

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson Wagle at 9:00 a.m. on March 17, 2000, in Room 519-S of the Capitol.

All members were present except: Representative Wilk - excused  
Representative Howell - excused  
Representative Sharp - excused  
Representative Campbell - excused  
Representative Long - excused  
Representative Edmonds - excused

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes  
Shirley Sicilian, Department of Revenue  
Ann Deitcher, Committee Secretary  
Edith Beaty, Taxation Secretary

Conferees appearing before the committee: Shirley Sicilian, Department of Revenue  
Randy Allen, Kansas Association of Counties  
Don Moler, League of Municipalities  
Jolene Graybill, REAP  
Marlee Bertholf, Ks Chamber of Commerce & Industry

**SB 560 - Streamlined sales tax system for the 21<sup>st</sup> Century Act**

Randy Allen of Kansas Association of Counties, spoke to the Committee in support of **SB 560**.  
(Attachment 1).

Appearing as a proponent of **SB 560**, Shirley Sicilian of the Department of Revenue explained **SB 560** and said that it would enable Kansas to participate with other states in addressing internet taxation issues.  
(Attachments 2 and 3).

Don Moler, Executive Director of the League of Kansas Municipalities testified in favor of **SB 560**.  
(Attachment 4).

Jolene Graybill of the Regional Economic Area Partnership spoke briefly to the Committee as a proponent of **SB 560**. (No written testimony was provided.)

Marlee Bertholf, Director of Taxation and Small Business of the Kansas Chamber of Commerce and Industry testified in support of **SB 560**. (Attachment 5).

The hearing on **SB 560** was concluded.

**HB 2569 - Concerning municipalities; relating to recreation system; combined city and school system; tax district.**

Representative Jim Garner introduced Leroy Alsup, City Manager of Coffeyville, who spoke to the Committee in support of **HB 2569**. (Attachment 6).

CONTINUATION SHEET

Appearing as an opponent to **HB 2569** was Frank Seitz of the Derby Recreation Commission.  
(Attachment 7).

Laura Kelly of the Kansas Recreation and Parks also spoke to the Committee in opposition of **HB 2569**.  
(Attachment 8).

The hearing on **HB 2569** was concluded.

The meeting was adjourned at 10:40 a.m. The next meeting is scheduled for Monday, March 20, 2000.



**Testimony concerning SB 560**  
**House Taxation Committee**  
**March 14, 2000**  
**Presented by Randy Allen, Executive Director**  
**Kansas Association of Counties**

Madam Chair and members of the committee, my name is Randy Allen, Executive Director of the Kansas Association of Counties. Thank you for the opportunity to testify *in support of SB 560*, directing the Department of Revenue to enter into discussions to develop a multi-state, voluntary, streamlined system to administer and collect sales and use taxes.

As the world of commerce continues to change and a relatively larger percentage of sales are conducted over the internet or by mail order catalogue, we are concerned about the continued viability of the state and local option sales taxes to finance basic services. We are concerned about the state sales and use tax because it is the source of two of three demand transfers for counties and other local governments (i.e. the Local Ad Valorem Tax Reduction Fund and the City-County Revenue Sharing Fund). Additionally, we are concerned about the viability of county option sales taxes levied in 74 of 105 counties. Without dependable local-option sales taxes, we would be even more dependent upon the property tax to finance basic services.

We strongly support the basic premise of the bill, i.e. that all sales, wherever they take place, should be treated the same with respect to taxation, without preference or disadvantage to vendors. We also believe in the fundamental right for states to establish their own sales tax rates and for local governments, within statutory guidelines, to adopt local-option sales taxes.

Kansas' participation in discussions with other states is important to assure that our interests in the state sales tax are protected. Full protection of the local-option revenue base is not assured, however, without applying the local use tax to all sales, in addition to only motor vehicles and watercraft as is currently done. At some point in the future, we hope to have a discussion with the committee about this related issue.

If you have questions, I would be happy to respond. Thank you.

The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to Randy Allen or Judy Moler by calling (785) 272-2585.

6206 SW 9th Terrace  
Topeka, KS 66615  
785•272•2585  
Fax 785•272•3585  
email kac@ink.org

House Taxation

Date: 3/17/00

Attachment # 1

Office of Policy & Research  
Shirley K. Sicilian, Director  
915 SW Harrison St.  
Topeka, KS 66625



(785) 296-3081  
FAX (785) 296-7928  
Hearing Impaired TTY (785) 296-6461  
Internet Address: [www.ink.org/public/kdor](http://www.ink.org/public/kdor)

Office of Policy & Research

TESTIMONY

**To:** Chairman Wagle  
House Taxation Committee  
**From:** Shirley K. Sicilian  
**Re:** SB 560 – Streamlined Sales Tax System for the 21<sup>st</sup> Century Act  
**Date:** March 17, 2000

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Madame Chairman and members of the Committee, thank you very much for the opportunity to testify today regarding SB 560, the Streamlined Sales Tax System for the 21<sup>st</sup> Century Act. SB 560 is uniform language endorsed by the National Conference of State Legislators, the National Governor's Association and the other members of the "Big 7" national associations of state and local government. It would enable Kansas to participate with other states in taking the first real steps toward addressing internet taxation issues.

**1. Summary of the Issue**

A first point to make is that the "internet taxation" issue is not about "taxing the internet." In fact, in 1998, Congress passed the Internet Tax Freedom Act<sup>1</sup>, which placed a three year moratorium on taxing internet access, and on multiple or discriminatory taxes on electronic commerce. Kansas never has taxed internet access, nor have we ever enacted discriminatory or multiple taxes. So Kansas was not affected by the moratorium.

Rather, the "internet taxation" issue is about making sure "remote sales," whether made over the phone, fax, mail or internet, do not have a tax advantage over local sales. When a local Kansas merchant makes a sale (and delivery of a product) in Kansas, the merchant must collect state and local sales tax. When an out-of-state seller makes a sale to a Kansas resident, the sales tax does not apply. However, K.S.A. 79-3703 imposes a "use tax" "for the privilege of using, storing, or consuming within this state any article of tangible personal property." The use tax applies "if the same property or transaction would have been subject to the [sales] tax had the transaction been wholly within this state." In fact, the state may be able to require an out-of-state seller to collect the Kansas use tax, but only if the seller has a sufficient business presence, or "nexus," in Kansas. Local use tax would not usually apply because Kansas only imposes a local use tax on motor vehicles and boats.

However, if the out-of-state seller does not have nexus in Kansas, then we have no jurisdiction over that seller and cannot require it to collect the state use tax. The U.S. Supreme Court has ruled that "nexus" requires a physical presence in a state. Thus, the crux of the "internet taxation" issue is that a state cannot require an out-of-state seller with no physical presence in the state to

<sup>1</sup> Public Law 105-277 (1998).

collect its sales or use taxes. In *Quill v. North Dakota*, the U.S. Supreme Court reviewed State arguments that, in the absence of a “physical presence,” an “economic presence” should be enough to satisfy the nexus requirement.<sup>2</sup> But the *Quill* Court balanced the State’s interests against the remote seller’s administrative burden of collecting tax for multiple states, and rejected the State’s argument. The Court found a remote seller does not have nexus when its only physical contact with a state is through the U.S. mail and common carriers.

When a remote seller does not collect our use tax, the Kansas buyer is required to pay the use tax directly to the state. Business customers buying from remote sellers *are* generally aware of the use tax requirement and will remit it to the state if the seller does not collect it up-front. KDOR auditors routinely audit for and assess any unpaid use tax during the course of a Kansas business’s sales tax audit. However, household customers are not generally aware of the use tax. If the remote seller does not collect the tax from them, it is likely to go unremitted. This gives the non-collecting remote seller a perceived price advantage, compared to a main street Kansas retailer who is required to collect sales tax. This price advantage is real to the extent that Kansas statutes do not allow the imposition of a *local* compensating use tax.

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### Summary

- Kansas Seller: Seller collects State and Local Sales Tax
- Out of State Seller with Nexus: Seller collects State Use Tax
- Out of State Seller with out Nexus: Buyer must remit State Use Tax

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Years ago, this was not a big issue. Retail businesses were almost entirely local, and catalogue sales by remote sellers were a small part of the total retail market. Today, the internet is creating new, convenient ways to transact retail business with out-of-state sellers. A rapidly expanding internet market, together with a burgeoning catalogue market, is turning retailing into a regional or even national industry, where a seller often has no physical presence in the buyer’s state. A growing percentage of the retail market is supplied by remote sellers which cannot be required to collect our use tax. In fact, many internet sites now incorrectly advertise that purchases are “tax free,” further confusing household buyers who are trying to understand their responsibility to pay the use tax.

Local businesses, consumers, and state and local governments all have a stake in rectifying the current situation:

➤ **Local business.**

Remote sellers are competing with Kansas main street businesses. Kansas businesses are disadvantaged by having to collect and remit state and local sales tax, while remote sellers and their customers do not. Rectifying this imbalance is necessary to create a level competitive playing field for local Kansas businesses.

➤ **State and Local Government.**

Sales and use taxes are currently one of the largest revenue raisers at the state level. In fiscal year 1999, they accounted for \$1.6 billion, or 40.2%, of State General Fund revenue. Nationally,

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<sup>2</sup> *Quill v. North Dakota*, 504 U.S. 298, 112 S.Ct. 1904 (1992).

these taxes are the largest state revenue raisers. For the year ending March 31, 1998, general state sales and use taxes produced \$150.1 billion, or 33.1% of total state tax collections.<sup>3</sup>

The expected growth in the market share of remote sales poses a risk to the Kansas retail sales tax base. Offsetting increases in Kansas compensating use tax collections are unlikely. And, at the local level, there is no chance of offset because Kansas local governments have no authority to impose a compensating use tax, with the exception of motor vehicle and boat sales. Assuming un-taxed internet consumer sales in the U.S. will reach \$100 billion by 2003, and assuming Kansas accounts for 1% of this electronic commerce, Kansas state sales/use tax foregone on internet remote sales would amount to approximately \$49 million by 2003. Based on a detailed 1994 study by the ACIR, we have estimated current fiscal year 2000 revenue loss from all remote sales (internet, mail, phone, fax or otherwise) to be approximately \$50 million.

➤ **Kansas Buyers.**

Kansas business and household buyers are currently required by law to remit the use tax directly to the state if the seller does not collect it. We believe these business taxpayers would rather the seller simply collect and remit the tax for them. Filling out and remitting another tax form is especially burdensome for household buyers struggling to comply with the law. Administratively, it is much more efficient to handle hundreds more use tax returns from sellers, than to receive hundreds of thousands more returns from buyers.

**2. Efforts to Address the Issue.**

**A. Efforts at the Federal Level.**

Efforts at the federal level are focused on the Advisory Commission on Electronic Commerce. This 19 member commission was given 18 months to produce a final report to Congress. Unfortunately, it got off to a slow start. It took the Commission 6 months to identify its membership and organize itself. To date, there is no consensus among the group. Six of the 19 members are proposing a recommendation to 1) extend the moratorium another five years or make it permanent, 2) encourage states to draft a Uniform State Sales and Use Tax Act within three years after the moratorium expires, and 3) "equalize the burden between local and remote sellers using a mechanism for achieving revenue neutrality, so that extending sales tax collection to remote sellers would not result in a windfall to states". Some version of the proposal also calls for eliminating taxes on several types of telecommunication service. The Commission's final meeting is scheduled for this March and its final report is due in April.

**B. Action at the State Level – SB 560.**

On the state level, the approach has been very different. All of the major national associations of state and local governments have worked together to address the administrative burden which has been the barrier to voluntary collection by remote sellers. Led by the National Conference of State Legislators, these groups have envisioned an administratively simple and streamlined system that would use new software technology to collect sales and use taxes from mail-order and Internet sellers, rather than from their buyers. The system would be completely voluntary to states and to remote sellers. SB 560 is enabling legislation that allows the state of Kansas to participate in, and help guide the development of, this system.

SB 560 is uniform language developed by the National Conference of State Legislators and the National Governor's Association. Within weeks of its February release, it was endorsed by each of the "Big Seven:" the National Governor's Association, the National Conference of State Legislatures, the Council of State Governments, the National Association of Counties, the

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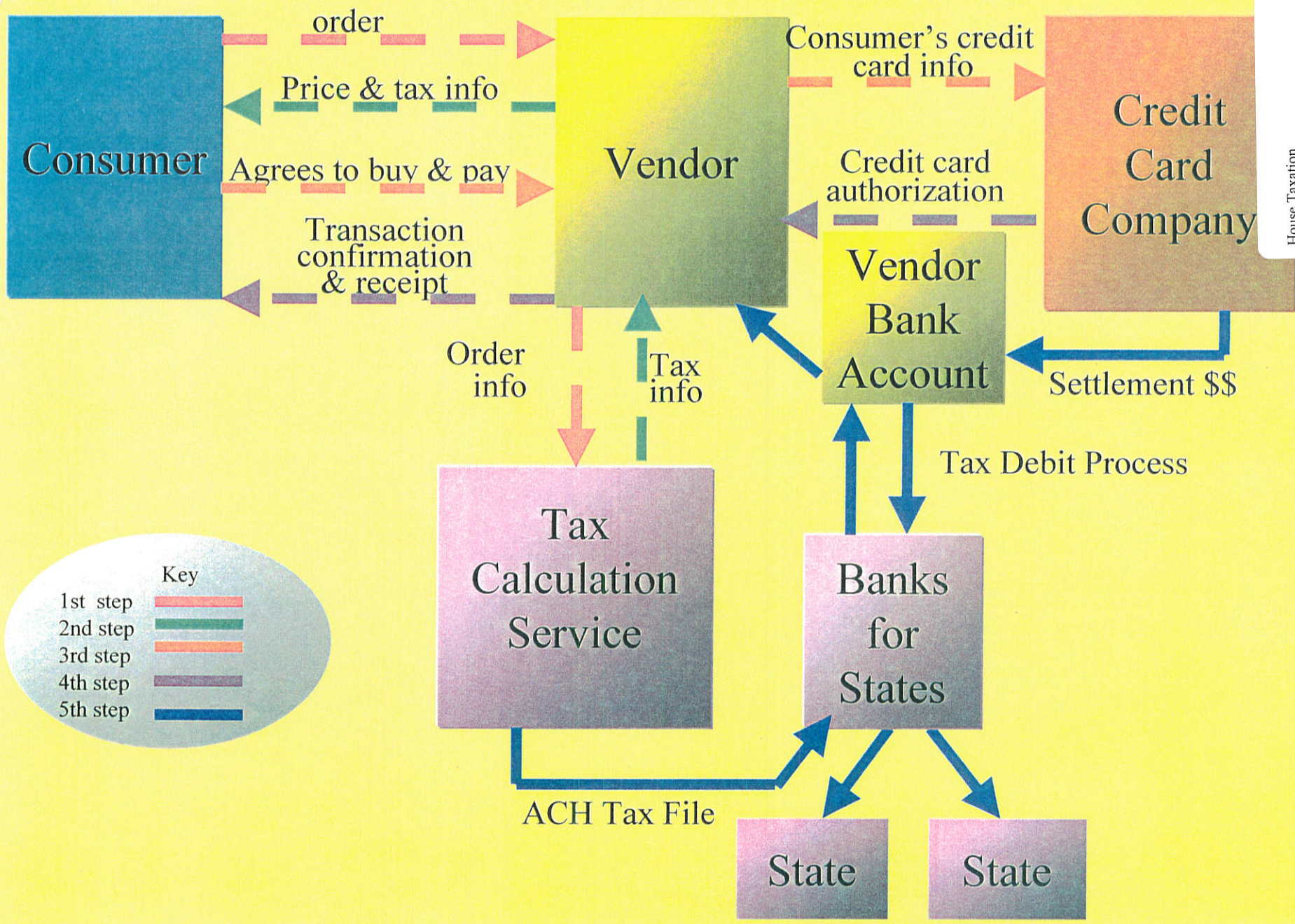
<sup>3</sup> U.S. Bureau of the Census, National Totals for State Tax Revenue by Type of Tax (1999).

National Conference of Mayors, the National League of Cities, and the International City/County Management Association. Already, there are at least 15 states in which bills have been introduced or some legislative-executive accord is being created.

SB 560 identifies its principles and intent as 1) competitive neutrality, 2) preserving state and local revenue, 3) providing neither discriminatory nor preferential treatment to remote sellers, 4) simplifying tax administration, and 5) promoting uniformity and fairness. SB 560 has five other main provisions.

- **Directs the Department to Participate in Discussions.** (section 3) The department of revenue is directed to enter discussions with other states for a streamlined sales and use tax collection system.
- **Allows the Department to Participate in a Joint Request for Information.** (section 3) It allows the department to join other states in issuing a "Joint Request for Information" regarding the development of a streamlined sales and use tax collection system.
- **Allows the Department to Participate in a Pilot Project.** (section 4) It allows the department to enter into joint agreements for a pilot project:
  - The administration, imposition and collection of the tax under the pilot project must result in revenues that are the same as would be paid under existing law
  - The parties to the pilot project agreement are excused from complying with provisions of sales and use tax statutes to the extent a different procedure is required (e.g. returns not submitted by retailer, exemption certificates not submitted to retailer)
  - The agreement must terminate no later than December 31, 2001
- **Addresses Confidentiality Concerns.** (section 5) It provides explicit statutory authority for the parties to have access to confidential tax information and imposes the same confidentiality requirements on the parties as are currently imposed on the department. Our current statutes generally would allow this, as they allow a third party vendor access to confidential information where the secretary of revenue determines that access is critical to the completion of a project.
- **Creates Structured Legislative Oversight.** (sections 6 and 7) It creates a Legislative Oversight Committee and directs the department to provide testimony and information quarterly and on an as requested basis. The department is also required to provide quarterly progress reports to the Governor, Speaker of the House, Minority Leader of the House, Senate President, and Senate Minority Leader, as well as the Legislative Oversight Committee. By March 1, 2001, the department is directed to provide a final report including a status of the discussions, a description of the proposed system, if any, and recommendation as to whether state should participate in the proposed system.

The NCSL, NGA, Federation of Tax Administrators, Multi-state Tax Commission and others will meet later in March & in April to begin developing specifications for a pilot model system.



**Key**

- 1st step
- 2nd step
- 3rd step
- 4th step
- 5th step

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 Date: 2/17/00  
 Attachment # 3





League of Kansas Municipalities

## MEMORANDUM

**TO:** House Taxation Committee  
**FROM:** Don Moler, Executive Director  
**DATE:** March 17, 2000  
**RE:** Support for SB 560

First I would like to thank the Committee for allowing the League to appear today in support of SB 560. The League cannot overstate how important accurate, ongoing collection of the sales tax is to local government in this state. Specifically, there are two principle methods by which local government is funded in Kansas. Those being the property tax and the sales tax. As I am sure you are all aware, the sales tax is an intricate part of local financing and without it many local services could not be provided. As a result, anything which improves and strengthens the sales tax system of collection and enforcement is something the League is very interested in pursuing.

We believe the bill before you is a very good first step in attempting to respond to changes in technology and the ongoing sophistication of electronic commerce. As technology brings more and more people to the Internet, and thus to e-commerce, the issue of collecting sales tax on remote sales will become one of even greater significance. We are therefore very supportive of this initiative.

One aspect of the sales tax issue which we believe the state must explore is to impose a local compensating use tax which would allow for the collection of local sales tax by remote jurisdictions. While the current law, and SB 560, would allow for voluntary compliance with the compensating use tax at a 4.9% rate, which represents the state sales tax effort, it would not allow local units of government to recover locally lost sales taxes which should also be recovered. This is a key for the 21<sup>st</sup> century health of local governments in Kansas. Without the local effort on sales tax, many local services will not be provided. Thus we must not forget that a local compensating use tax is necessary to allow local governments to recover local sales taxes which otherwise will be lost to the citizens and the taxpayers of Kansas.

Thank you very much for allowing the League to speak here today in support of SB 560. I would be happy to answer any questions the Committee may have.

# LEGISLATIVE TESTIMONY



*The Unified Voice of Business*

835 SW Topeka Blvd. • Topeka, KS 66612-1671 • 785-357-6321 • Fax: 785-357-4732 • E-mail: [kcci@kansaschamber.org](mailto:kcci@kansaschamber.org) • [www.kansaschamber.org](http://www.kansaschamber.org)

SB 560

March 17, 2000

## KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Written Testimony Before the  
House Taxation Committee

by

Marlee Bertholf  
Director of Taxation & Small Business

Madam Chair and members of the Committee:

My name is Marlee Bertholf and I am the Director of Taxation and Small Business for the Kansas Chamber of Commerce and Industry (KCCI). Thank you for the opportunity to provide written testimony in support of SB 560.

In the age of mail order transactions and internet commerce, complex problems arise in collecting and remitting the proper sales and use tax. There are thousands of taxing jurisdictions within the United States and many more when considering international markets. Unilateral or premature actions on the part of individual states or units of government could have an unintended effect on the growth and development of the internet and its contribution to our economy.

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 2,000 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 48% of KCCI's members having less than 25 employees, and 78% 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.

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Attachment # 5-1

Yet, an issue of tax equity remains. KCCI's Taxation and Public Finance Committee adopted a policy in 1986 that supports voluntary, multi-state compacts and tax simplification. We believe that Kansas cannot solve these issues alone, but must work together with other states to overcome jurisdictional and international roadblocks.

KCCI supports SB 560 and believes that this a sound first step in addressing these very difficult issues.

# House Bill No. 2569

## An Act that relates to Recreation Systems & Playgrounds

- Presentation from the City of Coffeyville.  
City Manager, Leroy D. Alsup
- We are very appreciative of the opportunity to present our thoughts and ideas on the merits of the proposed amendment to Article 19 of the Kansas Statutes pertaining to Recreation Systems and Playgrounds.
- The City of Coffeyville is making a substantial investment in our community's parks and recreation infrastructure. While the facilities are design to serve the entire community, a priority emphasis has been placed on after school and summer Youth Programs.



New Playground in Pfister Park

House Taxation

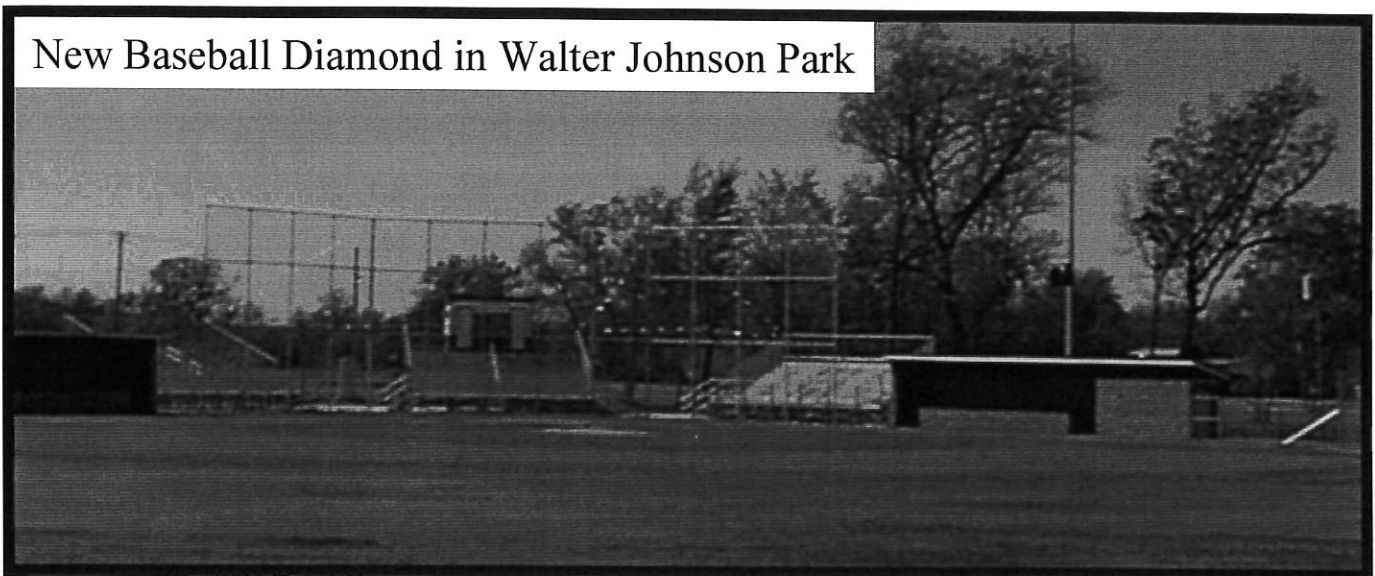
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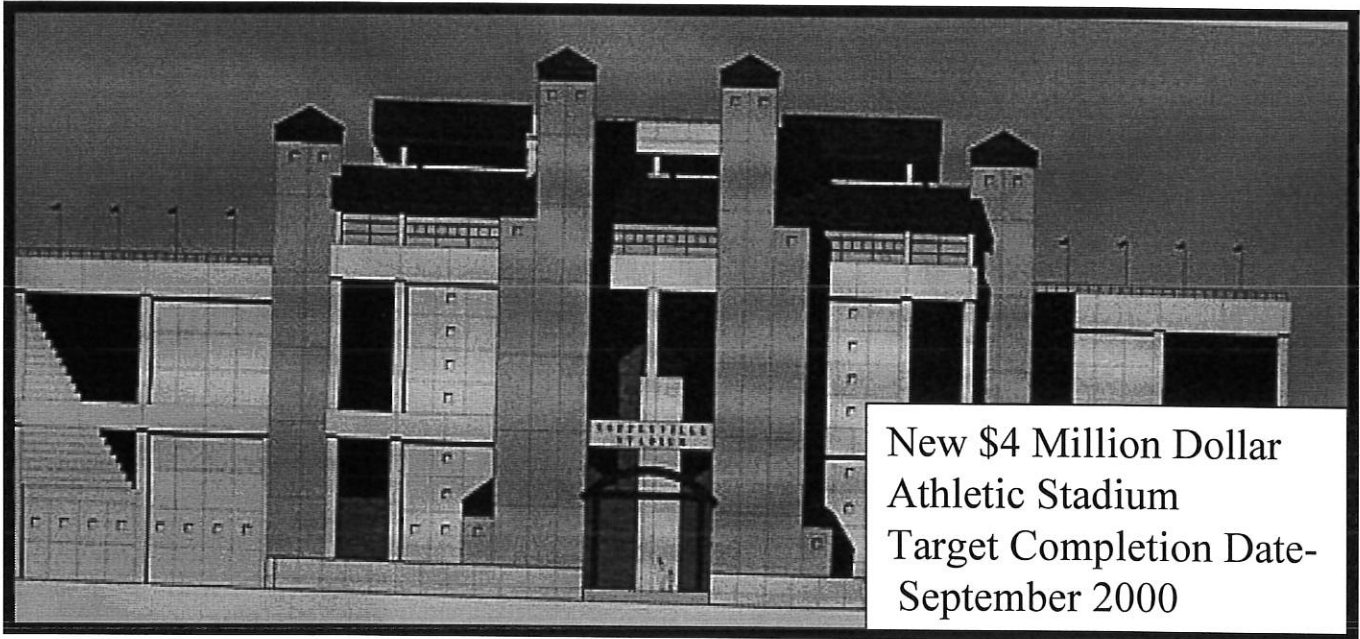
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- The proposed amendment does not dictate that any change must occur. It simply provides an option to the Unified School Districts and City Governments that was not previously available to them.
- It takes the agreement of both the Board of Education and the Governing Body of the City to exercise this option, neither entity can implement it unilaterally.
- If this option is not palatable to other jurisdictions across the State, we would be satisfied if the amendment was limited to just the City of Coffeyville and Unified School District No. 445. It is not our intent to force our ideas on anyone else.
- The general public still retains the right to petition for an election if they do not concur with the exercise of this new option.

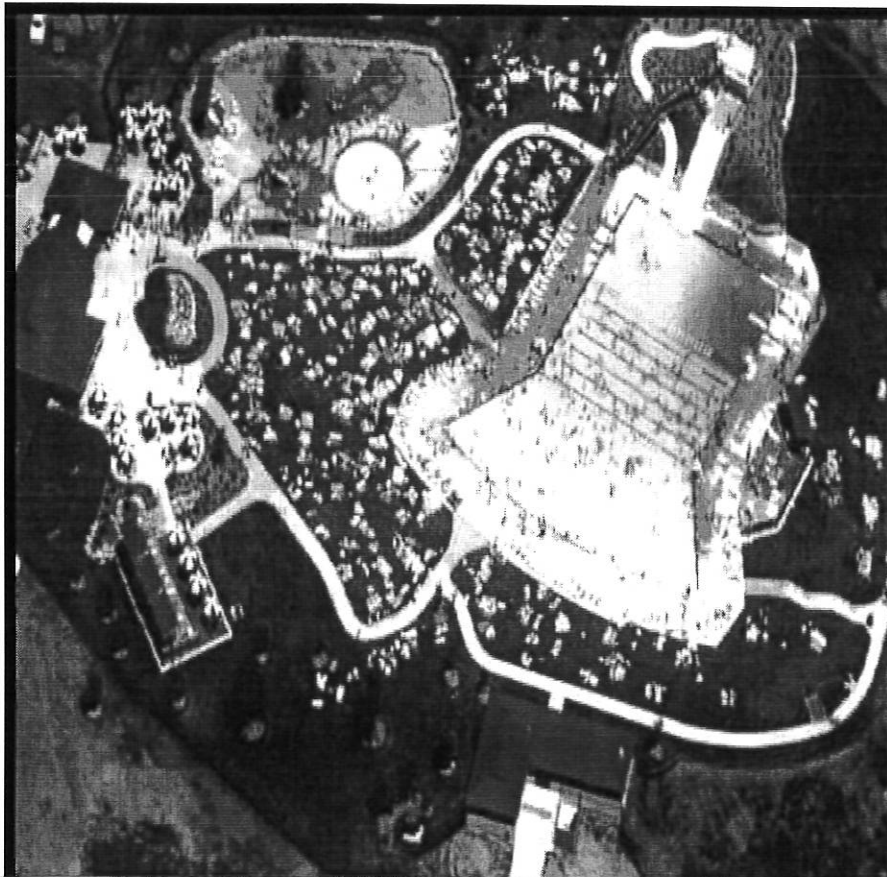


- Under the provisions of the current State Statute, if the City and USD 445 decided it was in everyone's best interest to combine the joint recreation system into a single City Park and Recreation Department, the program would suffer a substantial loss of revenue but continue to serve the same population and service territory.
- USD 445 Tax District Valuation- \$75,449,441
- City of Coffeyville Tax Valuation- \$39,202,868
- Coffeyville Joint Recreation Commission Tax Levy  
General Fund Tax Levy- 4 Mills  
Employee Benefit Fund- ½ Mill
- **Immediate loss of revenue \$163,109.00**
- The residents outside the City Limits would still utilize the City Facilities and Programs, but no longer help fund them unless a users fee was implemented to charge more to non-residents.

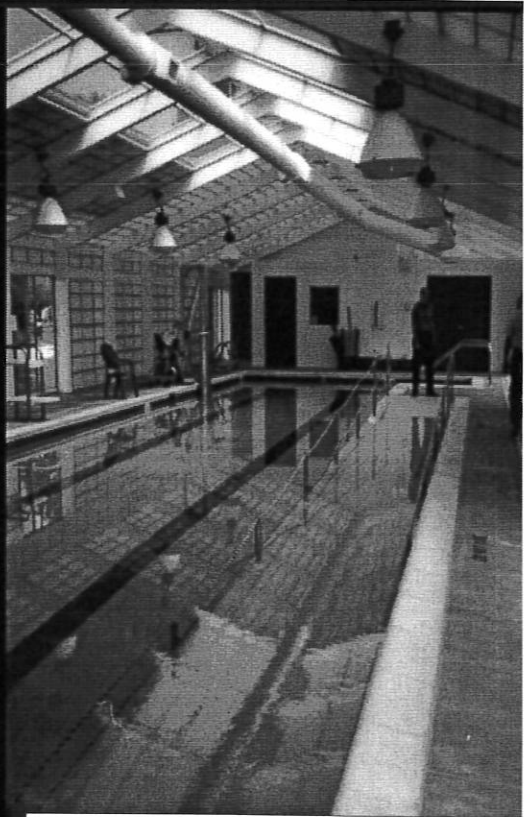




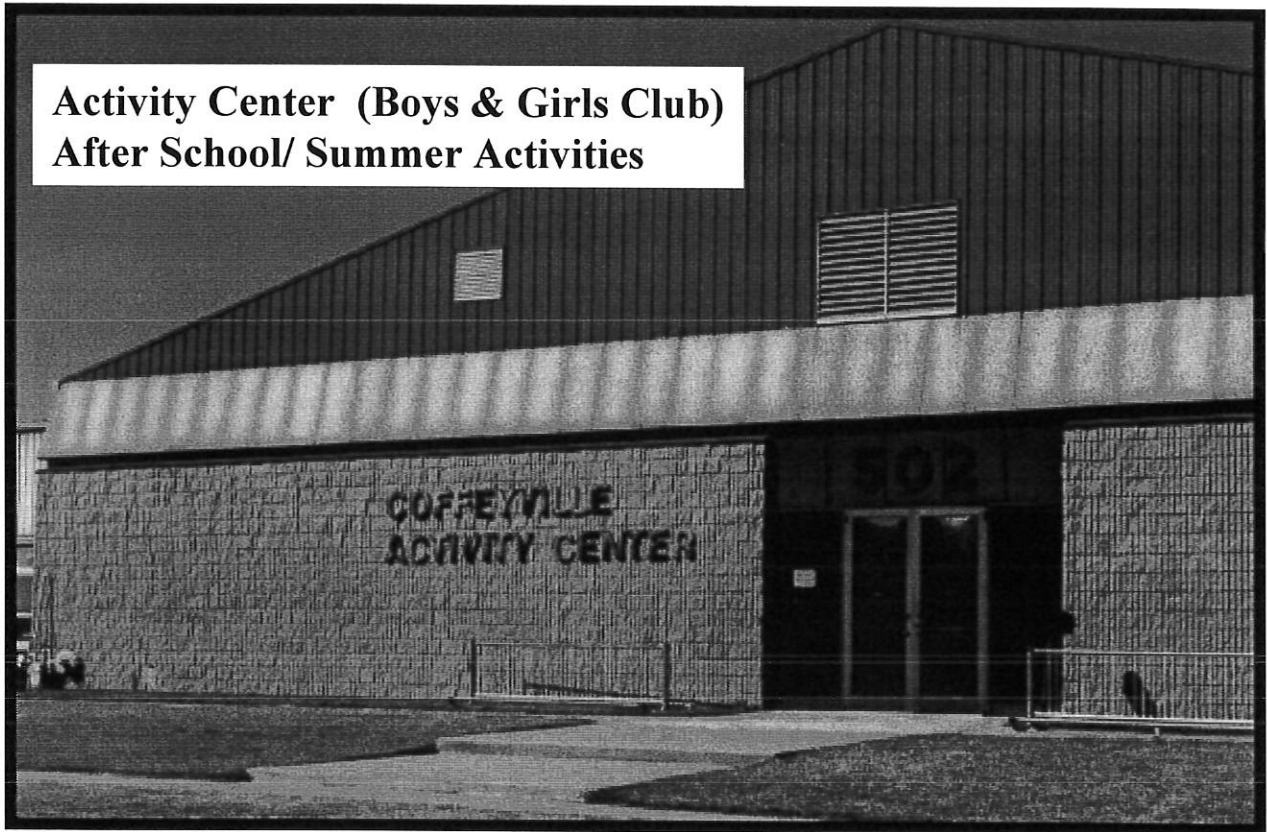
New \$4 Million Dollar  
Athletic Stadium  
Target Completion Date-  
September 2000



New \$2 Million Outdoor Aquatic Center  
Target Completion Date- May 2001



New \$1 Million Indoor  
4 Lane Swimming Facility  
Target May 2001



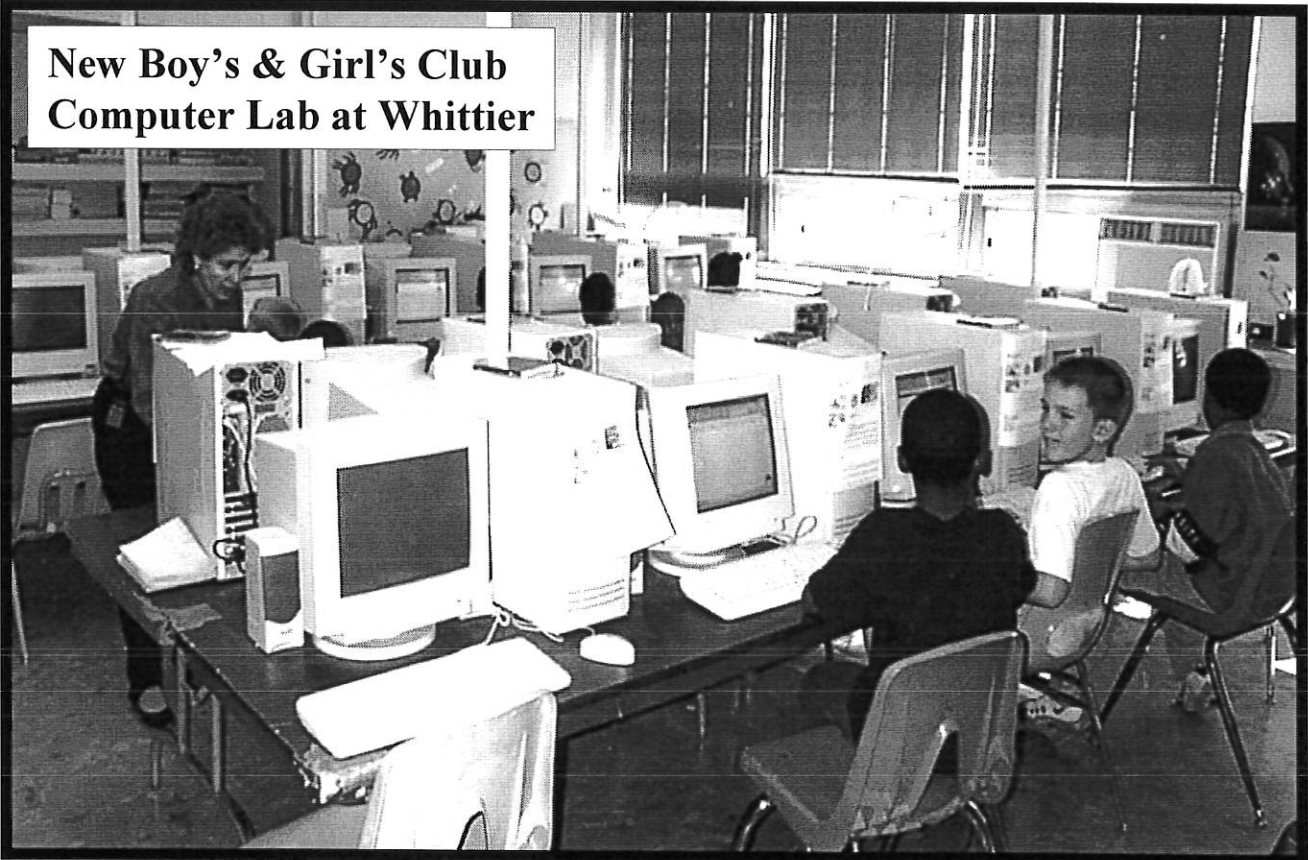
**Activity Center (Boys & Girls Club)  
After School/ Summer Activities**



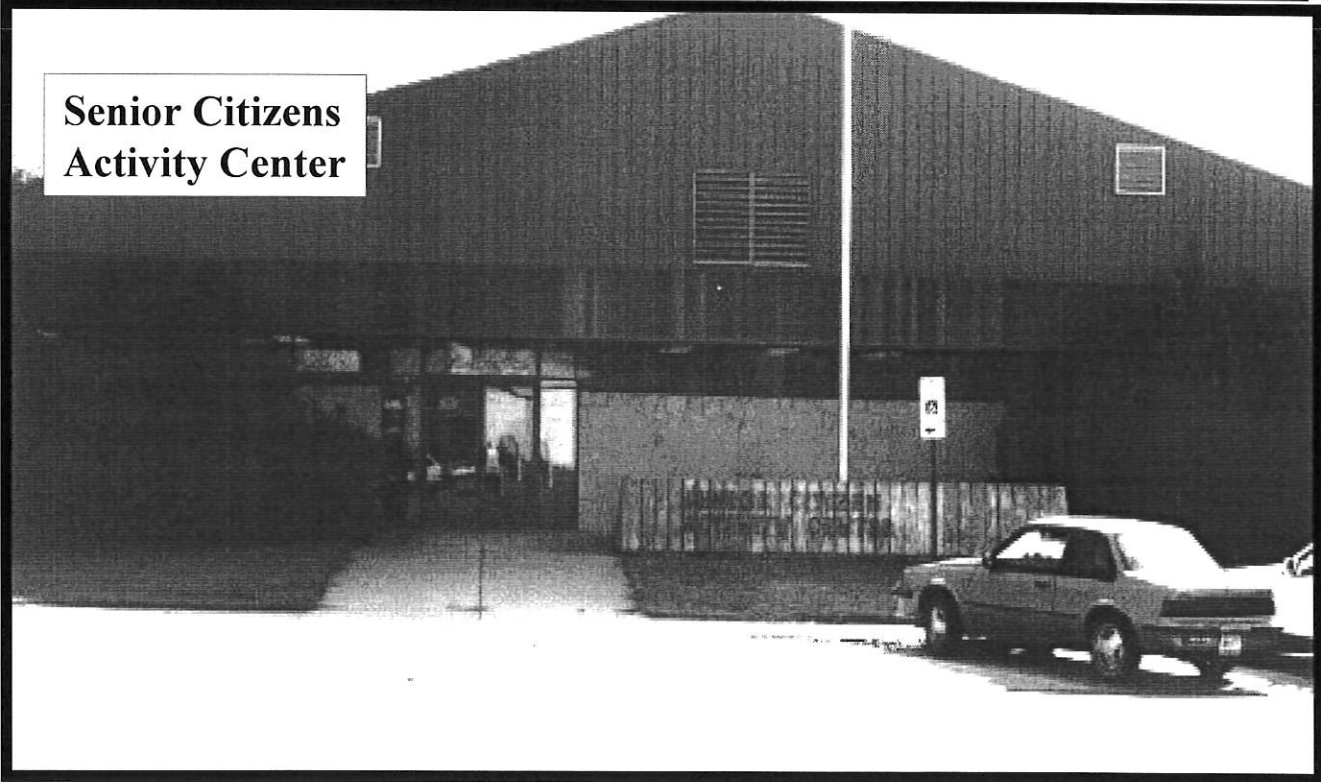
**Boys & Girls Club  
After School/ Summer Activities**

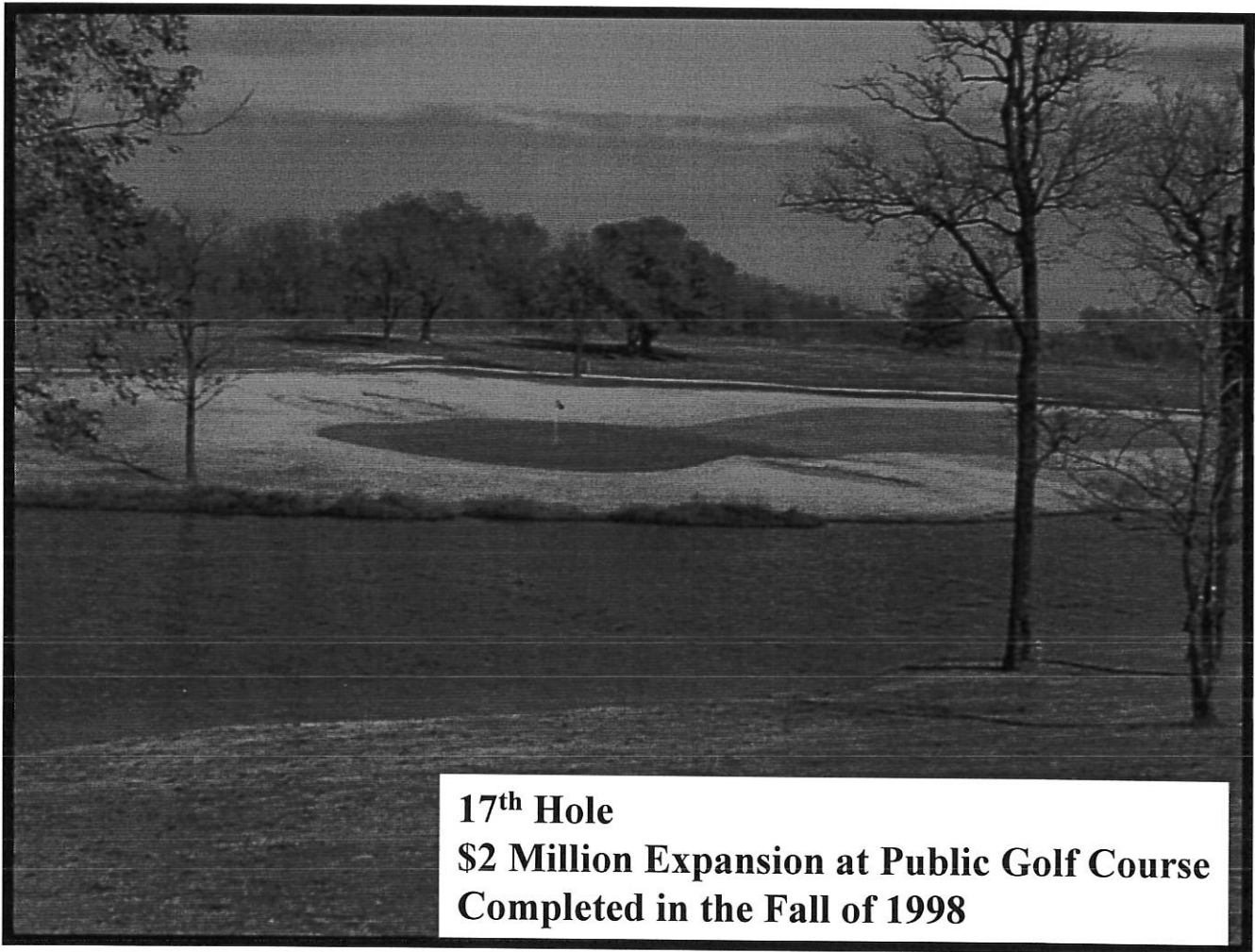


**New Boy's & Girl's Club  
Computer Lab at Whittier**



**Senior Citizens  
Activity Center**





Substantial investments are being made to maintain the viability of our community and to enhance our quality of life. We very Respectfully request that you act favorably on House Bill 2569. Thank you in advance for your consideration..

# KRPA

KANSAS RECREATION AND PARK ASSOCIATION

House Committee on Taxation  
March 17, 2000

Testimony opposing HB 2569  
Laura Kelly, Executive Director  
Kansas Recreation and Park Association

Madame Chair and members of the committee:

Thank you for the opportunity to appear before you today regarding HB 2569. I am Laura Kelly, Executive Director of the Kansas Recreation and Park Association (KRPA).

KRPA represents nearly 900 professionals and citizen advocates in over 220 agencies. Of these 220, approximately 160 are recreation commissions, 58 are municipal agencies, 1 is a county agency, 1 is a special district.

HB 2569 amends the current statutes governing recreation commissions; specifically, Section 2 of KSA 12-1932, which deals with the ability of a city to levy a tax for a combined municipal park and recreation department.

To clarify the difference between a recreation commission and a municipal park and recreation department:

Under the enabling legislation passed in 1946, recreation commissions can be established, subject to a vote of the people, by the governing body of a city, school district or both acting jointly. Either the city or the school district levies a tax to fund the operation of the recreation commission. Recreation commissions are governed by a policy-making, 5 member, city or school district (or both), appointed commission. These commissioners serve four year terms. Recreation commissions are created to develop and operate programs. By statute, recreation commissions cannot own real property and, thus, partner with cities and school districts, which provide parks and program facilities.

A park and recreation department is a division within municipal government, usually responsible to the city manager or the mayor. The mayor or the city council appoints a park and recreation advisory board, which has no policy-making authority. In Kansas, the vast majority of municipal park and recreation departments have been formed using the authority vested in KSA 12-1929 through 12-1932.

These statutes allow for a city, school district, or both acting jointly, to combine a city park system with a recreation commission to form a municipal park and recreation department, subject to protest petition.

700 SW JACKSON ST . STE 805  
785.235.6533 PH



TOPEKA . KAN  
785.235.6655

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As the statutes currently read, when this merger occurs in the case of a school district or joint commission, the tax for both parks and recreation is levied within the city limits. HB 2569 would allow the tax to be levied either on all tangible personal property in the city *or* in the school district.

Should a local community opt to tax on all tangible personal property with the school district, several problems could arise. Some examples:

1. Residents who reside within the school district, but not within the city limits, would be paying a tax and would have no representation on the governing body.
2. Residents who reside within the school district, but not within the city limits, would be paying a new tax for parks which are located within the municipal boundaries.
3. Some school district residents are already paying a tax for an established municipal park and recreation system and would end up paying for two systems.
4. Some school districts encompass more than one city. Residents of one city would pay a tax for another city's park and recreation system.

While there are some communities in Kansas which might benefit from, and even welcome, the opportunity to maintain their ability to tax all tangible personal property in the school district while forming a combined municipal park and recreation department, it is the opinion of the Kansas Recreation and Park Association, that this amendment to the current statutes would create more problems than its worth. It raises taxation without representation issues and could pit city against city, school district against city.

We encourage this committee to vote against HB 2569.

## TESTIMONY, HOUSE TAXATION COMMITTEE

Frank Seitz  
Superintendent of Recreation  
Derby, Kansas  
March 17, 2000

Ms. Chairperson, Ladies & Gentlemen of the Committee,

Proposed House Bill 2569 at face value appears to be a simple permissive legislative document. Two areas concern us with this proposed legislation.

The first concern is of duplication. The Kansas Recreation Commission Enabling Law is 53 years old this year and these statutes have allowed over 200 communities to initiate public recreation programs in Kansas. Over the years the statute has served us well, many if its provisions have been modified as our state has evolved and community needs change. As a part of this evolvement, provisions have been included which allow for the combination of parks and recreation agencies. These have been successfully used over and over by communities that have grown to the extent that they can address their community's needs within their tax base. Additionally, the provision for abolishing or designating a recreation commission as a separate city or school district agency have always existed. Interestingly enough, never in the 53 years has the portion of the statute for the abolishment of a commission been evoked. It would appear to us that the isolated impetus for this legislation could be addressed within the current statute.

Our second concern deals with the possible negative implications this legislation might cause on a statewide basis. In order to stay within time constraints, let me site some scenarios that could occur in my local community. If the City of Derby, the major population base in our school district, enacted this proposed

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Attachment # 8-1

legislation, residents of Oaklawn, an unincorporated area on Wichita's southern border as well as the Oak Knoll development who are residents of south Wichita would be taxed for the Derby Park system. Both of these areas currently have community parks that residents are assessed taxes for by their community. Another example exists in Wichita where the city extends into the school district's of Maize and Andover. The potential for the cities of Maize and Andover to adopt this proposed legislation and tax Wichita residents would exist. Obviously, there are many other situations throughout the state where potential inequities exist.

In our opinion, because of the fact that current statutory provisions allow individual communities the flexibility to structure their Park and Recreation agencies, and that the proposed HB 2569 allows for multiple inequities for local Kansas taxpayers, that this bill as it is currently written not be allowed out of this committee at this time.

Thank you for allowing me to speak on this issue. I would be happy to attempt to answer any questions.

Admini/frank/hb2569