	Wyandotte High School
LIEN #0A116	Wyandotte High school
Sy Hoang	Wyandotte High School
Camille Neidhart - sponsor	Wyandotte High School - Close-Up For New Americans
David Flores	Wyandotte High school
David Torres	Wyandotte High School
Juan Luis Borquez M.	Wyandotte High School
JUDITH WAMIREE	Wyandotte H. school
Fabiola Gardea	Wyandotte H.S

*guests*  
*Rep. D. Sp...*

*New Americans*

TAXATION COMMITTEE GUEST LIST

DATE: MARCH 4, 1998

NAME	REPRESENTING
Jaime Wahle	Tourist (St. Xavier High School)

TO: KANSAS LEGISLATURE

FROM: SHERMAN COUNTY

RE: Senate Bill 493

DATE: FEBRUARY 5, 1998

The Sherman County Commissioners appreciate the opportunity to comment regarding Senate Bill 493 which would authorize Sherman County to impose a sales tax for the old Highway 24/Road 64 improvement.

In the early 1970's the State of Kansas abandoned Highway 24, which forced Sherman County to take over the maintenance of this road. The road is now known as Road 64. Road 64 is approximately thirty-four miles which runs east and west across Sherman County. This road consists of asphalt.

In order to preserve and restore this road, the Sherman County Commissioners are currently reviewing their options that may be available to them. The first option is to restore the road. This option, while the most desirable, is the most expensive, since the road in areas has deteriorated so severely that a full-depth reclamation may be the only hope to salvage the road.

The second option is to resurface the road with an overlay. However, our consultants and the Department of Transportation have cautioned the county from this avenue, since the reflections (cracks) are so severe that an overlay would quickly deteriorate. Therefore, it would not be very cost effective.

The third option is to patch the holes and reflections with patching materials. This option, which is the least expensive option concerning materials, would still require many hours of labor. Further, the longevity of this option has to be considered.

The final option is for Road 64 to be returned to a dirt/sand road. This option will still cost the Sherman County residents approximately twenty thousand dollars a mile to accomplish this task. In addition, most of the residents do not seem to favor this option.

With these options in mind, the Sherman County Commissioners have the dilemma of choosing the course of action which would best serve their community. The option to restore and salvage Road 64, after consulting with the contractors, has been estimated to range from 1.5 million to six million. Obviously, the county is under-budgeted to handle the extreme cost of financing this endeavor. The county would like to salvage the road, if at all possible. However, there are only a few ways for the county to raise funding for this project, which include: levy against the property owners; raise the local sales tax; issue bonds; or receive funding through the government, such as KDOT.

The Sherman County Commissioners have spoken with the KDOT official concerning this issue. Under their current funding with project assistance, they can provide over five years at approximately \$270,000 for a bridge project located on Road 64, and \$107,000 for a road project. This calculates to approximately \$21,400 per year for a road project.

The Sherman County Commissioners feel one of the fairest ways to raise funding is through a sales tax increase. In this method, nonresidents who use the road system would also share in the funding of the project. Then the landowner would not be burdened with the total cost of this project.

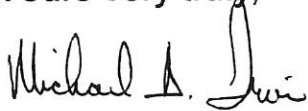
Currently, Sherman County has a sales tax of 6.15%, which is the statutory limit. The Sherman County Commissioners are requesting to have the limit lifted in order to assist in raising funding for this project.

If the Kansas Legislature were to grant the request, the Sherman County Commissioners will place the issue of raising the sales tax limit at the August primary. The voters will then have an opportunity to decide if this method of funding the project is agreeable.

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The Sherman County Commissioners have also consulted with the City of Goodland and the City of Kanorado concerning the distribution of sales tax that might be collected as a result of the added tax. See attached letters from Hazel Estes, Mayor of the City of Kanorado, and Rick Billinger, Mayor of the City of Goodland.

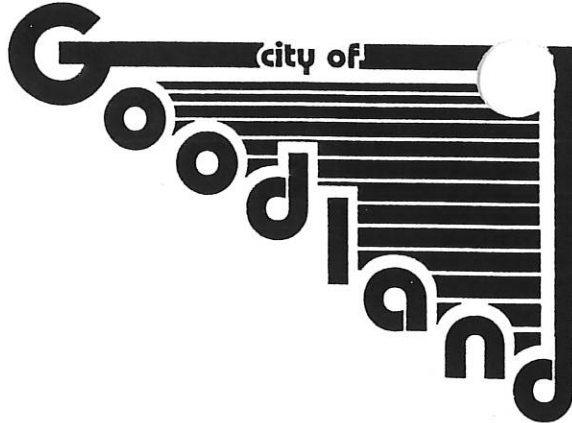
Yours very truly,

A handwritten signature in cursive script that reads "Michael D. Irvin".

Michael D. Irvin  
Sherman County Counselor

MDI:ks

Enclosures



January 19, 1998

Mr. Michael Irvin  
County Attorney  
Sherman County Court House  
813 Broadway  
Goodland, Kansas 67735

Dear Mr. Irvin:

In the spirit of intergovernmental cooperation, the Governing Body of the City of Goodland, Kansas, hereby agrees to a request from the County Commission of Sherman County, Kansas in regard to the financing of a proposed improvement of County Road 64 located within said County.

More specifically, the City agrees to forego the City's apportionment of a proposed additional County wide sales tax imposed in accordance with K.S.A. 12-187 et seq., the proceeds of which shall be used to finance the improvement specified herein.

The City understands the receipts from this proposed sales tax, if approved by the electors of Sherman County, would be used only for the financing of the improvements of County Road 64. It is further understood the proposed sales tax shall continue in effect only for such time as is necessary to pay for this specific improvement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Billinger', is written over a horizontal line.

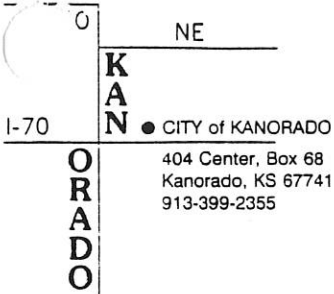
Rick Billinger  
Mayor

204 West 11th  
P. O. Box 59

Goodland, Kansas 67735-0059

(785) 899-4500





January 20, 1998

Mr. Michael Irvin  
County Attorney  
Sherman County Court House  
813 Broadway  
Goodland, KS 67735

Dear Mr. Irvin:

In the spirit of intergovernmental cooperation, the Governing Body of the City of Kanorado, Kansas, hereby agrees to a request from the County Commission of Sherman County, Kansas in regard to the financing of a proposed improvement of County Rd. 64 (Hwy. 24) within said county.

The City of Kanorado agrees to forego the City's apportionment of the proposed additional County wide sales tax. The proceeds of which shall be used to finance the improvement specified herein.

The City understands the receipts from this proposed sales tax, if approved by the electors of Sherman County, would be used only to finance the improvements of County Rd. 64 (Hwy.24). It is further understood the proposed sales tax shall continue in effect only until the specific improvement is paid in full.

Sincerely,

Hazel R. Estes  
Mayor

City Hall • 8500 Santa Fe Drive  
Overland Park, Kansas 66212-2899  
TEL 913.895.6080/6083 • FAX 913.895.5095  
E-MAIL watson@opkansas.org

TO: Representative Phill Kline, Chair, and Members of the House  
Committee on Taxation

FROM: Robert J. Watson, City Attorney of Overland Park *RJW*

RE: Senate Bill No. 493

DATE: March 4, 1998

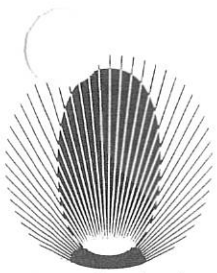
The City of Overland Park levies a one percent (1%) city-wide retailers' sales tax. It may wish to propose to the voters of the City in an election to be held later this year or next year an increase in the city-wide retailers' sales tax of one-eighth percent (.125%) for the period of time it takes to collect \$18,000,000 from the increase, estimated to be about five years. The revenues derived from the increase would be pledged to an accelerated residential and thoroughfare street improvement program in the City.

Overland Park had been intending to use its constitutionally derived home rule power as its authority for putting the one-eighth percent (.125%) city-wide retailers' sales tax proposition to the voters of the City, since the local retailers' sales tax act is now non-uniformly applicable to all cities of the same class. However, the City discovered that Senate Bill No. 493 as amended by the Senate Committee on Assessment and Taxation is intended to return the local retailers' sales tax act to uniformity, thereby precluding the city from exercising its home rule authority as it had originally intended.

SB 493, as amended by the Senate Committee of the Whole, moves the City of Overland Park from Class A into Class D, the fourth of the four classes of cities established by the Kansas Legislature for purposes of imposing limitations on the home rule authority of cities to levy a city-wide retailers' sales tax. Currently, Class D cities can levy the one percent (1%) tax that Class A cities can levy and in addition can propose to the voters the levy of additional increments of tax of one quarter percent (.25%), one-half percent (.5%) and three quarters percent (.75%), the proceeds of the additional tax to be used for economic development initiatives, strategic planning initiatives or for public infrastructure projects including

buildings. SB 493, as amended by the Senate Committee of the Whole, also enables Class D cities to levy a one-eighth percent (.125%) tax increment between one percent (1%) and one and one quarter percent (1.25%).

We urge that you recommend passage of SB 493 as amended by the Senate Committee of the Whole and thereby provide the Governing Body of the City of Overland Park the flexibility necessary to propose to the voters an additional one-eighth percent (.125%) city-wide retailers' sales tax to fund an accelerated street improvement program.



City of Olathe

MEMORANDUM

**TO:** Members of the House Taxation Committee  
**FROM:** Donald R. Seifert, Management Services Director  
**SUBJECT:** SB 493; Sherman County Highway Sales Tax  
**DATE:** March 4, 1998

On behalf of the city of Olathe, thank you for the opportunity to appear today on this bill which provides authority for various local option sales tax proposals. Before passing the bill, the Senate Committee of the Whole amended SB 493 to provide an additional .125% sales tax authority for the city of Overland Park, subject to voter approval. The Olathe City Council requests that the Committee consider further amending the bill to provide the same authority for other cities in Johnson County.

The city of Olathe currently levies a 1% local retail sales tax which is used for general operations and capital improvements. First imposed in 1984, the local sales tax has dramatically helped the city reduce its reliance on property taxes. However, facing operational pressures in providing services to a rapidly growing community, as well as a capital improvement program which identifies \$190 million in needed capital projects over the next five years, our city would greatly value additional local sales tax authority.

Thank you for your consideration of this amendment.

rc

House Taxation  
3-4-98  
Attachment 3-1



**TESTIMONY TO THE  
HOUSE ASSESSMENT AND TAXATION COMMITTEE**

**RE: SB 493**

**March 4, 1998**

Mr. Chairman and Members of the Committee:

Good morning. My name is Tom Schaefer and I am the Assistant City Administrator for the City of Lenexa. The City of Lenexa is generally in support of SB 493, but would request that the Committee consider an amendment to the bill that would read as follows:

Page 7, beginning at line #2: "Class D cities. All cities in the state of Kansas located in Cowley, Ellis, Ellsworth, **Johnson**, Labette or Montgomery county or in both Riley and Potawatomie counties which have the authority to levy and collect excise taxes or taxes in the nature of an excise upon the sales or transfers of personal or real property or the use thereof, or the rendering or furnishing of services."

By making this change to the bill the City of Lenexa and the other cities in Johnson County, including the City of Overland Park, would be afforded the opportunity to put the question of an additional one-eighth cent sales tax to the voters. Just as the state is moving in the direction of less reliance on the property tax as a source of future revenue and more reliance on sales tax revenues to provide services to the public so the City of Lenexa sees the need to have this same option in the future (subject to voter approval) to generate needed revenues to provide local municipal services.

House Taxation Committee  
3-4-98  
Attachment 4-1