

MINUTES OF THE SENATE ELECTIONS AND LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairperson Barbara Allen at 1:30 p.m. on February 19, 2004 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Martha Dorsey, Legislative Research
Ken Wilke, Revisor of Statutes
Nancy Kirkwood, Committee Secretary

Conferees appearing before the committee:

Senator James Barnett
Blaise Plummer, City Attorney, City of Emporia

Others attending:

See Attached List.

SB 523 - Taxing subdivisions, budgets; amendment of.

Senator Allen opened the hearing on **SB 523**. Senator Barnett appeared before the committee in support of **SB 523**. His testimony reflected the bill would provide a procedure for amendment or revision of the budget prior to November 1, when an error in calculation of the assessed valuation of taxing subdivisions in a county occurred (Attachment 1). He introduced conferee, Blaise Plummer, City Attorney, City of Emporia.

Chairperson Allen welcomed Blaise Plummer who gave testimony in support of SB 523 (Attachment 2)

Having no other conferees to appear on **SB 523**, Chairperson Allen closed the hearing.

Action on:

SB 387 - Interlocal agreement, public security.

Senator Clark made a motion to insert public safety and emergency preparedness, and for the revisor to place the language at the proper place in the bill. Senator Buhler seconded the motion and the motion carried. Senator Clark moved to pass SB 387 out favorably as amended with a second by Senator O'Connor. The motion carried.

SB 479 - Elections; changes to comply with the help America vote act of 2002.

Senator Jackson moved to pass SB 479 out favorably, seconded by Senator O'Connor. The motion carried.

SB 328 - Cities and counties - limitations on lien for unpaid sewer charges.

Senator Buhler made a motion to pass SB 328 out favorably, seconded by Senator O'Connor. The motion carried.

SB 502 - Elections; district conventions; voting by proxy.

Senator Buhler moved to pass SB 502 favorably. Senator Huelskamp seconded the motion and the motion carried.

The next meeting is scheduled for Tuesday, February 24, 2004 at 1:30 p.m.

The meeting adjourned at 2:30 p.m.

STATE OF KANSAS

JIM BARNETT
SENATOR, 17TH DISTRICT
CHASE, COFFEY, GEARY, GREENWOOD
LYON, MARION, MORRIS, OSAGE, AND
WABAUNSEE COUNTIES



TOPEKA

SENATE CHAMBER

Testimony

Senate Bill 523

COMMITTEE ASSIGNMENTS
CHAIR: HEALTH INSURANCE ISSUES
WORKING GROUP
VICE CHAIR: PUBLIC HEALTH AND WELFARE
VICE CHAIR: FINANCIAL INSTITUTIONS AND
INSURANCE
MEMBER: FEDERAL AND STATE AFFAIRS
HEALTH CARE STABILIZATION
FUND OVERSIGHT

Senator Allen and other distinguished members of the Senate Elections and Local Government Committee, thank you for the opportunity to speak in support of SB 523.

During the development of the 2004 budget for the City of Emporia, a mistake occurred in Lyon county that has most probably occurred throughout the state at various times. An error was made in calculation of the assessed valuation of taxing subdivisions in Lyon county. Subsequently, the budget that had been adopted in 2003 required revision.

SB 523 would provide a procedure for amendment or revision of the budget prior to November 1 in any year that such an error occurs. Current law addresses amendments to the budget during the year in which the budget is in effect.

This legislation would allow all cities across the state to correct errors in valuation in a timely fashion.

I request your favorable consideration of SB 523.

Signed:

A handwritten signature in black ink, appearing to be 'Jim Barnett', written over a horizontal line.

Senator Jim Barnett

JAB/gkp

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Senate Elec & Loc Gov
02-17-04
Attachment 1
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SENATE ELECTIONS AND LOCAL GOVERNMENT COMMITTEE
WRITTEN TESTIMONY IN SUPPORT OF
SENATE BILL NO. 523
February 19, 2004

Thank you for the opportunity to appear before you in support of Senate Bill 523 pertaining to the preparation of municipal budgets. The preparation and adoption of the annual city budget is critical, particularly as revenue streams have been in decline the past two years. The budget is the principal policy tool of the governing body to implement its priorities for the upcoming year. The governing body establishes the level of services and programs needed by the community against the tax burden required to finance such services.

Kansas statutes establish fixed dates for the preparation, notice and public hearing, adoption and certification of city budgets and the property tax levies needed to support the adopted budget. Budget preparation begins in the summer. A typical timeline for adopting a city budget is the following:

- | | |
|------------|--|
| June 15 | County appraiser certified to the county clerk the appraisal rolls. K.S.A. 79-1466 |
| July 1 | County clerk notifies city of assessed valuation of all properties for the next year's budget. K.S.A. 79-5a27. Municipal budget preparation is underway. |
| August 1 | Last day for cities to meet and prepare the budget for the next year. K.S.A. 79-2727 |
| August 5 | Last day for publishing notice of budget hearing. K.S.A. 79-2929 |
| August 15 | Last day for public hearing on city budget. K.S.A. 79-2933. |
| August 25 | This is the last day for cities to file tax levy and the adopted budget with the county clerk. K.S.A. 79-1801. |
| October 31 | Last day for county clerk to correct clerical errors in assessment for current year. K.S.A. 79-1701. |

Senate Elec & Loc Gov
02-17-04
Attachment 2

The county clerk completes the tax roll and delivers the roll to the county treasurer on November 1. The county treasurer then publishes notice of the tax levy on each \$1,000 of assessed valuation.

As described in the attached news accounts, it is possible that between the adoption of the city budget on or before August 25, and the last day for the county clerk to correct errors, the assessed valuation for the county can change. The change can be due to discovery of real property which should have been included in the valuation, or discovery of property which is exempt and shouldn't have been included in the valuation. When such mistakes occur, the city adopted budget no longer reflect the mill levy adopted by the city. In the case of the City of Emporia last summer, the correction downwards of assessed valuation in the county would have resulted in a 1.89 mill increase in order to fund the adopted city budget. The budget officially adopted by the city called for a 2.77 mill levy increase to fund the city budget. If the city did nothing to amend its budget after the error occurred, the actual mill levy increase would have risen to 4.665. This result was not acceptable to the City Commission which acted to adjust the city budget downwards in order to maintain the mill levy increase at the level previously voted on by the Commission.

K.S.A. 79-2929a only provides for amending an adopted budget in the current budget year. There is no specific authority for cities to amend an adopted budget prior to the budget going into effect on January 1. The proposed amendment to K.S.A. 79-2929a provides in subparagraph (b) that when an error in the calculation of the assessed valuation occurs, the governing body can amend its budget prior to November 1. If the amendment is solely to accommodate the correction in the calculation of assessed valuation, then there is no requirement for public notice and public hearing to accomplish the amendment.

The adoption of this amendment by the legislature will provide specific authority for cities to take action to correct their budgets due to clerical errors in the assessed valuation figures.

Sincerely,



Blaise Plummer
City Attorney