

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on March 13, 2003 in Room 519-S of the Capitol.

All members were present except:

All members were present

Committee staff present:

Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Gordon Self, Office of the Revisor of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Representative Karl Krehbiel
Representative Candy Ruff
Lynda Fort, Past President Kansas Bed & Breakfast
Jeff Mercer, Tourism Bureau
Lola Beth Ediger, Owner, Bed & Breakfast
Bob Topping, Owner, Bed & Breakfast
Joni White, Owner, Bed & Breakfast
Senator David Jackson
Representative Don Dahl
Whitney Damron, Representing the Mayor of the City of Topeka
Alan L. Phipps, Chase County Commission
Niel Dobler, Director of Public Works City of Topeka
Brad Hamilton, County Commissioner, Jackson Cty.
Roger Coverdale, President Jackson County Development Corp.

Others attending:

See Attached List

Chairman Edmonds opened the meeting asking for the introduction of a bill dealing with severance tax on gas and oil. This would remove the severance tax on gas and coal, remove the severance tax on low producing gas wells, and increase the severance tax on high producing gas wells.

With no objections, that will be introduced.

Next on the agenda, the Chairman opened the meeting for public hearings on **HB 2287**. He called the committees' attention to the fiscal note for this bill.

Representative Krehbiel appeared as a proponent for **HB 2287**. He stated that he felt this bill would make a significant contribution to a number of businesses and to tourism. Representative Krehbiel introduced Representative Ruff who requested that any portion of a bed and breakfast establishment not be accessed as commercial property when the owner lives in the home. (Attachment 1)

Lynda Fort, past president, Kansas Bed & Breakfast Association, presented testimony as a proponent on **HB 2287**. In her testimony, she pointed out that in our present economic conditions the people of Kansas are taking short holidays within 100 miles of their homes, and bed and breakfasts in Kansas are supplying a means for travelers to stay in our local communities that wouldn't otherwise be available. (Attachment 2)

The Kansas Tourism Bureau was represented by Jeff Mercer, Director as a proponent of **HB 2287**. In the promotion of tourism, Mr. Mercer indicated that it was found that to properly showcase Kansas they had to rely on the many bed and breakfast properties throughout the state and that many times such properties provided the best accommodations available or in some cases, in rural areas, the only accommodations available. He stated that it is not logical to expect hotel developers to invest in new properties in our rural communities, as the consistent volume of business required to justify such an investment does not exist at this

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on March 13, 2003 in Room 519-S of the Capitol.

time. Our best form of providing quality lodging for travelers in our rural communities rests with supporting the bed and breakfast owners who are willing to offer such services. ([Attachment 3](#))

Also appearing as proponent of **HB 2287** was Lola Beth Ediger, owner of the Wrough Iron Bed and Breakfast. Their testimony requested reclassification of the bed and breakfasts to residential classification. ([Attachment 4](#))

Owner of the Prairie Queen Bed and Breakfast, Robert Topping, gave testimony as a proponent of **HB 2287** requesting the legislature support passage which would re-establish the intent behind the transient guest legislation passed more than 10 years ago. Non-action at this point would continue to allow PVD to classify bed and breakfasts as commercial, disrupt the state's efforts to promote tourism in rural Kansas and force small mom and pop enterprises to close their doors due to the tax burden. ([Attachment 5](#))

Also appearing in support of **HB 2287** was Joni White, owner of Parsonage Guesthouse Bed & Breakfast, who requested modification in bed and breakfast definition, page 2, line 13, from "owner occupied" to "residential structure in a non-commercial zone." ([Attachment 6](#))

With no opponents coming forward to testify on the bill, and with no further proponents, Chairman Edmonds closed the meeting for hearings on **HB 2287**.

Public hearings on **SB 147** were opened with Representative Dahl, 70th District appearing as a proponent. He presented a picture of the historic Chase County Courthouse for committee review and requested passage of this bill to further assist the efforts in preserving this important piece of Kansas History. ([Attachment 7](#))

Next to appear as a proponent of **SB 147** was Senator Jackson, 18th District. His testimony stated that passage of this bill would allow the voters of Topeka and Shawnee County to decide if the Topeka Boulevard Bridge replacement is important enough to raise sales taxes 1/4cent to fund reconstruction. ([Attachment 8](#))

Representing the Mayor of the City of Topeka, the Honorable Harry "Butch" Felker was Whitney Damron also in favor of the passage of **SB 147** to allow the Shawnee County Commissioners to place a 1/4 cent sales tax measure on the ballot with revenues used to exclusively finance the costs of rebuilding the Topeka Boulevard Bridge. ([Attachment 9](#))

Scheduled to testify in support of **SB 147** was Alan Phipps, Chase County Commission, however since he was unable to be present, Gary Bruch, a member of the Board of County Commissioners of Chase County, Gary Bruch presented testimony. The Board of County Commissioners of Chase County are requesting that KSA 2002 Supp. 12-187(b) (2) be amended to add Chase County to the list of counties that has authority to impose a Countywide Retailers Sales Tax, subject to the approval of the voters for the remodeling of the Courthouse. ([Attachment 10](#))

Niel Dobler, Director of Public Works for the City of Topeka testified as a proponent of **SB 147**. The passage of this bill would allow for the issue of a 1/4 cent sales tax funding the reconstruction of the Topeka Boulevard Bridge to be placed in front of the voters of Shawnee County. ([Attachment 11](#))

With no other persons wishing to address the bill, Chairman Edmonds closed the hearing on **SB 147** and opened the public hearings on **HB 2237**.

Brad Hamilton, Jackson County Commissioner appeared as a proponent of **HB 2237** whose proposal was to request an increase in the county-wide sales tax of 4/10 percent to be allocated equally between economic development and public infrastructure. The proposed county tax would be shared as normally with cities in the county. The tax would sunset after seven years. ([Attachment 12](#))

Also appearing in favor of passage of **HB 2237**, was Roger Coverdale, President Jackson County Development Corporation. Mr. Coverdale presented detailed information on chip an seal and rock roads in Jackson County. The addition of a 4/10 percent sales tax would allow the county to maintain and further enhance the county's road system. ([Attachment 13](#))

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on March 13, 2003 in Room 519-S of the Capitol.

With no other person to address the bill, Chairman Edmonds closed the hearing on **HB 2237**.

There being no further business before the committee, the meeting was adjourned at 10:33 a.m.

GUEST LIST

DATE March 13, 2003

NAME	REPRESENTING
<i>Kyle & Sharon</i>	KTN
JEFF MERCER	Citizen
Deane Hunter	KS Coop Council
Elizabeth Taylor	The Woodward
Brenda Bruck	Chase County
Neil Dobler	City of Topeka
BRAD HAMILTON	Jackson Co.
Scott Anglemeyer	KDOT
<i>2 Fred</i>	Boj
Diane Fickoff	Kansas Bed & Breakfast Assoc.
Jim Niboff	
Brenda Freese	KBBA
Judy Vickers	Back in Thyme B+B KBBA
TOM LIPPINCOTT	LIPPINCOTT'S FURNITURE & HOME DECOR / ICSDA

STATE OF KANSAS

L. CANDY RUFF
REPRESENTATIVE FORTIETH DISTRICT
LEAVENWORTH COUNTY
321 ARCH
LEAVENWORTH, KANSAS 66048
(913) 682-6390



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING MINORITY MEMBER:
BUSINESS, COMMERCE & LABOR
FEDERAL AND STATE AFFAIRS
TOURISM AND PARKS
JOINT COMMITTEE ON ADMINISTRATIVE
RULES AND REGULATIONS
JOINT COMMITTEE ON ARTS AND
CULTURAL RESOURCES

STATE CAPITOL, ROOM 278-W
TOPEKA, KANSAS 66612-1504
(785) 296-7647
E-MAIL: Ruff@house.state.ks.us

To: House Taxation Committee
From: Reps. Carl Krehbiel and L. Candy Ruff
Re: In Support of HB 2287

Whether it's rural McPherson County or the Kansas Coastline in Leavenworth, the Bed and Breakfast industry touches communities throughout Kansas. A popular alternative to the cookie-cutter sameness found in chain motels, a bed and breakfast is a unique overnight stay experienced oftentimes in an historic home surrounded by antique furnishings and luxurious bedding. For the money, it's priced competitively and worth every cent.

But as luck would have it, our state statute and a Department of Revenue directive from 1999 give our B&B industry a hard time. It comes down to this. Should any portion of a Bed and Breakfast residence be accessed as commercial property when the owner lives in the home? Rep. Krehbiel and I are asking this committee to join us in saying NO.

As a state policy, we want to support the Kansas Bed and Breakfast industry by stating that all owner-occupied bed and breakfast residences with five or fewer rooms that are made available for overnight guests would be accessed at the residential property rate of 11 percent. That's the entire home at that rate.

You see, things got confusing for owner/operators in 1999 when the Department of Revenue issued a directive that said if a bed and breakfast had more than two rooms available, any rooms over that would be accessed at the commercial property rate or 25 percent. Frankly, we don't agree with that directive and want to change it with this legislation.

In testimony today, you will hear from Linda Fort about the founding of the Kansas Bed and Breakfast Association. She will explain the role our own Kansas State University's Small Business Development Office played in encouraging the development of the B&B industry in rural communities that the chain motels ignored. And we also have a former official of our Kansas Department of Commerce who worked with the Tourism Commission and the promotion of the Bed and Breakfast industry.

And finally, there is Robert Topping. He lives up the street from me in Leavenworth and the story he will tell you of his fight with city hall, the county appraiser and BOTA are enough to light any legislator's fire. It certainly convinced me that our state policy regarding the taxing of bed and breakfast owner/occupied residences must be changed.

House Taxation
Attachment 1
Date 3-13-03



**FORT'S CEDAR VIEW
A BED AND BREAKFAST INN
1675 WEST PATTERSON AVE
ULYSSES, KANSAS 67880-8423
(620) 356-2570**

Mr Chairman
Mr Vice Chairman
Ranking Minority Member
Tax Committee Members

I'm Lynda Fort, past president, Kansas Bed & Breakfast Association. I'm here to talk to you today about the development of bed and breakfasts in Kansas and their impact on Kansas tourism.

Historically, bed and breakfasts have been low profile businesses that are an alternate income to families in need of extra cash to survive. They are usually found in residential rather than commercial areas.

The development of Kansas bed and breakfast began in 1983 when Tom Ryan was one of five farm families recognized by the Kansas Department of Agriculture at their state conference for a business that created alternate income for farm families in the economic depression they were experiencing.

In 1987, the KSU Small Business Development Center facilitated B&B use by hosting five meetings across Kansas, encouraging farmers and other interested parties in the economic hard times, to consider opening their homes and develop a farm experience as a means of enhanced income. Nine volunteers, aspiring to be innkeepers, met and launched the Kansas Bed and Breakfast Association in 1990. Of the nine, only one was non-agricultural.

In its infancy, the small business of bed and breakfast in Kansas was developed and encouraged to help rural Kansas by drawing travelers to and thru Kansas to stop and enjoy our history, art, hunting, museums, and natural beauty. Bed and breakfast innkeepers act as an information center, tour director, and lodging provider for many rural communities that can not provide these services.

Owners of bed and breakfasts work closely with the community as well as regional organizations to promote and encourage attractions and events that interest the traveling public. Eighty-two per cent (82%) of the member inns are properties of three (3) rooms or less with occupancy of approximately twenty per cent (20%). They are operated by the owners, some of them retired and living on a fixed income, some of them working outside the home for additional income. In either case, they are an asset to a small community that can not offer any other overnight accommodations for travelers.

In our present economic conditions the people of Kansas are taking short holidays within 100 miles of their homes. Many are traveling to their farm family roots. Bed and breakfasts in Kansas are supplying a means for travelers to stay in our local communities that wouldn't otherwise be available.

Today, more than at any other time, bed and breakfasts are an integral part of the tourism link for economic development in rural communities as they struggle to retain their viability in a population that is outward bound.

House Taxation
Attachment 2
Date 3-13-03

e-mail fort@pld.com

www.fortscedarview.com

March 13, 2003
House Bill #2287 Testimony
Jeff Mercer

Good morning Mr. Chairman and committee members:

My name is Jeff Mercer and for the past two years I had the honor of serving as director for the Travel & Tourism Development Division. As director I was charged with marketing Kansas as a travel destination and based on my experience, I feel qualified to speak today in support of House Bill #2287.

I discovered as director that leisure travelers are looking for experiences that Kansas can easily produce. We have the rich history, natural wonders, museums, and outdoor recreation experiences that travelers are looking for.

One of our marketing strategies was to invite travel writers and group tour operators to visit our attractions and events. We had confidence in our attractions and events due to the product development that had taken place in part through the Attraction Development Grant Program.

What often became our biggest challenge in hosting these travel professionals to Kansas was locating quality lodging accommodations. While our major urban centers offer all the services and amenities travelers expect, and some smaller communities along our interstates offer limited services and accommodations, we found that to showcase Kansas properly we had to rely on the many bed and breakfast properties found throughout the state. Many times such properties provided the best accommodations available. In some cases they were also the only accommodations available in a rural area.

We were selective about the properties we used but with very few exceptions we were told the accommodations and service at the bed and breakfast properties enhanced the travel experience of these writers and group tour operators.

Many of these B&B properties are local landmarks. The Professional Association of Innkeepers International recently reported the industry spent \$2.25 billion in the renovation, restoration, and purchase of historic properties. These properties offer more than a comfortable bed and a warm meal. They share our history, culture, and heritage with travelers.

The Professional Association of Innkeepers International reported that in 2001 \$3.5 billion was spent by an estimated 55 million guests at 19,000 B&B properties in the United States. This was a 30 percent increase over the previous two years. Annually, the number of inns continues to increase at a rate of approximately 5 percent.

As with other segments of the travel and tourism industry, the incidents of September 11, 2001 took an immediate toll on inns. But while there were short term losses, soon many inns were seeing an increase in occupancy from travelers seeking a safe secure getaway in rural settings.

It is not logical to expect hotel developers to invest in new properties in our rural communities, as the consistent volume of business required to justify such an investment does not exist at this time. Our best hope of providing quality lodging for travelers in our rural communities rests with supporting the bed and breakfast owners who are willing to offer such services. House Bill #2287 offers owners of bed and breakfast properties some relief and I encourage your support of the legislation.



The Wrought Iron Inn

A Bed and Breakfast Establishment

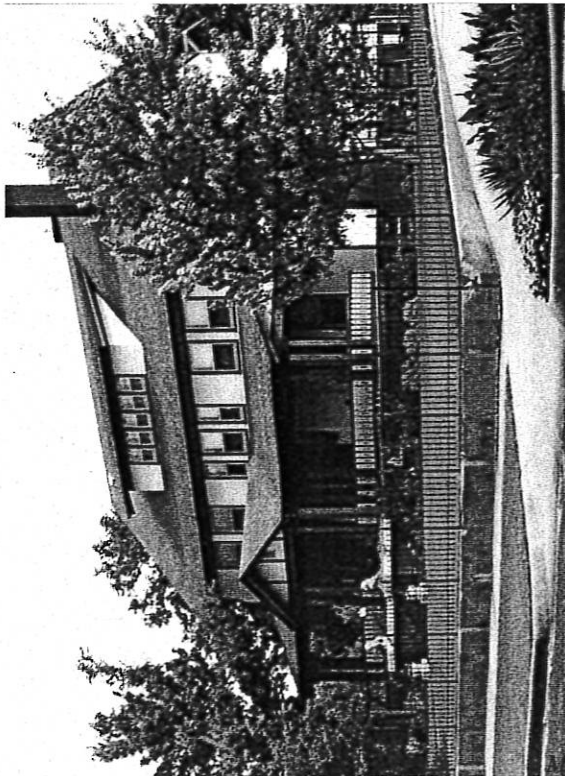
Ray and Lola Ediger Proprietors

1500 North Main
Hutchinson, Kansas 67501
316-664-5975

I, Lola Ediger, with my husband, Ray, are proprietors of the Wrought Iron Inn in Hutchinson, Kansas. Our plea is to reclassify the Bed and Breakfasts to Residential Classification. We are sharing our home to serve people who need safe and homey environment overnight stays.

Our January 2003 income was \$460.50, including taxes. Our February 2003 income was \$561.75, including taxes. Our rates are \$75.00 per night plus tax, same as when we opened in 1997. As you can see this is very part-time and more of a hobby to fill a need. With a Commercial Classification, our taxes increased over 150%. We will have to close, and you are destroying the Bed and Breakfast concept.

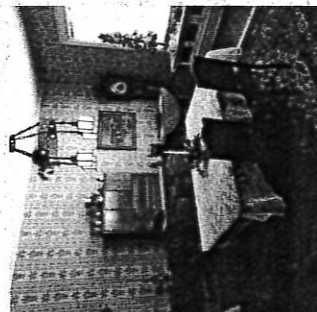
Lola Ediger
1500 North Main St.
Hutchinson, Kansas 67501-4006



Experience a homey atmosphere, warm hospitality and relax in one of two living rooms • Guest rooms with private baths • Full made-from-scratch breakfasts served in the formal dining room • For your comfort we provide a smoke-free environment • Children welcome • Available for weddings, receptions, retreats, reunions, parties, and meeting space • Gift Certificates available

AREA ATTRACTIONS:

- Hutchinson Cosmosphere and Space Center • Reno County Museum • Kansas State Fair • Fun Valley Sports Complex
- Dillon Nature Center • Hutchinson Zoo
- Historic Fox Theater • Menomotte Relief Sale and Auction • Prairie Dunes Golf and Country Club • Amish communities surrounding Hutchinson



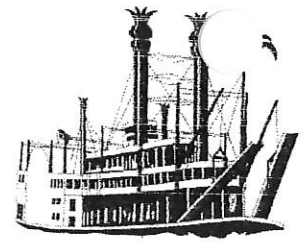
The Wrought Iron Inn
1500 North Main • Hutchinson, Kansas 67501-4006
Proprietors: Ray & Lola Ediger





THE PRAIRIE QUEEN BED & BREAKFAST

221 Arch Street
Leavenworth, KS 66048
Phone: (913)758-1959
Fax: (913)758-1959
Email: prairiequeen@attglobal.net
Web: prairiequeen.com



March 12, 2003

Mr. Chairman
Mr. Vice Chairman
Mr. Ranking Minority Member
Tax Committee Members

RE: Testimony on Bill 2287

I am here today to tell you the story of my struggle to resolve a logic flaw as it pertains to the property tax classification of my home.

Four years ago my wife and I purchased our home after obtaining a Special Use Permit from the City of Leavenworth. The Special Use Permit contained several restrictions that we entered into willingly knowing that 90% of B&Bs in Kansas were classified residential. The restrictions included non-transferability, limited use - no teas, meetings or weddings, a limit of 3 rooms, and a 14 day stay limit.

For the 2000 tax year, the County Assessor classified the preponderance of my home as commercial based on Department of Revenue, Property Valuation Division Directive 99-039. I successfully adjusted the percentage of my home assessed as commercial through the informal appeal process. However, my goal was to reclassify my property as purely residential. I was unsuccessful in changing my classification to purely residential at the Small Claims Hearing or the Board of Tax Appeal formal appeal. The BOTAs process ended my recourse for an administrative solution to this logic flaw that I believe exists between my City's desire to keep me residential and the County classifying me, in part, as commercial.

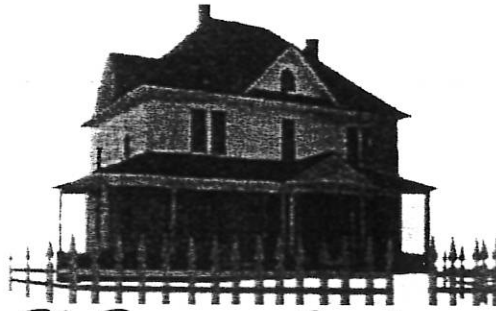
Subsequent to the BOTAs hearing and ruling in October 2002, I initiated an appeal in district court to attempt to seek a judicial solution to this inequity. I am in the middle of this process now. My hearing in District Court is set for June. Concurrent with the BOTAs denial and the initiation of the judicial process, members of the Kansas Bed and Breakfast Association initiated action to attempt to seek a legislative solution. That is why I am here today. The administrative process has not addressed the logic flaw that has been my central argument. I also believe it was never intended that B&Bs be classified commercial when you approved legislation in the early 1990's to allow a transient guest tax to promote tourism in Kansas. The two-room transient guest tax criteria is now used by PVD to classify B&Bs commercial.

I trust you can help resolve the conflict I'm caught in between my city and county by supporting the proposed bill 2287. Supporting the bill will re-establish the intent behind the transient guest legislation passed more than 10 years ago. Non-action at this point will continue to allow PVD to classify B&Bs as commercial, disrupt your efforts to promote tourism in rural Kansas, and force small mom and pop enterprises to close their doors because they are burdened with a tax they can not pass on.

Bob Topping

Robert E. Topping JR
Owner, Prairie Queen B&B
KBBA Corresponding Secretary

House Taxation
Attachment 5
Date 3-13-03



The Parsonage Guesthouse
425 W. Fourth Street Joni White, proprietor
Holton, KS 66436 (785) 364-2240

House Bill No. 2287

Testimony: Joni White, Owner of Parsonage Guesthouse Bed & Breakfast, Holton, Kansas Proponent of bill with requested modification in bed and breakfast definition at page 2, line 13, from "owner occupied" to "residential structure in a noncommercial zone"

- * purchased and renovated circa 1870 church parsonage from local church in 1996 (Parsonage Guesthouse Bed & Breakfast); not owner occupied
- * **21% of Kansas bed and breakfasts are not owner occupied** (allows guests more privacy; many historic homes do not lend themselves well to having an owner's apartment the premises without structural modifications, such as adding an apartment to the back of the home)
- * bed and breakfasts are appraised as residences, but assessed wholly or partially at the commercial rate of 25% without consideration of commercial restrictions
- * Parsonage Guesthouse is assessed 4 times as much per guestroom as commercially zoned historic 19 room hotel located 4 blocks away; **3 Jackson County, Kansas bed and breakfasts have closed** in last 4 years
- * **all bed and breakfasts** in noncommercial zones, whether owner lives on premises or not, **must comply with much stricter zoning laws** (size, type and placement of signs, limited on-site activities) than properties in commercial zones; **the effect these residential zoning laws have on b/b's fair market value for commercial purposes is not considered in the home's valuation**
- * lodging properties in commercial zones benefit from signs, additional commercial services and generally greater municipal services than those in residential zones
- * **at least 41 bed and breakfasts (21% of Kansas b/b's) in 40 different Kansas communities are not owner occupied** (carriage houses, historic homes); these are no less bed and breakfasts business than those that are occupied by an owner -- they are all residential structures located in noncommercial zones (includes b/b's in cities of: Brewster, Oberlin, Wakeeney, Cimmarron, Meade, Liberal, Russell, Dorrance, Great Bend, Holton, Pratt, Cottonwood Falls, Wamego, El Dorado, Independence, Iola, Pittsburg, Baldwin City, Wichita, Junction City, Moline, Rexford, Emporia, Atchison, Hoisington, Dodge City, Norton, Longton, Lawrence, Waldo, Salina, Cedar Vale, McPherson, Topeka, Columbus, Peabody, Hiawatha, Oskaloosa, Elmdale and Atwood)
- * **modify bed and breakfasts definition in the bill from "owner occupied residence" to "residential structure in a noncommercial zone" to provide relief to nearly 98% of the 195 bed and breakfasts across the state.** a 25% increased over the way it is currently written

House Taxation
Attachment 6
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The Parsonage Guesthouse
425 W. Fourth Street, Joal White, proprietor
Holton, KS 66436 (785) 364-2240

* tax bed and breakfasts property based on what it is (a residential structure in a noncommercial zone) not on how it is operated or managed (whether it be owner occupied, have an on-site manager or have no on-site manager/owner)

*term "owner occupied" not defined by Kansas law

* term "residential structure" is defined by Kansas law under the Urban Renewal law at KSA 17-4759: "Residential structure means any building or structure or part thereof used and occupied for human habitation or intended to be so used, and includes any person belonging thereto or usually enjoyed therewith"

* apply legislative vision for family farms from 10 years ago to urban renewal for Kansas communities by encouraging people to renovate homes for bed and breakfasts, improving communities, promoting state tourism, and collecting sales and guest taxes

STATE OF KANSAS

DONALD L. DAHL
REPRESENTATIVE, SEVENTIETH DISTRICT
CHASE, MARION AND NORTHERN
BUTLER COUNTIES



TOPEKA
HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
CHAIRMAN: COMMERCE & LABOR
MEMBER: FEDERAL & STATE
AGRICULTURE
JOINT ECONOMIC DEVELOPMENT
SELECT COMMITTEE ON
KANSAS SECURITY

Testimony for Senate Bill 141

Chairman Edmonds and members of the esteemed Taxation Committee:

Thank you for affording me this opportunity to appear before you to testify in support of SB 141.

As you can see by this picture, the Chase County Court House is a very unique structure. It is noted statewide for its beauty and fascinating architecture. It also has the distinction of being in service longer than any other court house west of the Mississippi.

Chase Countians take great pride in this Flint Hills monument and have dedicated themselves to its preservation and restoration.

The elected officials of Chase County request this bill to further assist their efforts in preserving this important piece of Kansas history. SB 147 will allow the voters of Chase County to collect up to a 1% sales tax dedicated to this effort. I ask for your support in passage of this bill. Thank you Mr. Chairman and members of this committee.

A handwritten signature in cursive script that reads "Donald L. Dahl".

Donald L. Dahl
Representative

House Taxation
Attachment 7
Date 3-13-03

DAVID D. JACKSON
STATE SENATOR, 18TH DISTRICT
NORTH SHAWNEE COUNTY
HOME ADDRESS: 2815 NE ROCKAWAY TRAIL
TOPEKA, KANSAS 66617-2305
(785) 357-6538
OFFICE: STATE CAPITOL BUILDING, ROOM 458-E
TOPEKA, KANSAS 66612-1504
785 296-7365
email: Jackson@Senate.state.ks.us



COMMITTEE ASSIGNMENTS
WAYS AND MEANS
ELECTIONS AND LOCAL GOVERNMENT
TRANSPORTATION
JOINT COMMITTEE ON SPECIAL CLAIMS
AGAINST THE STATE
TOPEKA STATE HOSPITAL CEMETERY
MEMORIAL ADVISORY COMMITTEE
JOINT COMMITTEE ON CHILDREN'S ISSUES
SPECIAL COMMITTEE ON KANSAS SECURITY

SENATE CHAMBER
March 13, 2003
Testimony on Senate Bill 147
Before the House Taxation Committee
John Edmonds, Chair

The Topeka Boulevard Bridge has been a vital regional link of Topeka, Shawnee County, and the surrounding area for nearly 70 years. Originally a WPA project, it was an engineering marvel at the time of its opening, but not designed, of course, for the use that it sees in this day and age. Although the State spent several million dollars to take care of deferred maintenance before turning it over to the City, underlying problems were not discernible, and two or three years later, the bridge has become unreliable for weights above 5 tons. This is unacceptable for a regional bridge.

This bill will allow the voters of Topeka and Shawnee County to decide if bridge replacement is important enough to raise sales taxes 1/4% to fund the reconstruction. I urge your support of this bill and will stand for questions.

Thank You,

A handwritten signature in black ink, appearing to read "David D. Jackson".

David D. Jackson
Senator, 18th District

House Taxation
Attachment B
Date 3-13-03

WHITNEY B. DAMRON, P.A.
800 SW JACKSON STREET, SUITE 1100
TOPEKA, KANSAS 66612-2205
(785) 354-1354 ♦ 354-8092 (FAX)
E-MAIL: WBDAMRON@aol.com

TESTIMONY

TO: The Honorable John Edmonds, Chair
And Members Of The
House Taxation Committee

FROM: Whitney Damron
On Behalf Of
The City of Topeka

RE: SB 147 - Chase County Courthouse and Topeka Boulevard Bridge
Sales Tax Legislation

DATE: March 13, 2003

Good morning Chairman Edmonds and Members of the House Taxation Committee. My name is Whitney Damron and I appear before you this morning on behalf of the City of Topeka in support of SB 147 that would allow the Shawnee County Commissioners to place a ¼ cent sales tax measure on the ballot with revenues used exclusively to finance the costs of rebuilding the Topeka Boulevard Bridge. With me today is Mr. Neil Dobler, the Director of the Department of Public Works for the City. He will provide information on the redevelopment of this bridge and other information related to its design and construction.

The Topeka Boulevard Bridge legislation was originally introduced in the form of SB 233, but later amended into SB 147 by the Senate Committee on Assessment and Taxation following hearings on both bills.

Committee members may be familiar with the structural problems with this bridge, particularly if you drive north over the Kansas River and see the barricades, notices and height limiters discouraging large trucks from using this bridge. I say "discourage", because there are marks on the limiters that would indicate not everyone has adhered to the height and weight limitations of the bridge.

House Taxation
Attachment 9
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House Taxation Committee
Page Two of Two
March 13, 2003

The City Attorney's office estimates this legislation will bring approximately \$5.5 million into the county per year, with all proceeds dedicated to the repayment of the bonds used to finance this project. Upon retirement of the bonds, the ¼ cent sales tax will expire.

On behalf of the City of Topeka, we thank you for your consideration of this legislation and ask for your support. I would now like to call upon Mr. Dobler for comments on this legislation.

Thank you.

WRITTEN TESTIMONY IN SUPPORT OF SB 147

The Chase County Courthouse is a historical treasure. It was built in 1871-72. It is the oldest courthouse still in use in the State of Kansas and one of the oldest still in use west of the Mississippi.

Like all older buildings, it reached a time when it needs extensive repairs. Up until seven years ago, the Chase County Courthouse had not had many repairs. The roof was leaking badly, the foundation was suffering from water damage, new storm doors and windows were needed for energy efficiency and protection from water damage, and improvements needed to be made to the sidewalks and entrances for safety and handicap accessibility. The interior of the Courthouse was also in need of repair and remodeling. The limestone retaining wall has retained moisture and turned to shale. To find solutions to the Courthouse problems, the Board of County Commissioners formed the Chase County Courthouse Restoration Committee.

Anticipating the expense of the project, the Board of County Commissioners of Chase County submitted a 1% Countywide Retailers Sales Tax proposition to the voters in 1998 with the proceeds to be used for repairs to the Courthouse. The proposition was submitted under the provisions of K.S.A. 12-187(b)(1) because there was insufficient time to approach the legislature for an amendment to the statute. This meant that the County had to share the sales tax revenue with the cities within the County. Strong City and Cottonwood Falls agreed to return their portion of the sales tax revenue to the County for use for the repair to the Courthouse. The Commissioners limited the term of the Countywide Retailers Sales Tax to five years, believing that the project would be completed within that time period. The sales tax revenue has been used to match grants and pay the expense of repairs and restoration of the Courthouse.

To date the roof and foundation have been restored, new storm doors and windows have been installed, and the sidewalks and entrances have been repaired or replaced. Also, the exterior masonry has been tuckered, repaired and replaced, as needed. The repair and remodeling of the interior of the Courthouse and the repair of the retaining wall remain to be done.

The roof and foundation work took longer and was more expensive than was originally anticipated. The roof on the Courthouse is a leaded tin roof that proved very expensive to restore to its original condition to meet Historical Society standards. To date, in excess of \$781,235.00 has been expended by the County to do the exterior repair of the Courthouse and the interior work and the retaining wall remains to be completed. The original Countywide Retailers Sales Tax authority expires on December 31, 2003.

The Board of County Commissioners of Chase County are requesting that K.S.A. 2002 Supp. 12-187(b)(2) be amended to add Chase County to the list of counties that has authority to impose a Countywide Retailers Sales Tax, subject to the approval of the voters, for the remodeling of the Courthouse. This amendment will allow the County Commission to use the sales tax revenue for the remodeling of the Chase County Courthouse and not have to share the revenue with the cities within the County. If approved by the voters of Chase County, this will allow Chase County continue with the preservation work on its historic courthouse and preserve it for generations to come.

BOARD OF COUNTY COMMISSIONERS
CHASE COUNTY, KANSAS

Edgar O. Griffin, Chairman
Gary Bruch, Member
Alan Phipps, Member

William T. North
Chase County Attorney

CHASE COUNTY COURTHOUSE
RESTORATION COMMITTEE
Charles R. Rayl, Chairman



CITY OF TOPEKA

Department of Public Works • Administration
515 S. Kansas Avenue 4th Flr.
Topeka, Kansas 66603-3422
Phone 785-368-3801
Fax 785-368-3806

March 13, 2003

House Committee on Taxation

Chairman Edmonds and Members of the Committee:

My name is Neil Dobler and I am the Director of Public Works for the City of Topeka. I am here this morning to speak in favor of SB 147, which in part will allow for the issue of a ¼ cent sales tax funding the reconstruction of the Topeka Boulevard Bridge to be placed in front of the voters of Shawnee County.

The Topeka Boulevard Bridge, constructed in 1938 is a vital regional link. The bridge originally under the jurisdiction of the Kansas Department of Transportation was transferred to the City of Topeka in 1998. In April, 2001, a portion of the bottom of the bridge deck fell and subsequent investigation revealed a seriously deteriorating structure. The bridge has been restricted to trucks and the expected life of the bridge, even under these reduced loads is less than 10 years.

The estimated cost is approximately \$40 million. The City of Topeka annually allots between \$3 million and \$5 million for street and bridge projects. To finance the bridge using general obligation bonds would mean doing no other normal projects for approximately 13 years.

During the initial study for the bridge replacement, public meetings and surveys indicated that the majority of the residents of Shawnee County were in favor of replacing the bridge and the majority favored a sales tax as the funding method.

On behalf of the Mayor I would like to thank you for your time and ask for your support for Senate Bill 147.

Sincerely,

Neil Dobler, PE
Director

House Taxation
Attachment 11
Date 3-13-03

JACKSON COUNTY ECONOMIC DEVELOPMENT FUNDING PROPOSAL

March 2003

Jackson County Economic Development Overview

After five years of strategic planning efforts led by private citizens and county leaders, the Jackson County Development Corporation (JCDC) was formed in 1995. The JCDC is a partnership between county, city, the tribal government, and the Jackson County business community. The purpose of the JCDC is to promote the economic development and general welfare of the businesses and residents of Jackson County, Kansas. Since its creation the JCDC has had an annual budget of approximately \$50-65,000 with a staff of one.

Challenge

Jackson County currently has a window of opportunity for economic growth. Over 1,500,000 people visited local attractions in 2002. Jackson County U.S. 75 highway traffic counts are up by over 119% since 1990 to over 13,000 vehicles/day. However, due to limited business investment, Jackson County suffers from a limited property tax base. In 2001 Jackson County assessed valuation was \$5,214/person, over 37% lower than the state valuation of \$8,351/person. Limited valuation further restricts local tax revenue to support local government and local programs. We believe Jackson County's future can be bright if needed investments are made now.

Uses for Additional Economic Development Funding

- * Business/Office/Industrial Park Development
- * Increased Marketing Efforts
- * Increased incentives offered to expanding existing, new, and relocating companies
- * Additional project management capacity

Proposed Solution

Our proposal is to request an increase in the county-wide sales tax of 4/10 percent to be allocated equally between economic development and public infrastructure. The proposed county tax would be shared as normally with cities in the county. The tax would sunset after seven years. Each of the seven years the tax would raise an estimated \$142,245 for economic development and \$142,245 for public county infrastructure.

Precedent Established Legislative approval has been previously given to Cowley, Russell, and Woodson Counties to allow local voters to decide the question of additional sales tax levies for economic development initiatives and public infrastructure. Additionally, Douglas County has received permission to ask voters for a levy for economic development. Furthermore, upon voter approval Shawnee County and the cities of Great Bend, Hutchinson, and Pittsburg have imposed sales taxes for economic development.

How Would More Funding for Economic Development Help Jackson County and Kansas?

Economic development is a forward-looking concept. Increased economic development funding would help Jackson County finance additional business park development and economic development marketing. Additional funding would help the JCDC meet growing requests for assistance from local citizens, businesses, governments, and potential investors. Through increased business site options and increased economic development programming, Jackson County can attract further investment and jobs, further enhancing both local and state revenues. More investment, jobs, and income increases economic opportunity for Jackson County and Kansas residents and businesses.

For more information please contact the Jackson County Commission at 785/364-2891 or the Jackson County Development Corporation at 785/364-2101.

(Over)

House Taxation
Attachment 12
Date 3-13-03

March 13, 2003

**Jackson County Public Infrastructure Enhancement Proposal
March, 2003**

The Jackson County Road and Bridge Department is responsible for maintaining the road system in unincorporated areas of Jackson County, exclusive of areas maintained by the Prairie Band Potawatomi Nation. Detailed information on chip and seal and rock roads is provided below.

<u>Type of Surface</u>	<u>Quantity</u>	<u>2003 Budget</u>
Chip and Seal	33 miles	\$160,000
Rock	740 miles	\$450,000 (incl. rock and rip-rap; no transportation, labor or equipment costs)
Bridges	208	\$

Cost example: Spread rock & gravel on one mile of existing rock road with daily traffic count of 318 vehicles:

Rock Hauled:	148.65 tons @ \$6.75/ton	\$1,003.39
Trucker Labor Expense:	8 hours @ \$16.71/hour	\$133.68
Trucking Expense:	5.2 hours @ \$30.10	\$156.52
Truck Fuel Expense:	156 miles @ 4 mpg @ \$1.45/gallon (hwy diesel)	\$56.55
Grader Labor Expense:	8 hours @ \$16.71/hour	\$133.68
Grading Expense:	8 hours @ \$25.00/hour	\$200.00
Grader Fuel Expense	50 gallons @ \$.92/gallon (non-hwy diesel)	\$46.00
Total Estimated cost to gravel one mile of existing rock road		\$1,729.82

Cost per mile to purchase rock to upgrade minimum-maintenance road to county standards: \$8,910
(1/4 ton per road-foot at \$6.75/ton)

With the anticipated cuts in the special city/county fund transfers from the State of Kansas (\$22,500 for the first six months of 2003) and the reduction in the L.A.V.T.R. transfer to the county from the State for the first six months of 2003 (\$24,000), the county would likely reduce the county's already limited chip and seal budget by the total loss in funding (\$46,500). The addition of a 4/10 sales tax would allow the county to maintain and further enhance the county's road system.

Precedent Established

Allowing counties to levy special sales taxes for road and bridge system improvements is not new in Kansas. Clay, Dickinson, and Miami Counties have been given legislative permission to allow local voters to decide questions for special sales tax levies beyond the one percent limit for road and bridge system improvements.

Why Tie Public Infrastructure and Economic Development Funding

By designating some sales tax proceeds to these two programs we recognize the fact that the local road system and public infrastructure strongly impact economic development.

For more information please contact the Jackson County Commission at 785/364-2891 or the Jackson County Development Corporation at 785/364-2101.

(Over)

March 13, 2003

House Taxation
Attachment 13
Date 3-13-03