

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 11:45 a.m. on April 11, 2002, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Tony R. Folsom, Kansas Board of Tax Appeals
Tim Holverson, Lawrence Chamber of Commerce

Others attending: See attached list.

The minutes of the April 5 and 10, 2002, meetings were approved.

Senator Corbin distributed copies of a suggested tax increase proposal to be recommended by the Committee as an amendment to **HB 2009**. (Attachment 1) He noted that he was aware that the proposal would not be acceptable to all committee members; however, the intent of his proposal was simply to serve as a starting point for conference.

Senator Pugh commented that making the Class C inheritance tax retroactive was very unusual and asked staff where he could research the law on the subject. In response, Don Hayward, Revisor of Statutes Office, stated that making the inheritance tax retroactive would neither impair any rights guaranteed by the federal constitution nor impair any contract.

Senator Jenkins moved to amend **HB 2009** as proposed by Senator Corbin, seconded by Senator Praeger.

Senator Donovan indicated that he would vote "no" on the motion because he does not support the reimposition of the Class C inheritance tax or making it retroactive. In addition, he does not support doubling the franchise fee because he feels that it would send a message to the corporate world that Kansas does not welcome businesses. In response, Senator Jenkins commented that, although the proposed bill is not perfect and she does not agree with all of the provisions, she is willing to vote in favor of it to get a proposal out of Committee as a starting point to keep the process moving so that the full Senate can begin a debate. Senator Haley commented that, while he appreciated Senator Jenkins' comments, he could not support the proposal because several of the tax increases are highly regressive and would disproportionately impact a large segment of the population.

Senator Corbin called for a vote on Senator Jenkins' motion, and it appeared that the motion failed. On a call for a division by Senator Jenkins, the motion failed.

SB 660-Board of Tax Appeals membership

Tony Folsom, general counsel for the Board of Tax Appeals, pointed out technical problems with the wording in **SB 660** with regard to the effective dates for the changes in membership, the expiration date for the terms of two members, and the requirement for the votes of two members. In addition, Mr. Folsom discussed policy considerations, pointing out that, if the legislation is proposed only as a means of finding funds in a tight budget year, there are other ways to meet the goal. In his opinion, if the intent of the bill is a to change how the Board is constituted, time should be taken to address policy concerns raised by such a change. In conclusion, he called attention to a copy of a memorandum dated November 16, 2001, from the Board addressed to the Director of the Budget, which offers four other options which would achieve the same fiscal goals. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 11:45 a.m. on April 11, 2002, in Room 519-S of the Capitol.

Senator Allen asked Mr. Folsom if he knew who requested the introduction of **SB 660**. Mr. Folsom answered that it was introduced by the Ways and Means Committee, but he did not know who drafted it. Senator Corbin explained that the bill relates to the Ways and Means Committee budget proposal which includes a cut in the Board membership from five to three and that the bill would authorize that cut. Mr. Folsom confirmed for Senator Allen that the November memorandum was not presented to the Ways and Means Committee, and the Board was not asked to assist in drafting the bill. Senator Allen stated that she strongly opposes the bill. There being no further questions or comments, the hearing on **SB 660** was closed.

Senator Corbin distributed copies of another revenue enhancement package which he proposed to amend into **HB 2009**, and he briefly outlined each proposed tax increase. (Attachment 3)

Senator Taddiken moved to adopt the proposal as presented by Senator Corbin, seconded by Senator Lee.

Senator Pugh commented that the proposal was in spreadsheet form rather than in a bill. For the record, he expressed his objection to voting on the proposal without first seeing the language in bill form. In his opinion, the proposal should not be voted out of committee until it is on the record in the form of a bill. In response, Senator Praeger noted that the Committee has often adopted conceptual amendments. Senator Pugh noted that he has never been in favor of conceptual amendments.

Senator Donovan expressed his opposition to the expansion of the earned income tax credit (EITC). In addition, he asked what the percentage of increase in the three different income tax levels would be. Staff responded that the 3.5 percent rate under current law would go to 3.6 percent, the 6.25 percent rate would go to 6.55 percent, and 6.45 rate percent would go to 6.75 percent. Senator Donovan expressed his objection to any income tax increase. He commented that the proposal will permanently increase taxes and will raise much more money than needed to meet what is considered to be a temporary budget shortfall. Furthermore, he expressed his objection to the large increase in the cigarette tax, noting that the increase will result in Kansans purchasing cigarettes elsewhere to avoid the increased tax. However, he felt the overall approach was acceptable. Senator Allen stated that she would not support an income tax increase, especially with no sunset provision.

In response, Senator Lee commented that over the past years she has observed that anything the Legislature passes one year can be undone the next year. Therefore, it is possible that any tax increase put in place this year can be removed next year. She pointed out that taxes were decreased by \$4 billion between 1995 and 2001. In response, Senator Pugh argued that taxes were not decreased but rather a few tax rates were lowered. Senator Corbin commented that in the past a growing economy generated increased tax revenue collections rather than a tax increase.

In an effort to move the process and address concerns about an income tax increase, Senator Praeger moved amend the proposal by adding a provision to sunset the income tax increase in 2006, seconded by Senator Taddiken.

Senator Jenkins reiterated that she would not vote for the proposed package on the floor of the Senate; however, she would support any motion to get a tax bill out of Committee to the Senate floor for debate.

On a call for a vote on Senator Praeger's motion to amend, and the motion passed.*

Senator Allen moved to remove the income tax increases from the proposed package, seconded by Senator Donovan. The motion failed.

Senator Corbin returned the Committee's attention to the original motion by Senator Taddiken to adopt the proposal. Senator Lee called for a question, and the motion carried. On a call for a division, the motion passed on a 6 to 5 vote with Senator Haley voting "No."

Senator Goodwin moved to amend the proposed tax package into **HB 2009** and to recommend **HB 2009** favorably as amended, seconded by Senator Praeger. The motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 11:45 a.m. on April 11, 2002, in Room 519-S of the Capitol.

HB 2828--Sales tax; authorizing Douglas County to impose a countywide tax for certain purposes

Tim Holverson, Lawrence Chamber of Commerce, testified in support of **HB 2828** on behalf of Kelvin Heck, who was unable to attend the meeting. (Attachment 4) Mr. Holverson explained that the goal of a Lawrence task force called EC02 is to secure a funding stream to provide much needed resources for economic development and to provide access to and protection of open space. The bill would provide an opportunity for Douglas County residents to vote on a 0.25 percent sales tax increase to fund efforts for preservation, access, and management of open space and for industrial and business part-related economic development. He noted that the proposed sales tax increase would sunset in ten years.

Senator Praeger commented that support for the bill was gained through a cooperative effort born out of controversy. She commended the task force's planning process, noting that the process could be a model for the rest of the state, especially in rapidly growing areas.

Senator Corbin noted that two other conferees in support of **HB 2828** were present and had submitted testimony--Charles Jones, Douglas County Commissioner, (Attachment 5) and Mike Rundle, Lawrence City Commissioner (Attachment 6). Due to the time factor, both Mr. Jones and Mr. Rundle choose not to testify.

Senator Praeger moved to recommend **HB 2828** favorably for passage, seconded by Senator Donovan. The motion carried.

The meeting was adjourned at 12:30 p.m.

No further meetings have been scheduled.

*Upon adjournment, staff distributed copies of a spreadsheet with revised data on income tax increases with the sunset provision. (Attachment 7)

SENATE ASSESSMENT AND TAXATION COMMITTEE
GUEST LIST

DATE: April 11, 2002

NAME	REPRESENTING
Tony Folsom	BOTA
Richard Crum	KDOR
Jim Yonally	Verizon Wireless
Robert Haley	KDOT
Nancy Bogina	KDOT
Larry Paine	City of Baldwin City
Tim Holverson	Lawrence Chamber of Commerce
Larry R. Bauer	LKM
Deann Williams	KmCA
Rebecca Reed	KDA
Judy Kruger	GO
Ken Peterson	KPC
Hal Hudson	NFIB/KS
Mike Beahm	Ks. LVSTK. Assn.
Bill Henry	KCUA
Ann Dukes	
Tom Whitaker	Ks Motor Carriers Assn
Martee Carpenter	KCEI
Christy Caldwell	Topeka Chamber of Com

SENATE ASSESSMENT AND TAXATION COMMITTEE
GUEST LIST

DATE: April 11, 2002

NAME	REPRESENTING
Steve Johnson	Kansas Gas Service
John Frederick	Boeing
Shannon Jones	SICK
Craig Kahan	KCPD
Jessie Torres	KCPD
Doug Bowman	CCFCDS
Dale Hoffmann	FAMILIES TOGETHER INC.
Tom Palace	PMAA OF KANSAS
Neal Whitaker	KS Beer Wholesalers
Dodie Welshear Johnson	Patrick Hurley & Co.
Wile Reecht	KS Airt Consulting
Dave Holthaus	Ken Law firm
Judy Shaw	Kearney Law Office
Anne Spiess	KERR - K.C. Reutter
PHILIP HURLEY	PATRICK J. HURLEY & Co.
Mitoy Jamron	KS Auto Dealers Assn.
Tuck Duncan	KS wine & spirits wholesalers Assn.

Proposal: Senate A&T Amendment to HB 2009

(\$ in millions)

	Cigs 76 cent hike to \$1/pack on 6/1/02	Tob Prods Tax Doubled 10 to 20% on 6/1/02	Gov's Rec Corp Franch Fee Doubled tax year 02	Liq Gallon Package* Same as Sen A&T Proposal on 6/1/02	Class C Inh Tax reimposition retroactive to 3/1/02	Total This Package
FY 2003	\$126.300	\$3.969	\$18.000	\$5.319	\$20.000	\$173.588
FY 2004	\$137.100	\$4.438	\$18.540	\$5.526	\$20.600	\$186.204
FY 2005	\$137.100	\$4.770	\$19.096	\$5.723	\$21.218	\$187.907
FY 2006	\$137.100	\$5.128	\$19.669	\$5.924	\$21.855	\$189.676
FY 2007	\$137.100	\$5.513	\$20.259	\$6.135	\$22.510	\$191.517
5-Yr Total	\$674.700	\$23.818	\$95.564	\$28.627	\$106.183	\$928.892

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 Attachment 1

* Details of Senate A&T Gallonage Package

	June 1, 02 Liq Gallon CMB 18 to 23 cents per gallon	June 1, 02 Liq Gallon Strong Beer 18 to 23 cents per gallon	June 1, 02 Liq Gallon Alc and Spr \$2.50 to \$3.25 per gallon	June 1, 02 Liq Gallon Fortified Wine \$.75 to \$1.00 per gallon	June 1, 02 Liq Gallon Light Wine 30 to 40 cents per gallon	June 1, 02 Liq Gallon total pkg
FY 2003	\$0.741	\$2.099	\$2.216	\$0.020	\$0.243	\$5.319
FY 2004	\$0.771	\$2.178	\$2.305	\$0.021	\$0.251	\$5.526
FY 2005	\$0.801	\$2.254	\$2.386	\$0.022	\$0.260	\$5.723
FY 2006	\$0.831	\$2.333	\$2.469	\$0.022	\$0.269	\$5.924
FY 2007	\$0.863	\$2.414	\$2.556	\$0.023	\$0.279	\$6.135
5-Yr Total	\$4.007	\$11.278	\$11.932	\$0.108	\$1.302	\$28.627

PRESENTATION TO SENATE ASSESSMENT AND TAXATION COMMITTEE
ON SENATE BILL 660
BY

Tony R. Folsom
Executive Director/General Counsel
Kansas Board of Tax Appeals

April 11, 2002

Honorable Chairman Corbin and Members of the Committee:

Whether the Board of Tax Appeals is reduced from a five-member to a three-member board is a policy decision left to the discretion of the Legislature and the Governor. The Board of Tax Appeals does not make policy. Therefore, I am appearing before you today not as a proponent or an opponent, but only to point out some technical problems with the wording in SB 660, to bring to your attention some policy decisions that have to be made, and to attempt to answer any questions you may have about SB 660.

Wording in SB 660

It is our understanding that the intent of the Bill is to change the Board of Tax Appeals from a five-member board to a three-member board effective January 15, 2003. However, in Section 1 of the act, the second sentence of subsection (a) of K.S.A. 2001 Supp. 74-2433 is amended by changing the number of members from five to three. Since there is no indication in the act of a specific effective date for this change, it would appear to be the effective date of the act, which is July 1, 2002. Therefore, the Board would be reduced to three members on this date.

The third sentence of subsection (a) is amended to indicate that two of such members shall be lawyers with an effective date of January 15, 2002. If the effective date is supposed to be January 15, 2003, this should be changed to that date.

There is a sentence added to subsection (a) that provides as follows: "No successor shall be appointed as provided in this section for the office of two of the members of the state board of tax appeals whose terms expire on January 15, 2002." The terms of two members expire in 2003 and not 2002.

Finally, the second to last sentence of subsection (a) is amended to indicate that the votes of two members are required. Again, since there is no indication in the sentence

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Attachment 2

of the effective date of this change, it would appear to be the effective date of the act, which is July 1, 2002.

Policy Considerations

The Board does not have a position on whether this legislation should be implemented or not. However, the Board would like to point out that if the legislation is proposed only as a means of finding funds in a tight budget year, there are other ways to meet this goal. As an example, we estimate that we will have an approximate \$200,000 carryover for fiscal year 2002. On the other hand, if the intent is a policy change in how the Board is constituted, then time should be taken to address the policy concerns raised by such a change. In this regard, the Board would like to have you consider the following before making a decision on this Bill.

- Statewide representation on the Board. - all 3 could be from one area
- 3 members versus 5 members. - easier to pass a 3 member board
- Caseload of the Board. - is staying constant over time
- Other ways to reduce Board expenditures. (pg. 5, 6, 7)

SENATE BILL No. 660

By Committee on Ways and Means

4-8

9 AN ACT concerning the state board of tax appeals; membership; amend-
10 ing K.S.A. 2001 Supp. 74-2433 and repealing the existing section.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 2001 Supp. 74-2433 is hereby amended to read as
14 follows: 74-2433. (a) *Except as otherwise provided by this section*, there
15 is hereby created a state board of tax appeals, referred to in this act as
16 the board. ~~The board shall be composed of five three~~ members who shall
17 be appointed by the governor, subject to confirmation by the senate as
18 provided in K.S.A. 75-4315b, and amendments thereto. After January 15,
19 ~~1999 2002~~, ~~three two~~ of such members shall: (1) Have been regularly
20 admitted to practice law in the state of Kansas; and (2) for a period of at
21 least five years, have engaged in the active practice of law as a lawyer,
22 judge of a court of record or any other court in this state, or as a certified
23 public accountant who has maintained registration as an active attorney
24 with the Kansas supreme court, or any combination thereof. Except as
25 provided by K.S.A. 46-2601, no person appointed to the board shall ex-
26 ercise any power, duty or function as a member of the board until con-
27 firmed by the senate. ~~Not more than three two~~ members of the board
28 shall be of the same political party. Members of the board shall be resi-
29 dents of the state. ~~Subject to the provisions of K.S.A. 75-4315c, and~~
30 ~~amendments thereto, one shall be appointed from each of the congres-~~
31 ~~sional districts of Kansas and the remainder from the state at large.~~ The
32 members of the board shall be selected with special reference to training
33 and experience for duties imposed by this act and shall be individuals with
34 legal, accounting or appraisal training and experience. Members shall be
35 subject to the supreme court rules of judicial conduct applicable to all
36 judges of the district court. The board shall be bound by the doctrine of
37 *stare decisis* limited to published decisions of an appellate court other
38 than a district court. Members shall hold office for terms of four years
39 and until their successors are appointed and confirmed. Such terms of
40 office shall expire on January 15 of the last year of such term. *No successor*
41 *shall be appointed as provided in this section for the office of two of the*
42 *members of the state board of tax appeals whose terms expire on January*
43 *15, 2002.* If a vacancy occurs on the board, the governor shall appoint a

After January 15, 2003

2003

After January 15, 2002

2003

2-3

3

After January 15, 2003,

1 successor to fill the vacancy for the unexpired term. The governor shall
2 select one of its members to serve as chairperson. The votes of ~~three~~ two
3 members shall be required for any action to be taken by the board. Meet-
4 ings may be called by the chairperson and shall be called on request of a
5 majority of the members of the board and when otherwise prescribed by
6 statute.

7 (b) Any member of the state board of tax appeals may be removed
8 by the governor for cause, after public hearing conducted in accordance
9 with the provisions of the Kansas administrative procedure act.

10 (c) The state board of tax appeals shall appoint, subject to approval
11 by the governor, an executive director of the board, to serve at the plea-
12 sure of the board. The executive director shall: (1) Be in the unclassified
13 service under the Kansas civil service act; (2) devote full time to the
14 executive director's assigned duties; (3) receive such compensation as
15 determined by the board, subject to the limitations of appropriations
16 thereof; and (4) have familiarity with the tax appeals process sufficient to
17 fulfill the duties of the office of executive director. The executive director
18 shall perform such duties as directed by the board.

19 (d) Appeals decided by the state board of tax appeals which are
20 deemed of sufficient importance to be published shall be published by
21 the board.

22 (e) After appointment, members of the state board of tax appeals shall
23 complete the following course requirements: (1) A tested appraisal course
24 of not less than 30 clock hours of instruction consisting of the fundamen-
25 tals of real property appraisal with an emphasis on the cost and sales
26 approaches to value; (2) a tested appraisal course of not less than 30 clock
27 hours of instruction consisting of the fundamentals of real property ap-
28 praisal with an emphasis on the income approach to value; (3) a tested
29 appraisal course of not less than 30 clock hours of instruction with an
30 emphasis on mass appraisal; (4) an appraisal course with an emphasis on
31 Kansas property tax laws and; (5) an appraisal course on the techniques
32 and procedures for the valuation of state assessed properties with an em-
33 phasis on unit valuation; and (6) a tested appraisal course on the tech-
34 niques and procedures for the valuation of land devoted to agricultural
35 use pursuant to K.S.A. 79-1476, and amendments thereto. The executive
36 director shall adopt rules and regulations prescribing a timetable for the
37 completion of the course requirements and prescribing continued edu-
38 cation requirements for members of the board.

39 (f) The state board of tax appeals shall have no capacity or power to
40 sue or be sued.

41 Sec. 2. K.S.A. 2001 Supp. 74-2433 is hereby repealed.

42 Sec. 3. This act shall take effect and be in force from and after its
43 publication in the statute book.



BOARD OF TAX APPEALS

David L. Patton, *Chairman*
Jill A. Jenkins, *Member*
Susan M. Seltsam, *Member*
Dwight D. Keen, *Member*
Calvin T. Roberts, *Member*

Docking State Office Building
915 SW Harrison, Suite 451
Topeka, KS 66612-1505
Tele. (785) 296-2388
Fax (785) 296-6690

November 16, 2001

Duane A. Goossen
Director of The Budget
Room 152-E
State Capitol Building
Topeka, KS 66612-1575

Dear Mr. Goossen:

The purpose of this letter is to provide the Governor, Division of the Budget, and the Legislature with information concerning the Division of the Budget's (hereinafter referred to as the "Division") proposed 10% reduction in the Board of Tax Appeals (hereinafter referred to as the "Board") budget for FY 2003.

The Division has proposed a plan that would constitute a major policy shift in the composition of the Board. Specifically, the Division has proposed eliminating two Board Member positions, which would reduce the Board from five to three members. This proposed plan would require substantial legislation to implement.

The Board does not make policy decisions. That function is reserved for the Governor and the Legislature. However, there are other options available to achieve the same fiscal goals set forth by the Division, other than a substantial restructuring of the Board.

At a minimum, the following four other options are available:

Option 1. Specific cuts may be made elsewhere in the Board's budget. As an example, the following are proposed:

Elimination of 3 FTE staff positions <i>attorney (2 have been cut)</i>	\$107,000
Elimination of capital outlay	\$ 35,000
Reduction in Other Operating Expenditures	
Contractual Services*	<u>\$ 58,000</u>
Total	\$200,000

*Contractual services includes salaries for Small Claims Hearing Officers. The hearing officer contract hourly rate was increased from \$25/hour to \$35/hour effective January 1, 2001. Reduction in contractual services may result in reducing the hourly rate back to \$25/hour in FY 2003 in order to remain within the budgeted amount.

Another policy matter suggested by the Division recommends consideration of a fee funding structure. In order to give guidance in light of the Division's suggestion that a fee structure be considered, the following information and options are offered. There are various types of filings that can be made by taxpayers with the Board. The majority of these filings can be broken down into the following general categories:

- a. Ad valorem classification and valuation appeals, which include equalization and payment under protest appeals and some Division of Property Valuation cases involving state assessed properties;
- b. Division of Taxation appeals involving income taxes, sales and use taxes, and other taxes assessed by the State;
- c. Applications for exemption from ad valorem taxation;
- d. Tax grievances involving corrections of clerical errors and requests to abate penalties; and
- e. Miscellaneous other appeals and applications.

Most of these categories involve filings where a taxpayer is requesting a reduction in value, a change in classification, a reduction in taxes, or abatement of penalties. In many of these filings, the taxpayer typically will continue to pay some taxes, which in some manner help to offset the costs associated with the Board's consideration of the appeal or application. However, tax exemptions are a category where the applicant is requesting that the property be exempted from all ad valorem taxation for a specified number of years, or, in some instances for as long as the property is owned and used by the applicant for exempt purposes. In tax exemption cases it would be reasonable to expect that the applicant pay a minimal filing fee to help offset the costs associated with the Board's consideration of the application.

Option 2. Tax exemption filing fee proposal:

Economic Development Exemptions	\$100 x 70 filings/yr	\$ 7,000
Industrial Revenue Bond Exemptions	\$100 x 45 filings/yr	\$ 4,500
All other Tax Exemption Applications	\$ 50 x 3,800 filings/yr	<u>\$190,000</u>
Total		\$201,500

Option 3. Filing fee for all types of appeals and applications, including the above listed exemption filings and the following:

Division of Taxation	\$ 25 x 200 filings/yr	\$ 5,000
Equalization Appeals	\$ 25 x 1,500 filings/yr	\$ 37,500
Payment Under Protest Appeals	\$ 25 x 1,000 filings/yr	\$ 25,000
Division of Property Valuation Appeals	\$ 25 x 10 filings/yr	\$ 250
Total (including tax exemptions)		\$269,250

Option 4. Some combination of expenditure cuts and filing fees:

There is no one option advocated over any other option listed, or over the option proposed by the Division Budget. This information is provided so that the Governor and Legislature can make an informed decision concerning how the Board could obtain the proposed 10% cut in its budget. Ultimately, if it is the desire of the Governor and the Legislature to make a major change in the composition of the Board, then the Board will assist the Governor and Legislature to implement such changes.

Please feel free to contact us if you have any questions or concerns.

Sincerely,


DAVID L. PATTON, CHAIRMAN


JILL A. JENKINS, MEMBER


SUSAN M. SELTSAM, MEMBER


DWIGHT D. KEEN, MEMBER


CALVIN T. ROBERTS, MEMBER

Proposal: Senator Corbin (4/11/02)

	Sales/Use to 5.2% 6/1/02 indexing starts is permanent	FS Rebates \$35,000 and refunds to \$35 and \$70 in 02; indexing starts in ty 2003	Expand EITC to 15 pct of federal effective tax year 2002	Cigs 65 cent hike to 89 c/pack on 6/1/02	Tob Prods Tax Doubled 10 to 20% on 6/1/02	Gov's Rec Corp Franch Fee Doubled tax year 02	(Gallonage, Drink, Enf) Liquor Tax Package Same as Sen A&T Proposal on 6/1/02	Class C Inh Tax reimposition retroactive to 3/1/02	Ind Income Increase in All 3 Current Brackets (to 3.6, 6.55, 6.75%) effective tax year 2002	Total This Package
FY 2003	\$114.736	(\$34.500)	(\$10.500)	\$111.200	\$3.969	\$18.000	\$18.165	\$20.000	\$93.800	\$334.870
FY 2004	\$118.774	(\$35.200)	(\$10.815)	\$120.400	\$4.438	\$18.540	\$18.991	\$20.600	\$77.500	\$333.228
FY 2005	\$123.206	(\$35.900)	(\$11.139)	\$120.400	\$4.770	\$19.096	\$19.731	\$21.218	\$82.900	\$344.282
FY 2006	\$128.071	(\$36.600)	(\$11.474)	\$120.400	\$5.128	\$19.669	\$20.501	\$21.855	\$88.600	\$356.150
FY 2007	\$133.129	(\$37.300)	(\$11.818)	\$120.400	\$5.513	\$20.259	\$21.306	\$22.510	\$94.400	\$368.400
5-Yr Total	\$617.916	(\$179.500)	(\$55.746)	\$592.800	\$23.818	\$95.564	\$98.694	\$106.183	\$437.200	\$1,736.929

FS Rebate Current Program: \$0 to \$12,500 of KAGI qualifies for refunds of \$60 per person; \$12,501 to \$25,000 qualifies for \$30

FS Rebate Proposal: \$0 to \$17,500 of KAGI qualifies for refunds of \$70 per person; \$17,501 to \$35,000 for \$35 per person

Indexation Beginning in TY 2003 would expand the \$35,000 maximum to \$35,900, for example, based on assumed inflation of about 2.6%

Senate Assessment + Taxation
 4-11-02
 Attachment 3



Lawrence

Lawrence Kansas Chamber of Commerce

To: Members of the Senate Assessment and Taxation Committee
From: Kelvin Heck ECO2 Task Force Co-Chair
Date: April 11, 2002
RE: House Bill 2828

Dear Chairman Corbin and Members of the Senate Assessment and Taxation Committee:

I regret that I cannot be with you this morning. For the past two years, I have been co-chair of a task force assembled by the Lawrence Chamber of Commerce called ECO2. The name evolved from our dual purposes of economic development and ecology.

The ECO2 initiative began as a result of a very bitter community battle over a significant development project. Upon the conclusion of that debate, several of us in the development community invited individuals from segments of Douglas County, including representatives from all four cities, the University of Kansas, agriculture, business and environmental interests, to gather around the table and discuss how we could do development better. Our goals include securing a funding stream to provide much needed resources for economic development and to provide access to and protection of open space.

We have realized three tangible results from ECO2: 1) with the financial support of the Lawrence City Commission and the Douglas County Commission, both on unanimous votes, we contracted with Fort Hays State University to undertake a comprehensive labor shed study to more fully understand the characteristics of our workforce and employers, 2) in cooperation with the Lawrence/Douglas County Planning Staff, University of Kansas Geography department, and the Douglas County Appraiser's office, we developed a GIS mapping system including overlays such as soil type, floodplain, transportation links, slope of the land, tree cover, and a dozen more characteristics to help us identify potential areas to develop and protect, and 3) I believe that most importantly, we have opened a dialogue between two traditionally antagonistic groups in our community. The dialogue has produced significant common ground.

As recently as Tuesday, we completed our draft plan and have made it available for public consumption. We have been very open throughout this process and have had most of our meetings open to the public and the press. We will be seeking input from all the residents of Douglas County over the course of the next month to six weeks.

Yes, there are still details to be worked out, and education that needs to occur. I can tell you that we need to continue to grow our property tax base to help pay the increasing costs of public services. Investing in economic development and continually improving quality of life are the best ways we know to do this.

Senate Assessment & Taxation

Should you support the passage of House Bill 2828, and we ask that you do, it would give us the opportunity to begin that education process, and potentially take to the residents of Douglas County a referendum on a proposed 0.25% sales tax increase that we anticipate would sunset in 10 years.

The funds raised from this sales tax increase would go for economic development and open space. Our draft document states that any land acquired through this process would be done strictly on a voluntary basis. No condemnation procedures could be utilized as we envision this program.

In closing, I would ask that you recommend this bill for passage. Thank you.

Douglas County Courthouse
1100 Massachusetts
Lawrence, KS 66044
(785) 832-5328
(785) 832-5148 (Fax)

Douglas County Commission

April 11, 2002

Honorable Senator David Corbin, Chairman of Assessment and Taxation Committee
Kansas Senate
State Capitol
Topeka, Kansas 66612

Dear Chairman Corbin:

This is written on behalf of the Douglas County Commission to express our position on HB 2828. The Douglas County Commission unanimously supports this bill, as amended by the House.

The Lawrence Chamber of Commerce's ECO2 Group has spent considerable time and effort in studying the needs and opportunities for open space preservation and industrial and business park- related economic development. House Bill 2828 provides an opportunity for the voters of Douglas County to determine whether they support a sales tax to fund both of these efforts. The Douglas County Commission urges your support of House Bill 2828, as amended by the House, so that we will have the option to call an election.

Your continuing work on behalf of our community is appreciated.

Sincerely,



Charles Jones
Douglas County Commissioner

Senate Assessment & Taxation
4-11-02
Attachment 5

To: Members of the Senate Taxation Committee
From: City Commissioner Mike Rundle
Date: April 11, 2002
Re: House Bill 2828

At our March 5, 2002 meeting, the Lawrence City Commission considered the provisions of House Bill 2828. The Commission unanimously agreed to support the enactment of the bill with the following amendment:

1. Revise Section 1 of the Bill such that K.S.A. 12-187(b)(11) reads as follows:
 - (11) The Board of County Commissioners of Douglas County may submit the question of imposing a countywide retailer's sales tax at the rate of .25% and pledging the revenue received therefrom for the purposes of preservation, access, and management of open space and for industrial and business park-related economic development.
2. Delete Section 3 of the Bill. This is the section that allows counties to keep all of the sales tax revenue. Removal of this section would allow all cities within Douglas County to share in the revenue from the tax if it is approved by the voters.

The Lawrence Chamber of Commerce's ECO2 Group has spent considerable time and effort in studying the needs and

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opportunities for open space preservation and industrial and business park- related economic development in our county. House Bill 2828 provides an opportunity for the voters of Douglas County to determine whether they support a sales tax to fund both of these efforts. It is important to emphasize that this initiative would allow the County to undertake a unique program of simultaneous job creation and environmental improvement. These are symbiotic programs as the jobs create income to support the community's growth and the open space creates a quality of life that attracts employers. Kansas statutes provide numerous communities with additional sales tax authority for both recreational purposes and economic development initiatives - Douglas County now seeks to join these communities and combine both economic development and open space preservation to build a better community for our current citizens and those to come in future years.

The Lawrence City Commission urges Senate support of House Bill 2828, with the recommended amendments. Thank you for the opportunity to present my testimony.

HB 2009 as Amended by Senate A&T

	Sales/Use to 5.2% 6/1/02 is permanent	FS Rebates \$35,000 and refunds to \$35 and \$70 in 02; indexing starts in ty 2003	Expand EITC to 15 pct of federal effective tax year 2002	Cigs 65 cent hike to 89 c/pack on 6/1/02	Tob Prods Tax Doubled 10 to 20% on 6/1/02	Gov's Rec Corp Franch Fee Doubled tax year 02	(Gallonage, Drink, Enf) Liquor Tax Package Same as Sen A&T Proposal on 6/1/02	Class C Inh Tax reimposition retroactive to 3/1/02	Ind Income bracks upped (to 3.6, 6.55, 6.75%) for tx yrs 02-05 current law is restored tax year 2006	Total This Package
FY 2003	\$114.736	(\$34.500)	(\$10.500)	\$111.200	\$3.969	\$18.000	\$18.165	\$20.000	\$93.800	\$334.870
FY 2004	\$118.774	(\$35.200)	(\$10.815)	\$120.400	\$4.438	\$18.540	\$18.991	\$20.600	\$77.500	\$333.228
FY 2005	\$123.206	(\$35.900)	(\$11.139)	\$120.400	\$4.770	\$19.096	\$19.731	\$21.218	\$82.900	\$344.282
FY 2006	\$128.071	(\$36.600)	(\$11.474)	\$120.400	\$5.128	\$19.669	\$20.501	\$21.855	\$60.800	\$328.350
FY 2007	\$133.129	(\$37.300)	(\$11.818)	\$120.400	\$5.513	\$20.259	\$21.306	\$22.510	\$0.000	\$274.000
5-Yr Total	\$617.916	(\$179.500)	(\$55.746)	\$592.800	\$23.818	\$95.564	\$98.694	\$106.183	\$315.000	\$1,614.729

FS Rebate Current Program: \$0 to \$12,500 of KAGI qualifies for refunds of \$60 per person; \$12,501 to \$25,000 qualifies for \$30

FS Rebate Proposal: \$0 to \$17,500 of KAGI qualifies for refunds of \$70 per person; \$17,501 to \$35,000 for \$35 per person

Indexation Beginning in TY 2003 would expand the \$35,000 maximum to \$35,900, for example, based on assumed inflation of about 2.6%

* Details of Senate A&T Liquor Tax Package

	June 1, 02 Liq Gallon CMB 18 to 23 cents per gallon	June 1, 02 Liq Gallon Strong Beer 18 to 23 cents per gallon	June 1, 02 Liq Gallon Alc and Spr \$2.50 to \$3.25 per gallon	June 1, 02 Liq Gallon Fortified Wine \$.75 to \$1.00 per gallon	June 1, 02 Liq Gallon Light Wine 30 to 40 cents per gallon	Liq Drink June 1 Incr 10 to 12%	Liq Enf June 1 Incr 8 to 10%	Total
FY 2003	\$0.741	\$2.099	\$2.216	\$0.020	\$0.243	\$4.622	\$8.224	\$18.165
FY 2004	\$0.771	\$2.178	\$2.305	\$0.021	\$0.251	\$4.937	\$8.528	\$18.991
FY 2005	\$0.801	\$2.254	\$2.386	\$0.022	\$0.260	\$5.233	\$8.775	\$19.731
FY 2006	\$0.831	\$2.333	\$2.469	\$0.022	\$0.269	\$5.547	\$9.030	\$20.501
FY 2007	\$0.863	\$2.414	\$2.556	\$0.023	\$0.279	\$5.880	\$9.291	\$21.306
5-Yr Total	\$4.007	\$11.278	\$11.932	\$0.108	\$1.302	\$26.219	\$43.848	\$98.694

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