

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on February 24, 2004 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Revisors of Statutes  
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Camille Kluge, President Kansas Association of Technical Schools and Colleges  
Diane Gjerstad, Wichita Public Schools  
Karl Peterjohn, Kansas Taxpayers Network

Others attending:

See Attached List

Chairman Edmonds opened the meeting for bill introductions. Representative Larkin wished a bill introduced regarding individual income tax changes.

Hearing no objections, the Chairman accepted that bill for introduction.

Chairman Edmonds opened the floor for public hearing on **HB 2491** recognizing Camille Kluge President of the Kansas Association of Technical Schools and Colleges in support of the bill. Ms. Kluge's testimony stated that currently school districts have the authority to levy a tax at a level that can be deemed necessary to cover the cost of providing ABE (Adult Basic Education) instruction. Two technical colleges currently provide ABE programs. The school boards in those two areas have agreed that this taxing authority needs to be handed over to the new governing board of technical college. This would require legislation as written in **HB 2491**. This would not constitute a new tax, but would simply allow the jurisdiction that has the responsibility to provide the programs the power to levy the tax. (Attachment 1)

With no other person wishing to testify as a proponent, Chairman opened the meeting for opponents.

Next to be acknowledged was Karl Peterjohn, Executive Director of Kansas Taxpayers Network, in opposition to **HB 2491**. This testimony states that the bill will create a new, unlimited property tax authority on top of the current state, county, and community college taxing authorities that already exist. The Kansas Taxpayers Network also feels that the bill would harm the already struggling economies in the areas where a new taxing authority would be created. They stated that another problem with this bill is the bonding authority since it relies upon the non uniform (KSA 23-1761) section of municipal bonding authority contained in article 17 of KSA 12. Passage of this bill in its current form would be providing broad bonding authority to technical college boards. (Attachment 2)

With Diane Gjerstad from the Wichita Public Schools requesting to testify as a proponent on **HB 2491**, Chairman Edmonds returned to proponent testimony. The Wichita Public Schools are currently the governing board for the technical college. Last year SB 7 was passed which basically said that if a technical college is going to continue to confer post secondary degrees and have the ability to articulate into higher education and higher degrees, they should have stand alone independent governing boards. Those four colleges were told to put together a transition plan which they are doing. The board of education of the Wichita Public Schools supports this bill because this bill does not give unlimited authority. Another issue is that this would be levied by an unelected board. (No Written Testimony)

Written testimony was submitted by the Kansas Board of Regents, Reginald L. Robinson, President and CEO. (Testimony 3)

With no other person wishing to address **HB 2491**, the Chairman closed the hearing.

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on February 24, 2004 in Room 519-S of the Capitol.

Chairman Edmonds called the committees' attention to **HB 2682** and requested that Representative Huff give a brief overview of the bill. He explained this bill would stop internet cigarette sales to children under 18 years of age. The Chairman asked for the pleasure of the committee.

Representative Huff moved that **HB 2682** be moved out favorable for passage. The motion was seconded by Representative Owens.

Vote was taken. Motion passed.

Next the Chairman directed attention to **HB 2560** which related to personal property, delinquent taxes in certain counties. This bill had a technical amendment which Revisor Gordon Self explained. This is on page two of the bill and would strike the word *shall* and substitute *may elect*.

Representative Powers moved the bill be passed out favorably.

Representative Goering moved that **HB 2560** be amended as indicated by Revisor, Gordon Self.

Representative Powers withdrew his motion.

The motion by Representative Goering was seconded by Representative Goico.

Vote was taken motion passed.

Representative Larkin informed the committee that he had a note that Wyandotte County had requested that they be removed from the **HB 2560**.

Representative Larkin moved an amendment that the wishes of Wyandotte County be granted. The amendment was seconded by Representative Sawyer.

Vote was taken. Motion adopted.

Representative Owens made a motion that **HB 2560** favorable for passage as amended. This was seconded by Representative O'Malley.

Vote was taken. Motion adopted.

Chairman called to the attention of the committee information from Chris Courtwright, Research Department, regarding the fiscal note on exemption of all 501 (c) (3) nonprofit organizations.

With no further business before the committee the meeting was adjourned.



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

February 24, 2004

By Camille Kluge  
For the Kansas Association of Technical Schools and Colleges

Chairman Edmonds, members of the committee, thank you for providing an opportunity for me to explain the importance of HB 2491. I am Camille Kluge, President of the Kansas Association of Technical Schools and Colleges and President of The Wichita Area Technical College.

HB 2491 amends the last year's legislation, SB 7, which established a procedure for the transition of technical colleges from K-12 school board governance to independent governance. In reviewing SB 7 it became clear that in some jurisdictions, the new boards would need to be able to levy a tax in order to continue to carry out Adult Basic Education programming (ABE).

Currently, school districts have the authority to levy a tax at a level that can be deemed necessary to cover the cost of providing ABE instruction. Two technical colleges, Flint Hills in Emporia and WATC in Wichita currently provide ABE program in their jurisdictions. The school boards in those two areas have agreed that this taxing authority needs to be handed over to the new governing board of the technical college, requiring the legislation that is before you. This would not constitute a new tax, but would simply allow the jurisdiction that has the responsibility to provide the programs the power to levy the tax. The legislation clearly allows a tax levy only at a level that covers the cost of providing the ABE program.

Flint Hills had 37 GED graduates last year and over 100 ABE students. At WATC we assess 1,900 individuals and work with almost 1,300 students per year in adult certificate and literacy programs and English as a Second Language (ESOL). These efforts result in the granting of 150 GED and Competency Based Diplomas. The program has 14.1 FTEs and a budget of \$1.5 million. A one half mill (0.5) property tax levy raises about \$1.0 million. In addition, the state contributes \$34,191 and the federal aid adds \$253,800. As the level of federal funding is not available when budgets are prepared, the program allows ending balances to be carried over to a new year.

The State of Kansas through the Kansas Board of Regents oversees ABE programs to be sure that they meet state and national standards.

Please support HB 2491 which transfers this tax levy authority from a unified school district to the new technical college board of directors if the technical college is responsible for the ABE programming.

Thank you. I am happy to stand for questions.

HOUSE TAXATION

Attachment 1

Date 2-24-04

**KANSAS TAXPAYERS NETWORK**

**www.kansastaxpayers.com**

**P.O. Box 20050**

**316-684-0082**

**Wichita, KS 67208**

**FAX 316-684-7527**

24 February 2004

### **Testimony Opposing HB 2491**

Karl Peterjohn

Exec. Dir.

There are a number of major problems with HB 2491. This bill will create a new, unlimited property tax authority on top of the hodge-podge of state, county, and community college taxing authorities that already exist in Kansas.

For the communities affected by the various technical colleges there is a prospect of not only this new, unlimited property taxing authority but also a sizable increase in government spending in Kansas. Here's why: the technical colleges used to be affiliated with the school districts but were removed and transferred over to the Board of Regents.

Funding for the technical colleges has not fully or possibly even partially transferred. You have a proposal before this committee to provide new funding while the previous funds appear to have either stayed with the school districts or the Board of Regents is spending the money elsewhere. From a taxpayer perspective our desire is to provide clear accountability for taxpayer funds and not open a Pandora's Box of new property taxing and spending authority.

Property taxes are already a major burden in Kansas. The property tax is the most unpopular tax in this state. Providing the technical colleges with an unlimited new property taxing authority as contained in HB 2491 would harm the already struggling economies in the areas where a new taxing authority would be created.

One of the advantages that the Johnson County and Wichita area have enjoyed is the fact that their property tax mill levies have generally been well below the statewide average. This has proved the fact that tax levels matter in the economic development world. Providing a new property taxing authority in Sedgwick County, and other parts of Kansas where technical colleges exist, would hurt these communities. The areas would lose part of their ability to either retain or attract firms into their communities.

A fundamental problem concerning technical colleges is the un-elected nature of the governing board for technical colleges. This is unlike community colleges. Board members should be elected before any new taxing or bonding authority is provided.

Another problem with this bill is the bonding authority since it relies upon the non uniform (see KSA 12-1761) section of municipal bonding authority contained in article 17 of KSA 12. Passage of this bill in its current form would be providing broad bonding authority to technical college boards. Technical colleges' bonding authority should not be put under the section of municipal law covering the redevelopment of Central Business District Areas (KSA 12-1770 to 1780).

The Kansas Taxpayers Network urges this committee to reject HB 2491.

HOUSE TAXATION

Attachment 2

Date 2-24-04



# KANSAS BOARD OF REGENTS

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February 24, 2004

Representative John Edmonds  
Chairman  
House Taxation Committee  
State Capitol – Room 171-W  
Topeka, KS 66612

Dear Chairman Edmonds:

Today your Committee will hear testimony on HB 2491. As you know, this legislation would provide funding for Adult Basic Education (ABE) programs at technical schools.

Currently, pursuant to KSA 72-4523, local school districts have the authority to receive ABE funding, which is then passed along to the technical schools that administer these programs. That approach makes sense in an environment in which the local school boards govern the technical schools. However, once Senate Bill 7 is fully implemented and the technical schools are independently governed, the logic of passing this funding through the local school district governing boards loses its force.

Introduced by the Legislative Educational Planning Committee, this bill would amend current statutes to authorize technical school governing boards to levy taxes within the territory of the technical college. HB 2491 authorizes a tax levy to operate an ABE program approved by the Board of Regents. Technical schools would receive the ABE funding directly rather than through local school district boards. The Board of Regents supports this legislation.

Thank you for the opportunity to comment on this legislation. Please let me know if I can be of further assistance.

Sincerely,

Reginald L. Robinson  
President and CEO

HOUSE TAXATION  
Attachment 3  
Date 2-24-04