

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Vice-Chairman Donovan at 10:40 A.M. on March 22, 2005 in Room 519-S of the Capitol.

All members were present except:

Barbara Allen- excused

Committee staff present:

Chris Courtwright, Kansas Legislative Research  
Martha Dorsey, Kansas Legislative Research  
Gordon Self, Revisor of Statutes Office  
Nancy Kirkwood, Secretary

Conferees appearing before the committee:

Frank Young, Neosho County Engineer  
Joan Wagon, Secretary, Kansas Department of Revenue (KDOR)  
Chris Wilson, Executive Director, Kansas Building Industry Association (KBIA)  
Erik Saratorius, Legislative Consultant, City of Overland Park, Kansas  
Don Moler, Executive Director, League of Kansas Municipalities (LKM)

Written Testimony:

Richard Standrich, Derby  
Dave Holtwick, Home Builders Association, Greater Kansas City

Others attending:

See attached list.

Hearing on:

SB 295 - retailers' sales in Neosho County

Vice-Chairman Donovan brought the Committee's attention to the hearing on SB 295.

Frank Young, Neosho County Engineer, appeared before the Committee on behalf of the Neosho County Commissioners. Mr. Young presented testimony in support of SB 295 (Attachment 1).

There being no others to testify as a proponent or opponent to SB 295, Vice-Chairman Donovan closed the hearing.

Vice-Chairman Donovan informed the Committee he expected it to take action on SB 295 and SB 302, as today is the last day the Committee would be meeting.

Senator Lee made a motion to pass SB 295 out of Committee favorably. Senator Goodwin seconded the motion. The motion carried.

SB 302 - classes of cities for sales tax purposes; uniformity

Vice-Chairman Donovan opened the hearing on SB 302.

Secretary Wagon, KDOR, recognized by Vice-Chairman Donovan, appeared before the Committee in support of SB 302. Secretary Wagon stated SB 302 follows the recommendations of the Interim Special Committee on Assessment & Taxation regarding uniformity of the local sales tax statutes (Attachment 2).

Chris Wilson, Executive Director of the KBIA, appeared before the Committee as a proponent to SB 302. Ms. Wilson stated KBIA is in support of this legislation restoring uniformity of the state sales tax law (Attachment 3).

There being no others wishing to testify as a proponent on SB 302, Vice-Chairman Donovan welcomed Erik Saratorius, City of Overland Park, as neutral on the bill. Mr. Saratorius stated concern of the City of

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:40 A.M. on March 22, 2005 in Room 519-S of the Capitol.

Overland Park is that any taxing authority lawfully created under home rule authority must be retained cities. Mr. Saratorius stated the City of Overland Park would look forward to working with the Committee to craft a bill that accomplishes the goal of uniformity while making certain that local governments are not harmed (Attachment 4).

There being no other individuals wishing to testify as neutral to **SB 302**, Vice-Chairman Donovan asked for any opponents wishing to testify.

Don Moler, Executive Director, LKM, appeared before the Committee in opposition to **SB 302**. Mr. Moler stated the League supports its stated goal of uniformity but opposes **SB 302** based on the fact that the League believes it is being used as a vehicle to limit local sales and excise tax authority. Mr. Moler offered three (3) amendments to be considered by the Committee. (Attachment 5).

Written testimony in support of **SB 302** was submitted by the following:

Richard Standrich, Derby, Kansas, former Mayor of Derby and Past President of the Kansas Building Industry Association (Attachment 6).

Dave Holtwick, Staff Vice-President of Governmental Affairs, Home Builders Association of Greater Kansas City (Attachment 7).

There being no other individuals to testify on **SB 302**, Vice-Chairman Donovan closed the hearing.

The Chair asked for the Committee's wishes to adopting the League's amendments. After Committee discussion, the Committee decided to take no action on **SB 302**.

**Final action on:**

**HB 2222** - establishing the individual development account program

The Chair directed the Committee's attention to discussion and final action on **HB 2222**, and referred to Gordon Self, Revisor, to review **HB 2222** for the Committee. Vice-Chairman Donovan opened the floor for a motion. Senator Pine made a motion to pass **HB 2222** out favorably. Senator Goodwin seconded the motion. The motion carried.

Remark

**HB 2288** - eliminate driver's license number requirement on sales tax exemption certificates

The Chair called for Committee discussion, and having none opened the floor for a motion. Senator Apple made a motion to pass **HB 2288** out favorably. Senator Pine seconded the motion. The motion carried.

**HB 2308** - determination of income for homestead property tax refund purposes

Vice-Chairman Donovan brought the Committee's attention to discussion and final action on **HB 2308**. The Chair informed the Committee **HB 2308** could be placed on the consent calendar. There being no further discussion, Senator Bruce made a motion to pass **HB 2308** out favorably and place on the consent calendar. Senator Goodwin seconded the motion. The motion carried.

**Approval of minutes**

Senator Apple made a motion to approve the minutes of March 15 and 16. Senator Bruce seconded the motion. The motion carried.

The meeting adjourned at 11:40 a.m. There are no further meetings scheduled.

**SENATE  
ASSESSMENT & TAXATION COMMITTEE**

**GUEST LIST**

DATE: 3/22/05

NAME	REPRESENTING
[Handwritten Name]	KDOR
David R. Corbin	KDOR
Janis Mc Mulken	League of Women Voters
Ruhona Ann	KDOR
Larry R. Baser	LKM
Don Moler	LKM
Denise Welton	w/ Senator Goodwin
[Handwritten Name]	"
Piffany Jarvis	KACAP / MOKANSAME
Donnie Jamels	Neosho Co.
[Handwritten Name]	Neosho Co.
Frank Young	Neosho County
[Handwritten Name]	Neosho County
Bill Brady	KGC
GEORGE PETERSEN	Ks Taxpayers Network
Chris Wilson	Ks Building Industry Assn
[Handwritten Name]	K/1111A
Erik Santomas	City of Overland Park

**SENATE  
ASSESSMENT & TAXATION COMMITTEE**

**GUEST LIST**

DATE: 3/22/05

NAME	REPRESENTING
Danielle Na	Johnson County
Janette Nuessen	Hein Law Firm
Ann Duker	Div. of the Budget
Bob Corkins	Freestate Center
Chris Wilson	KBIA

## Public Works Department

March 22, 2005

Senator Les Donovan  
Vice-Chairman  
Senate Assessment and Taxation Committee

Sir:

The Neosho County Commission hereby offers the following information in support of Senate Bill 295 concerning a dedicated sales tax for road improvement projects in Neosho County.

Neosho County currently has a dedicated ½ cent sales tax for use in funding the newly constructed Neosho County Law Enforcement Center. This dedicated sales tax is due to fully fund the bond issue and sunset sometime in early 2006. We are requesting permission from the Kansas Legislature to put before the voters a proposal that would create another ½ cent sales tax to replace the current ½ cent jail tax upon its expiration to fund a major road improvement project in central Neosho County. If approved by the voters, it is the County Commission's intent that the two taxes would not run concurrently, and would maintain the current tax rate as is.

This proposal is being made as an effort by the Neosho County Commission to improve the safety of a major route crossing central Neosho County connecting the south city limits of the major city in Neosho County, Chanute, with the county seat in Erie. The current roadway consists of 14 miles of deteriorating pavement and two major bridges. The roadway functions as a major collector classified as KDOT routes RS 168 and RS 1942 and is an alternate route to K-39 Highway that serves the northern portion of Neosho County and enters Chanute at the northeast corner of the city.

RS 168 consists of 11 miles of chip and seal pavement given over to county maintenance by the state highway department in 1948. The roadway is characterized by rolling hills with limited sight distance, narrow pavement, one major, 20-foot wide Neosho River bridge constructed in 1953, and a pavement that is a mixture of pre-1950's stabilized aggregate, many conventional chip and seal coatings, and a 1970's overlay that is separating from the rest of the materials. The mixture of materials is causing many potholes and other maintenance problems resulting in frequent repairs and a continually worsening condition of the pavement. In addition, the 1953 Neosho River bridge has serious structural limitations and is classified a "functionally obsolete" by our most recent bridge inspection report due to width and weight limitations. Additionally, several areas frequently flood requiring emergency personnel to barricade the roadway, often at night, to prevent the public from driving into unexpected flood waters. Even with this effort, several times in the last 10 years, motorists have driven into flood waters along this route.

RS 1942 consists of 3 miles of old US 169 highway turned over to Neosho County by KDOT in 1985. This road is constructed of old, narrow concrete pavement overlaid and widened with asphalt and maintained by the county with conventional chip and seal coat since 1985. The route begins at 35<sup>th</sup> Parkway at the south city limits of Chanute and connects with RS 168 three miles to the south. Problems with this route include broken and separated concrete pavement that allows water infiltration. These cracks reflect through the overlays creating a "bump" approximately every 20 feet. In one half-mile section, 55 of these "bumps" were recently counted. Although KDOT assured the county the road was in top condition when it was "given over" in 1985, the 2-inch asphalt overlay simply hid the problem for a few years and now the highway is in even worse condition than when KDOT decided a new one was needed. A bridge also exists on this route that has severe deck deterioration due to past salt accumulation and is currently rated at an 11-ton load limit.

RS 1942 has a current traffic count of 2300 vehicles per day and RS 168 has a count of just under 1100 vehicles per day as published by KDOT in June 2004. Since these roads serve the southern end of Chanute, the economic impact of improvements to these routes will be positive for our county. Currently the Wal-Mart Supercenter is located just north of 35<sup>th</sup> Parkway in Chanute and shoppers from the southern and eastern portions of Neosho County and western Crawford County will use this road if safety and accessibility are improved. The current road has severe limitations for oil field and agricultural traffic due to the width and load limit problems on the bridges.

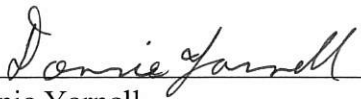
The county seat at Erie is the location of the Courthouse and jail facility, so emergency personnel travel this route daily. This is also the route for ambulance travel to the Chanute hospital, also located in the southwestern part of Chanute, for residents in central and eastern Neosho County. Future growth in the City of Chanute is limited by flood plain barriers to southerly and westerly directions. As this growth develops, this route will continue to gain importance.

For the past 10 years, the County has been attempting to make improvements using local funds along these routes. Recent increases in paving and bridge construction costs have made it apparent that using traditional federal aid and local funding options cannot raise enough funds for a project of this magnitude. Neosho County's current federal funding eligibility is only \$2.6 million through 2010, barely enough to maintain existing roads and bridges countywide. . The estimated cost of this project is currently between \$12 and \$14 million. If the county is ever going to make an improvement of this magnitude while maintaining current infrastructure elsewhere in the county, new funding sources are needed. The expiration of the ½ cent jail tax gives the voters a rare opportunity to maintain a current source of funding without raising property taxes.

We respectfully ask that you allow the voters of Neosho County to voice their opinion on this important issue.

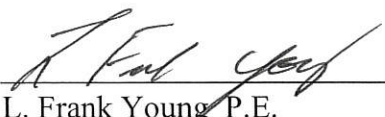
Thank you for your consideration.

Respectfully submitted,

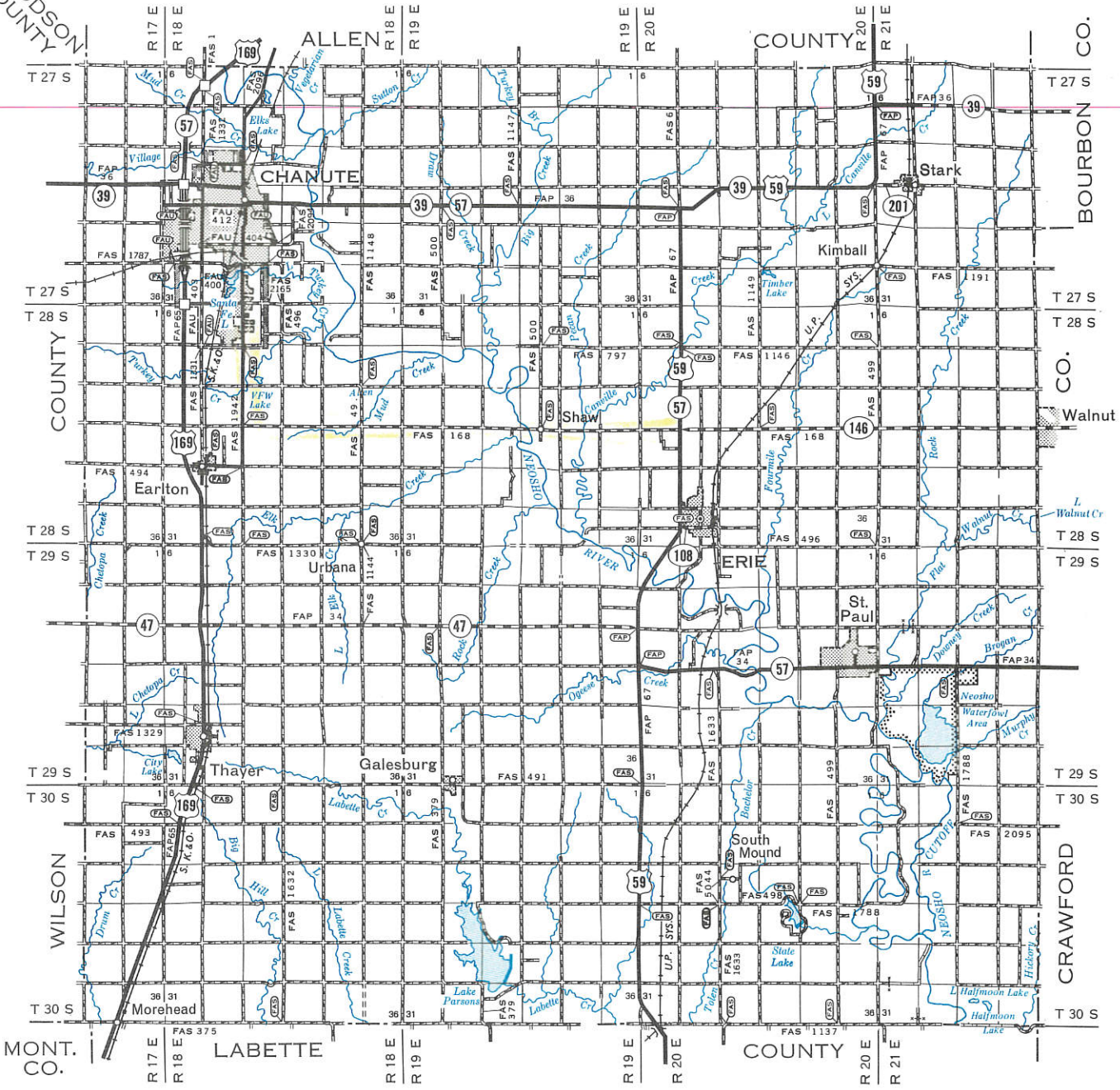
  
 \_\_\_\_\_  
 Donnie Yarnell  
 Chairman  
 District One  
 Neosho County Board of Commissioners

  
 \_\_\_\_\_  
 Royce Edwards  
 Member  
 District 2  
 Neosho County Commission

  
 \_\_\_\_\_  
 Scott Parish  
 Member  
 District 3  
 Neosho County Commission

  
 \_\_\_\_\_  
 L. Frank Young P.E.  
 Neosho County Engineer

WOODSON COUNTY



# NEOSHO COUNTY ROAD IMPROVEMENT PROJECT

## LEGEND

### ROADS AND ROADWAY FEATURES

- PRIMITIVE ROAD .....
- UNIMPROVED ROAD .....
- GRADED AND DRAINED ROAD .....
- SOIL SURFACED ROAD .....
- GRAVEL OR STONE ROAD - NOT GRADED OR DRAINED .....
- GRAVEL OR STONE ROAD - GRADED AND DRAINED .....
- GRAVEL OR STONE ROAD WITH STABILIZED SURFACE .....
- BITUMINOUS ROAD - LOW TYPE .....
- PAVED ROAD .....
- DIVIDED HIGHWAY .....
- HIGHWAY WITH FULL CONTROL OF ACCESS AND INTERCHANGE .....

### ROAD SYSTEM DESIGNATION

- FEDERAL-AID INTERSTATE HIGHWAY SYSTEM .....
- FEDERAL-AID PRIMARY HIGHWAY SYSTEM .....
- FEDERAL-AID SECONDARY HIGHWAY SYSTEM .....
- INTERSTATE NUMBERED HIGHWAY .....
- U.S. NUMBERED HIGHWAY .....
- STATE HIGHWAY SYSTEM OR STATE NUMBERED HIGHWAY .....
- END OF DESIGNATED SYSTEM OR MARKED ROUTE .....



## GENERAL HIGHWAY MAP NEOSHO COUNTY KANSAS

PREPARED BY THE  
KANSAS DEPARTMENT OF TRANSPORTATION  
BUREAU OF TRANSPORTATION PLANNING  
IN COOPERATION WITH THE  
U. S. DEPARTMENT OF TRANSPORTATION  
FEDERAL HIGHWAY ADMINISTRATION



FA SYSTEM REVISED TO APRIL 2, 1992

1989





# K A N S A S

JOAN WAGNON, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT OF REVENUE  
OFFICE OF THE SECRETARY

Testimony to the Senate Committee on Assessment and Taxation  
Joan Wagnon

March 22, 2005

## Senate Bill 302--Ensuring Uniformity of the Local Sales Tax Laws

Senator Donovan and Members of the Committee:

Senate Bill 302 follows from the recommendations of the Special Committee on Assessment and Taxation, as a result of the study of the issue of uniformity of the local sales tax statutes. If the local sales tax laws are deemed non-uniform, so that cities could exercise home rule authority to opt out of them, then action taken by any city could potentially throw Kansas out of compliance with the Streamlined Sales and Use Tax Agreement (Agreement), which requires that local sales taxes be administered at the state level, state and local tax bases must be the same, and that multiple rates within a taxing jurisdiction on different items cannot be used. A city might attempt to create its own sales tax exemptions or impositions, establish different rates for different items, or administer its own sales tax. Senate Bill 302 should restore uniformity to the local sales tax laws, so that cities can no longer attempt to opt out of these laws and place at risk the State's ability to become or remain a member of the Agreement.

### Statutory Amendments Proposed

#### Section 1

K.S.A. 12-187 authorizes for Class B and D cities certain special purpose city sales taxes (health care for Class B cities in which the county does not have such a tax, and economic development initiatives for Class D cities) and for certain counties, special county sales taxes. It also imposes rate restrictions (1% being the highest authorized rate) on them. For the special purpose county sales taxes for specific counties, K.S.A. 12-187 authorizes the dedication of all such revenue to the financing of those special projects. Section 1 amends K.S.A. 12-187 to gather all of these special types of city and county sales taxes and provides authority to all cities the authority to enact those special project city sales taxes of up to 1%, and further provides to all counties the authority to enact special project county sales taxes of up to 1%, with the revenues from those special county sales taxes to be dedicated to finance those projects. Between all the city and county sales taxes authorized, a total of up to 4% of local sales tax authority would exist, doubling the authority that currently exists.

The non-uniformity issue involved in the Court of Appeals decision in *Home Builders Assoc. v. City of Overland Park*, 22 Kan. App. 2d 649, 921 P.2d 234 (1996) concerned the Class B authority for certain cities to enact a health care sales tax, if the county did not have one. The court identified this as a non-uniformity issue in the local sales tax laws. By extending to all

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Assessment & Taxation  
Date 03-22-05  
Attachment # 2

cities authority to enact a health care sales tax, whether the county has one or not, this non-uniformity argument should be defeated.

Extending to all counties the authority granted to some counties to enact special project sales taxes, with the revenues dedicated entirely to funding the special project, would defeat a non-uniformity argument that cities located in counties having authority to enact special project sales taxes (which will not be shared with those cities), are being treated differently than cities in counties that do not have special project sales tax authority (county sales taxes in such counties must be shared with the cities pursuant to applicable formulas).

## Section 2

K.S.A. 12-188 sets up 4 classes of cities, for purposes of levying sales and excise taxes. Section 2 amends K.S.A. 12-188 to reduce the 4 classes to 2 classes, Class A for all cities, and Class B for any city that, prior to July 1, 2005, exercised home rule authority to enact a local sales tax. Current Class B, for cities with health care sales taxes, Class C for the City of Wichita (which has a special exemption from the bonded debt limits on sales tax-financed bonds), and the Class D for cities in certain counties to levy economic development sales taxes, would be eliminated. All cities would be given the latitude provided in current Classes B, C and D.

The Kansas Constitution provides the legislature the leeway to impose limits and restrictions on cities' power to levy taxes, through up to 4 classes. If the number of statutory classes are reduced from 4 to 2, there will at least be 2 unused classes for dealing with future non-uniformity issues that may arise.

## Section 3

K.S.A. 12-189 sets the rate limits on cities and counties, imposing rate caps of 1% on Class A, B and C cities, and 1.75% on Class D cities. Counties are generally given a 1% rate cap. Counties must share this sales tax revenue with cities within those counties, pursuant to the formulas established in K.S.A. 12-192. However, numerous specific counties are given authority to levy special sales taxes for up to an additional 1% above that cap, with those special sales tax revenues dedicated entirely to financing those special projects. Section 3 would amend K.S.A. 12-189 to impose a general 1% rate cap on all cities (in increments of .25%, .5%, .75% or 1% only). Section 1 would amend K.S.A. 12-187(a)(2) to grant additional authority to cities of up to another 1% (in increments of .125%, .25%, .5%, .75% or 1% only) to levy special taxes for health care, economic development initiatives, strategic planning initiatives or public infrastructure projects. Section 3 amends K.S.A. 12-189 to provide that counties would keep the 1% rate cap (in increments of .25%, .5%, .75% or 1% only) for sales taxes that must be shared with cities. Section 3 references the section 1 amendment to K.S.A. 12-187(b)(2), which gives an additional 1% authority to counties (in increments of .125%, .25%, .5%, .75% or 1% only) for the purposes of financing special projects, all of that sales tax revenue would be dedicated to financing the special project. The proposal also includes a "grandfather clause" for city sales taxes enacted pursuant to home rule authority prior to July 1, 2005.

## Section 4

K.S.A. 12-192 provides the revenue sharing formula that counties must use in dividing up the county sales tax revenue between the county and cities in the county. Johnson County has its own special formula. Section 4 amends K.S.A. 12-192 to give any county the option to use the Johnson County formula. Another potential non-uniformity argument that could be raised is that by statute, cities in Johnson County have a different revenue formula for sharing county sales tax

revenue than cities in the other counties. By extending to all counties the option to use the Johnson County formula, this non-uniformity argument should be blunted.

#### Section 5

Class C in K.S.A. 12-188 only applies to the City of Wichita. K.S.A. 12-195b provides to the City of Wichita a special exemption from the bonded debt limits for sales tax-financed bonds. Section 5 would amend K.S.A. 12-195b to extend the exemption from the bonded debt limits to all cities, not just Wichita. Because the Class C for the City of Wichita is to be eliminated, the special exception to the bonded debt limits for the City of Wichita needs to be extended to all cities. Otherwise, a non-uniformity argument could develop.



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Manhattan
Salina
Topeka
Wichita

PAST PRESIDENTS
Richard Standrich 2003
Jeff Schrock 2002
David Reynolds 2001
John Young 2000
Michael Stibal 1999
John Samples 1998
Roger Schultz 1997
R. Neil Carlson 1996
Tom Ahlf 1995
James D. Peterson 1994
Gilbert Bristow 1993
Vernon L. Weis 1992
Elton Parsons 1991
Jim Miner 1990
Robert Hogue 1989
M.S. Mitchell 1988
Richard Hill 1987
Jay Schrock 1986
Joe Pashman 1985
Harold Warner, Jr. 1984
Frank A. Stuckey 1983
Donald L. Tasker 1982
John W. McKay 1981
Richard H. Bassett 1980

STATEMENT OF THE KANSAS BUILDING INDUSTRY ASSOCIATION

TO THE SENATE ASSESSMENT AND TAXATION COMMITTEE

SENATOR BARBARA ALLEN, CHAIR

SENATOR LES DONOVAN, VICE-CHAIR

REGARDING S.B. 302

MARCH 22, 2005

Chairman Donovan and Members of the Committee, I am Chris Wilson, Executive Director of the Kansas Building Industry Association (KBIA). KBIA is the state's home building trade association, with over 2900 members. Thank you for holding this hearing today on S.B. 302. KBIA is in support of this legislation, which restores uniformity of the state sales tax law.

The interim Special Committee on Assessment and Taxation in 2004 recommended this legislation for introduction during the 2005 Session. It is needed to restore the uniformity of the state law. Under the current situation, cities may adopt charter ordinances for taxes that would not otherwise be permitted under Kansas statutes, because of the nonuniformity of the statute.

S.B. 302 reduces the number of classes of cities in order to restore uniformity, thereby extending additional sales tax authority to a number of cities. We believe that extending the additional authority is necessary in order to restore uniformity. Under the current situation, cities may charter out and establish any sales or excise tax without a vote of the citizens.

Thank you for hearing this bill today, and we ask that you recommend it favorable for passage. I will be glad to respond to questions.

Assessment & Taxation
Date 03-22-05
Attachment # 3





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Overland Park, Kansas 66212  
• Fax: 913-895-5003  
www.opkansas.org

Testimony Before The  
Senate Assessment & Taxation Committee  
By Erik Sartorius  
Regarding  
Senate Bill 302

March 22, 2005

The City of Overland Park appreciates the opportunity to appear before the committee and present testimony on Senate Bill 302.

As most members of the committee know, the question of non-uniformity in local sales tax laws has received attention in the last year or two. The Department of Revenue has been concerned that non-uniformity grants local units of government the ability to exercise home rule authority and opt out of some laws.

Of particular concern to KDOR is how actions taken by cities could affect the State's participation in the Streamlined Sales and Use Tax Agreement. To date, no city has enacted a charter ordinance that jeopardizes such participation, nor can the City of Overland Park conceive of a reason cities would be interested in undermining an agreement most of them supported.

The City of Overland Park is hopeful that legislation can be crafted which satisfies the Legislature's and the Department of Revenue's desire to ensure that the local sales tax laws are returned to uniformity. Of concern to the City, however, is that any taxing authority lawfully created under home rule authority must be retained by cities. That is, we must be allowed to "remain whole."

To that end, the City asks this committee to ensure that local taxes are not jeopardized by this legislation. We look forward to working with the committee to craft a bill that accomplishes the goal of uniformity while making certain that local governments are not harmed.

Assessment & Taxation  
Date 03-22-05  
Attachment # 4



League of Kansas Municipalities

300 SW 8th Avenue  
Topeka, Kansas 66603-3912  
Phone: (785) 354-9565  
Fax: (785) 354-4186

**To:** Senate Assessment and Taxation Committee  
**From:** Don Moler, Executive Director  
**Re:** Opposition to SB 302  
**Date:** March 22, 2005

First I would like to thank the Committee for allowing the League to testify today in opposition to SB 302. The League has consistently supported uniformity in the Local Sales Tax Act which is predicated on the participation of the State of Kansas in the Streamlined Sales Tax project. We believe that the ability to access sales tax revenues generated by Internet and catalog sales is an important part of adequately financing state and local governments in Kansas. The League supports the uniformity aspect of this legislation, however, we do not support SB 302 as we believe it takes a step backwards when dealing with local sales and excise taxes. We believe that SB 302 should not be used as a vehicle to undermine locally imposed sales and excise taxes. Rather we support its stated goal of uniformity but oppose SB 302 based on the fact that we believe it is being used as a vehicle to limit local sales and excise tax authority.

SB 302, so far as we can tell, is identical to HB 2023 which was pre-filed and was assigned to the House Taxation Committee on January 10, 2005. HB 2023, as of March 22, 2005, remains in the House Taxation Committee and has not moved from that Committee for over two months based on the fact that the bill goes far beyond merely creating uniformity in the local sales and excise tax laws. The League maintains a posture of support for uniformity in the local sales tax act. We do not believe, however, that the approach taken by either HB 2023 or SB 302 is a maintenance of the status quo. Instead, both of these pieces of legislation will severely limit the authority of local governments to finance their operations via a locally approved sales or excise tax.

When HB 2023 was referred to a House Taxation subcommittee, we were asked by the Chair of the subcommittee to provide language which we could support and which would provide uniformity to the state sales tax act. The League responded and provided the Chair with the language he requested. The subcommittee Chair then requested that language to be introduced as a piece of legislation. You will find this language in HB 2490 which I have attached to my testimony. HB 2490 maintains the status quo in the local sales and excise tax act. It does not limit the authority of cities and counties but it establishes uniformity, and thus does not allow for any charter ordinances to be passed which could potentially impact the streamlined sales tax compact, and the participation of the State of Kansas in that agreement. We believe that the language contained in HB 2490 meets the stated goals of uniformity, without limiting the existing authority of cities and counties in Kansas. In conclusion, the League supports uniformity but opposes uniformity when it is used to limit the current authority of cities to levy a local sales tax and to maintain a local excise tax. I will be happy to answer any questions the Committee may have concerning the League's position on SB 302, and the uniformity provisions of the local sales tax act.

## HOUSE BILL No. 2490

By Committee on Taxation

2-21

9 AN ACT concerning taxation; relating to city and county retailers' sales  
10 tax; classes of cities; amending K.S.A. 12-195b and K.S.A. 2004 Supp.  
11 12-187, 12-189 and 12-192 and repealing the existing sections; also  
12 repealing K.S.A. 2004 Supp. 12-188 and 12-194.  
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2004 Supp. 12-187 is hereby amended to read as  
16 follows: 12-187. (a) ~~(1)~~ No city shall impose a retailers' sales tax under  
17 the provisions of this act without the governing body of such city having  
18 first submitted such proposition to and having received the approval of a  
19 majority of the electors of the city voting thereon at an election called  
20 and held therefor. The governing body of any city may submit the ques-  
21 tion of imposing a retailers' sales tax and the governing body shall be  
22 required to submit the question upon submission of a petition signed by  
23 electors of such city equal in number to not less than 10% of the electors  
24 of such city.

25 ~~(2) The governing body of any class B city located in any county which~~  
26 ~~does not impose a countywide retailers' sales tax pursuant to paragraph~~  
27 ~~(5) of subsection (b) may submit the question of imposing a retailers' sales~~  
28 ~~tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue re-~~  
29 ~~ceived therefrom for the purpose of financing the provision of health care~~  
30 ~~services, as enumerated in the question, to the electors at an election~~  
31 ~~called and held thereon. The tax imposed pursuant to this paragraph shall~~  
32 ~~be deemed to be in addition to the rate limitations prescribed in K.S.A.~~  
33 ~~12-189, and amendments thereto. As used in this paragraph, health care~~  
34 ~~services shall include but not be limited to the following: Local health~~  
35 ~~departments, city, county or district hospitals, city or county nursing~~  
36 ~~homes, preventive health care services including immunizations, prenatal~~  
37 ~~care and the postponement of entry into nursing homes by home health~~  
38 ~~care services, mental health services, indigent health care, physician or~~  
39 ~~health care worker recruitment, health education, emergency medical~~  
40 ~~services, rural health clinics, integration of health care services, home~~  
41 ~~health services and rural health networks.~~

42 (b) ~~(1)~~ The board of county commissioners of any county may submit  
43 the question of imposing a countywide retailers' sales tax to the electors

1 at an election called and held thereon, and any such board shall be re-  
2 quired to submit the question upon submission of a petition signed by  
3 electors of such county equal in number to not less than 10% of the  
4 electors of such county who voted at the last preceding general election  
5 for the office of secretary of state, or upon receiving resolutions request-  
6 ing such an election passed by not less than  $\frac{2}{3}$  of the membership of the  
7 governing body of each of one or more cities within such county which  
8 contains a population of not less than 25% of the entire population of the  
9 county, or upon receiving resolutions requesting such an election passed  
10 by  $\frac{2}{3}$  of the membership of the governing body of each of one or more  
11 taxing subdivisions within such county which levy not less than 25% of  
12 the property taxes levied by all taxing subdivisions within the county.

13 ~~(2) The board of county commissioners of Anderson, Atchison, Bar-~~  
14 ~~ton, Butler, Chase, Cowley, Cherokee, Crawford, Ford, Jefferson, Lyon,~~  
15 ~~Montgomery, Neosho, Osage, Ottawa, Riley, Saline, Seward, Sumner,~~  
16 ~~Wabaunsee, Wilson and Wyandotte counties may submit the question of~~  
17 ~~imposing a countywide retailers' sales tax and pledging the revenue re-~~  
18 ~~ceived therefrom for the purpose of financing the construction or re-~~  
19 ~~modeling of a courthouse, jail, law enforcement center facility or other~~  
20 ~~county administrative facility, to the electors at an election called and~~  
21 ~~held thereon. The tax imposed pursuant to this paragraph shall expire~~  
22 ~~when sales tax sufficient to pay all of the costs incurred in the financing~~  
23 ~~of such facility has been collected by retailers as determined by the sec-~~  
24 ~~retary of revenue. Nothing in this paragraph shall be construed to allow~~  
25 ~~the rate of tax imposed by Butler, Chase, Cowley, Lyon, Montgomery,~~  
26 ~~Neosho, Riley, Sumner or Wilson county pursuant to this paragraph to~~  
27 ~~exceed or be imposed at any rate other than the rates prescribed in K.S.A.~~  
28 ~~12-189, and amendments thereto.~~

29 ~~—(3) (A) Except as otherwise provided in this paragraph, the result of~~  
30 ~~the election held on November 8, 1988, on the question submitted by~~  
31 ~~the board of county commissioners of Jackson county for the purpose of~~  
32 ~~increasing its countywide retailers' sales tax by 1% is hereby declared~~  
33 ~~valid, and the revenue received therefrom by the county shall be ex-~~  
34 ~~pende solely for the purpose of financing the Banner Creek reservoir~~  
35 ~~project. The tax imposed pursuant to this paragraph shall take effect on~~  
36 ~~the effective date of this act and shall expire not later than five years after~~  
37 ~~such date.~~

38 ~~—(B) The result of the election held on November 8, 1994, on the~~  
39 ~~question submitted by the board of county commissioners of Ottawa~~  
40 ~~county for the purpose of increasing its countywide retailers' sales tax by~~  
41 ~~1% is hereby declared valid, and the revenue received therefrom by the~~  
42 ~~county shall be expended solely for the purpose of financing the erection,~~  
43 ~~construction and furnishing of a law enforcement center and jail facility.~~



1 —(4)— The board of county commissioners of Finney and Ford counties  
2 may submit the question of imposing a countywide retailers' sales tax at  
3 the rate of .25% and pledging the revenue received therefrom for the  
4 purpose of financing all or any portion of the cost to be paid by Finney  
5 or Ford county for construction of highway projects identified as system  
6 enhancements under the provisions of paragraph (5) of subsection (b) of  
7 K.S.A. 68-2314, and amendments thereto, to the electors at an election  
8 called and held thereon. Such election shall be called and held in the  
9 manner provided by the general bond law. The tax imposed pursuant to  
10 this paragraph shall expire upon the payment of all costs authorized pur-  
11 suant to this paragraph in the financing of such highway projects. Nothing  
12 in this paragraph shall be construed to allow the rate of tax imposed by  
13 Finney or Ford county pursuant to this paragraph to exceed the maximum  
14 rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds  
15 remain upon the payment of all costs authorized pursuant to this para-  
16 graph in the financing of such highway projects in Finney county, the  
17 state treasurer shall remit such funds to the treasurer of Finney county  
18 and upon receipt of such moneys shall be deposited to the credit of the  
19 county road and bridge fund. If any funds remain upon the payment of  
20 all costs authorized pursuant to this paragraph in the financing of such  
21 highway projects in Ford county, the state treasurer shall remit such funds  
22 to the treasurer of Ford county and upon receipt of such moneys shall  
23 be deposited to the credit of the county road and bridge fund.

24 —(5)— The board of county commissioners of any county may submit the  
25 question of imposing a retailers' sales tax at the rate of .25%, .5%, .75%  
26 or 1% and pledging the revenue received therefrom for the purpose of  
27 financing the provision of health care services, as enumerated in the ques-  
28 tion, to the electors at an election called and held thereon. Whenever any  
29 county imposes a tax pursuant to this paragraph, any tax imposed pursuant  
30 to paragraph (2) of subsection (a) by any city located in such county shall  
31 expire upon the effective date of the imposition of the countywide tax,  
32 and thereafter the state treasurer shall remit to each such city that portion  
33 of the countywide tax revenue collected by retailers within such city as  
34 certified by the director of taxation. The tax imposed pursuant to this  
35 paragraph shall be deemed to be in addition to the rate limitations pre-  
36 scribed in K.S.A. 12-189, and amendments thereto. As used in this para-  
37 graph, health care services shall include but not be limited to the follow-  
38 ing: Local health departments, city or county hospitals, city or county  
39 nursing homes, preventive health care services including immunizations,  
40 prenatal care and the postponement of entry into nursing homes by home  
41 care services, mental health services, indigent health care, physician or  
42 health care worker recruitment, health education, emergency medical  
43 services, rural health clinics, integration of health care services, home

- 1 health services and rural health networks.
- 2 ~~—(6) The board of county commissioners of Allen county may submit~~  
3 ~~the question of imposing a countywide retailers' sales tax at the rate of~~  
4 ~~.5% and pledging the revenue received therefrom for the purpose of~~  
5 ~~financing the costs of operation and construction of a solid waste disposal~~  
6 ~~area or the modification of an existing landfill to comply with federal~~  
7 ~~regulations to the electors at an election called and held thereon. The tax~~  
8 ~~imposed pursuant to this paragraph shall expire upon the payment of all~~  
9 ~~costs incurred in the financing of the project undertaken. Nothing in this~~  
10 ~~paragraph shall be construed to allow the rate of tax imposed by Allen~~  
11 ~~county pursuant to this paragraph to exceed or be imposed at any rate~~  
12 ~~other than the rates prescribed in K.S.A. 12-189 and amendments~~  
13 ~~thereto.~~
- 14 ~~—(7) The board of county commissioners of Clay, Dickinson and Miami~~  
15 ~~county may submit the question of imposing a countywide retailers' sales~~  
16 ~~tax at the rate of .50% in the case of Clay and Dickinson county and at a~~  
17 ~~rate of up to 1% in the case of Miami county, and pledging the revenue~~  
18 ~~received therefrom for the purpose of financing the costs of roadway~~  
19 ~~construction and improvement to the electors at an election called and~~  
20 ~~held thereon. Except as otherwise provided, the tax imposed pursuant to~~  
21 ~~this paragraph shall expire after five years from the date such tax is first~~  
22 ~~collected. The countywide retailers' sales tax imposed pursuant to this~~  
23 ~~subsection in Clay county may be extended or reenacted for additional~~  
24 ~~five-year periods upon the board of county commissioners of Clay county~~  
25 ~~submitting such question to the electors at an election called and held~~  
26 ~~thereon for each additional five-year period as provided by law.~~
- 27 ~~—(8) The board of county commissioners of Sherman county may sub-~~  
28 ~~mit the question of imposing a countywide retailers' sales tax at the rate~~  
29 ~~of .25%, .5% or .75% and pledging the revenue therefrom for the purpose~~  
30 ~~of financing the costs of the county roads 64 and 65 construction and~~  
31 ~~improvement project. The tax imposed pursuant to this paragraph shall~~  
32 ~~expire upon payment of all costs authorized pursuant to this paragraph~~  
33 ~~in the financing of such project.~~
- 34 ~~—(9) The board of county commissioners of Cowley, Russell and~~  
35 ~~Woodson county may submit the question of imposing a countywide re-~~  
36 ~~tailers' sales tax at the rate of .5% in the case of Russell and Woodson~~  
37 ~~county and at a rate of up to .25%, in the case of Cowley county and~~  
38 ~~pledging the revenue received therefrom for the purpose of financing~~  
39 ~~economic development initiatives or public infrastructure projects. The~~  
40 ~~tax imposed pursuant to this paragraph shall expire after five years from~~  
41 ~~the date such tax is first collected.~~
- 42 ~~—(10) The board of county commissioners of Franklin county may sub-~~  
43 ~~mit the question of imposing a countywide retailers' sales tax at the rate~~

1 of .25% and pledging the revenue received therefrom for the purpose of  
2 financing recreational facilities. The tax imposed pursuant to this para-  
3 graph shall expire upon payment of all costs authorized in financing such  
4 facilities.

5 —(11) The board of county commissioners of Douglas county may sub-  
6 mit to the question of imposing a countywide retailers' sales tax at the  
7 rate of .25% and pledging the revenue received therefrom for the pur-  
8 poses of preservation, access and management of open space, and for  
9 industrial and business park related economic development.

10 —(12) The board of county commissioners of Shawnee county may sub-  
11 mit the question of imposing a countywide retailers' sales tax at the rate  
12 of .25% and pledging the revenue received therefrom to the city of To-  
13 peka for the purpose of financing the costs of rebuilding the Topeka  
14 boulevard bridge and other public infrastructure improvements associ-  
15 ated with such project to the electors at an election called and held  
16 thereon. The tax imposed pursuant to this paragraph shall expire upon  
17 payment of all costs authorized in financing such project.

18 —(13) The board of county commissioners of Jackson county may sub-  
19 mit the question of imposing a countywide retailers' sales tax at a rate of  
20 .4% and pledging the revenue received therefrom as follows: 50% of such  
21 revenues for the purpose of financing for economic development initia-  
22 tives; and 50% of such revenues for the purpose of financing public in-  
23 frastructure projects to the electors at an election called and held thereon.  
24 The tax imposed pursuant to this paragraph shall expire after seven years  
25 from the date such tax is first collected.

26 (c) The boards of county commissioners of any two or more contig-  
27 uous counties, upon adoption of a joint resolution by such boards, may  
28 submit the question of imposing a retailers' sales tax within such counties  
29 to the electors of such counties at an election called and held thereon  
30 and such boards of any two or more contiguous counties shall be required  
31 to submit such question upon submission of a petition in each of such  
32 counties, signed by a number of electors of each of such counties where  
33 submitted equal in number to not less than 10% of the electors of each  
34 of such counties who voted at the last preceding general election for the  
35 office of secretary of state, or upon receiving resolutions requesting such  
36 an election passed by not less than  $\frac{2}{3}$  of the membership of the governing  
37 body of each of one or more cities within each of such counties which  
38 contains a population of not less than 25% of the entire population of  
39 each of such counties, or upon receiving resolutions requesting such an  
40 election passed by  $\frac{2}{3}$  of the membership of the governing body of each  
41 of one or more taxing subdivisions within each of such counties which  
42 levy not less than 25% of the property taxes levied by all taxing subdivi-  
43 sions within each of such counties.

1 (d) Any city retailers' sales tax ~~in the amount of .5%~~ being levied by  
2 a city ~~on prior to July 1, 1990~~ 2005, shall continue in effect until repealed  
3 in the manner provided herein for the adoption and approval of such tax  
4 or until repealed by the adoption of an ordinance so providing. ~~In addition~~  
5 ~~to any city retailers' sales tax being levied by a city on July 1, 1990, any~~  
6 ~~such city may adopt an additional city retailers' sales tax in the amount of~~  
7 ~~.25% or .5%, provided that such additional tax is adopted and approved~~  
8 ~~in the manner provided for the adoption and approval of a city retailers'~~  
9 ~~sales tax for such repeal. Any countywide retailers' sales tax in the amount~~  
10 ~~of .5% or 1% in effect on July 1, 1990 being levied by a county prior to~~  
11 ~~July 1, 2005, shall continue in effect until repealed in the manner pro-~~  
12 ~~vided herein for the adoption and approval of such tax.~~

13 (e) ~~A class D city shall have the same power to levy and collect a city~~  
14 ~~retailers' sales tax that a class A city is authorized to levy and collect and~~  
15 ~~in addition, the governing body of any class D city may submit the ques-~~  
16 ~~tion of imposing an additional city retailers' sales tax in the amount of~~  
17 ~~.125%, .25%, .5% or .75% and pledging the revenue received therefrom~~  
18 ~~for economic development initiatives, strategic planning initiatives or for~~  
19 ~~public infrastructure projects including buildings to the electors at an~~  
20 ~~election called and held thereon. Any additional sales tax imposed pur-~~  
21 ~~suant to this paragraph shall expire no later than five years from the date~~  
22 ~~of imposition thereof, except that any such tax imposed by any class D~~  
23 ~~city after the effective date of this act shall expire no later than 10 years~~  
24 ~~from the date of imposition thereof.~~

25 ~~(f)~~ Any city or county proposing to adopt a retailers' sales tax shall  
26 give notice of its intention to submit such proposition for approval by the  
27 electors in the manner required by K.S.A. 10-120, and amendments  
28 thereto. The notices shall state the time of the election and the rate and  
29 effective date of the proposed tax. If a majority of the electors voting  
30 thereon at such election fail to approve the proposition, such proposition  
31 may be resubmitted under the conditions and in the manner provided in  
32 this act for submission of the proposition. If a majority of the electors  
33 voting thereon at such election shall approve the levying of such tax, the  
34 governing body of any such city or county shall provide by ordinance or  
35 resolution, as the case may be, for the levy of the tax. Any repeal of such  
36 tax or any reduction or increase in the rate thereof, ~~within the limits~~  
37 ~~prescribed by K.S.A. 12-189, and amendments thereto,~~ shall be accom-  
38 plished in the manner provided herein for the adoption and approval of  
39 such tax except that the repeal of any such city retailers' sales tax may be  
40 accomplished by the adoption of an ordinance so providing.

41 ~~(g)~~ (f) The sufficiency of the number of signers of any petition filed  
42 under this section shall be determined by the county election officer.  
43 Every election held under this act shall be conducted by the county elec-

1 tion officer.

2 (h) (g) The governing body of the city or county proposing to levy  
3 any retailers' sales tax shall specify the purpose or purposes for which the  
4 revenue would be used, and a statement generally describing such pur-  
5 pose or purposes shall be included as a part of the ballot proposition.

6 Sec. 2. K.S.A. 2004 Supp. 12-189 is hereby amended to read as fol-  
7 lows: 12-189. Except as otherwise provided by paragraph (2) of subsection  
8 (a) of K.S.A. 12-187, and amendments thereto, (a) The rate of any class  
9 A, class B or class C city retailers' sales tax shall be fixed in the amount  
10 of .25%, .5%, .75% or 1% which amount shall be determined by the  
11 governing body of the city. Except as otherwise provided by paragraph  
12 (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the rate  
13 of any class D city retailers' sales tax shall be fixed in the amount of .10%,  
14 .25%, .5%, .75%, 1%, 1.125%, 1.25%, 1.5% or 1.75%.

15 (b) The rate of any countywide retailers' sales tax shall be fixed in a  
16 amount of either .25%, .5%, .75% or 1% which amount shall be deter-  
17 mined by the board of county commissioners, except that:

18 —(a) The board of county commissioners of Wabaunsee county, for the  
19 purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amend-  
20 ments thereto, may fix such rate at 1.25%, the board of county commis-  
21 sioners of Osage county, for the purposes of paragraph (2) of subsection  
22 (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%  
23 or 1.5%, the board of county commissioners of Cherokee, Crawford,  
24 Ford, Saline, Seward or Wyandotte county, for the purposes of paragraph  
25 (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix  
26 such rate at 1.5%, the board of county commissioners of Atchison county,  
27 for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and  
28 amendments thereto, may fix such rate at 1.5% or 1.75% and the board  
29 of county commissioners of Anderson, Barton, Jefferson or Ottawa  
30 county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-  
31 187, and amendments thereto, may fix such rate at 2%;

32 —(b) the board of county commissioners of Jackson county, for the  
33 purposes of paragraph (3) of subsection (b) of K.S.A. 12-187, and amend-  
34 ments thereto, may fix such rate at 2%;

35 —(c) the boards of county commissioners of Finney and Ford counties,  
36 for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187, and  
37 amendments thereto, may fix such rate at .25%;

38 —(d) the board of county commissioners of any county for the purposes  
39 of paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments  
40 thereto, may fix such rate at a percentage which is equal to the sum of  
41 the rate allowed to be imposed by a board of county commissioners on  
42 the effective date of this act plus .25%, .5%, .75% or 1%, as the case  
43 requires;

- 1 ~~—(c) the board of county commissioners of Dickinson county, for the~~  
2 ~~purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amend-~~  
3 ~~ments thereto, may fix such rate at 1.5%, and the board of county com-~~  
4 ~~missioners of Miami county, for the purposes of paragraph (7) of subsec-~~  
5 ~~tion (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at~~  
6 ~~1.25%, 1.5%, 1.75% or 2%;~~
- 7 ~~—(f) the board of county commissioners of Sherman county, for the~~  
8 ~~purposes of paragraph (8) of subsection (b) of K.S.A. 12-187, and amend-~~  
9 ~~ments thereto, may fix such rate at 1.5%, 1.75% or 2%;~~
- 10 ~~—(g) the board of county commissioners of Russell county for the pur-~~  
11 ~~poses of paragraph (9) of subsection (b) of K.S.A. 12-187, and amend-~~  
12 ~~ments thereto, may fix such rate at 1.5%;~~
- 13 ~~—(h) the board of county commissioners of Franklin county, for the~~  
14 ~~purposes of paragraph (10) of subsection (b) of K.S.A. 12-187, and~~  
15 ~~amendments thereto, may fix such rate at 1.75%;~~
- 16 ~~—(i) the board of county commissioners of Douglas county, for the~~  
17 ~~purposes of paragraph (11) of subsection (b) of K.S.A. 12-187, and~~  
18 ~~amendments thereto, may fix such rate at 1.25%; or~~
- 19 ~~—(j) the board of county commissioners of Jackson county, for the pur-~~  
20 ~~poses of subsection (b)(13) of K.S.A. 12-187 and amendments thereto,~~  
21 ~~may fix such rate at 1.4%.~~
- 22 (c) Any county or city levying a retailers' sales tax is hereby prohibited  
23 from administering or collecting such tax locally, but shall utilize the serv-  
24 ices of the state department of revenue to administer, enforce and collect  
25 such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and  
26 amendments thereto, such tax shall be identical in its application, and  
27 exemptions therefrom, to the Kansas retailers' sales tax act and all laws  
28 and administrative rules and regulations of the state department of rev-  
29 enue relating to the Kansas retailers' sales tax shall apply to such local  
30 sales tax insofar as such laws and rules and regulations may be made  
31 applicable. The state director of taxation is hereby authorized to admin-  
32 ister, enforce and collect such local sales taxes and to adopt such rules  
33 and regulations as may be necessary for the efficient and effective ad-  
34 ministration and enforcement thereof.
- 35 (d) Upon receipt of a certified copy of an ordinance or resolution  
36 authorizing the levy of a local retailers' sales tax, the director of taxation  
37 shall cause such taxes to be collected within or without the boundaries of  
38 such taxing subdivision at the same time and in the same manner provided  
39 for the collection of the state retailers' sales tax. Such copy shall be sub-  
40 mitted to the director of taxation within 30 days after adoption of any  
41 such ordinance or resolution. All moneys collected by the director of  
42 taxation under the provisions of this section shall be credited to a county  
43 and city retailers' sales tax fund which fund is hereby established in the

1 state treasury. Any refund due on any county or city retailers' sales tax  
2 collected pursuant to this act shall be paid out of the sales tax refund fund  
3 and reimbursed by the director of taxation from collections of local re-  
4 tailers' sales tax revenue. Except for local retailers' sales tax revenue re-  
5 quired to be deposited in the redevelopment bond fund established under  
6 K.S.A. 74-8927, and amendments thereto, all local retailers' sales tax re-  
7 venue collected within any county or city pursuant to this act shall be  
8 apportioned and remitted at least quarterly by the state treasurer, on  
9 instruction from the director of taxation, to the treasurer of such county  
10 or city.

11 (e) Revenue that is received from the imposition of a local retailers'  
12 sales tax which exceeds the amount of revenue required to pay the costs  
13 of a special project for which such revenue was pledged shall be credited  
14 to the city or county general fund, as the case requires.

15 (f) The director of taxation shall provide, upon request by a city or  
16 county clerk or treasurer of any city or county levying a local retailers'  
17 sales tax, monthly reports identifying each retailer having a place of busi-  
18 ness in such city or county setting forth the tax liability and the amount  
19 of such tax remitted by each retailer during the preceding month and  
20 identifying each business location maintained by the retailer within such  
21 city or county. Such report shall be made available to the clerk or treasurer  
22 of such city or county within a reasonable time after it has been requested  
23 from the director of taxation. The director of taxation shall be allowed to  
24 assess a reasonable fee for the issuance of such report. Information re-  
25 ceived by any city or county pursuant to this section shall be confidential,  
26 and it shall be unlawful for any officer or employee of such city or county  
27 to divulge any such information in any manner. Any violation of this par-  
28 agraph by a city or county officer or employee is a class B misdemeanor,  
29 and such officer or employee shall be dismissed from office.

30 Sec. 3. K.S.A. 2004 Supp. 12-192 is hereby amended to read as fol-  
31 lows: 12-192. (a) ~~Except as otherwise provided by subsection (b), (d) or~~  
32 ~~(h);~~ All revenue received by the director of taxation from a countywide  
33 retailers' sales tax shall be apportioned among the county and each city  
34 located in such county in the following manner: (1) One-half of all reve-  
35 nue received by the director of taxation shall be apportioned among the  
36 county and each city located in such county in the proportion that the  
37 total tangible property tax levies made in such county in the preceding  
38 year for all funds of each such governmental unit bear to the total of all  
39 such levies made in the preceding year, and (2) ½ of all revenue received  
40 by the director of taxation from such countywide retailers' sales tax shall  
41 be apportioned among the county and each city located in such county,  
42 first to the county that portion of the revenue equal to the proportion  
43 that the population of the county residing in the unincorporated area of

1 the county bears to the total population of the county, and second to the  
2 cities in the proportion that the population of each city bears to the total  
3 population of the county, except that no persons residing within the Fort  
4 Riley military reservation shall be included in the determination of the  
5 population of any city located within Riley county. All revenue appor-  
6 tioned to a county shall be paid to its county treasurer and shall be cred-  
7 ited to the general fund of the county.

8 ~~(b) (1) As an alternative and in lieu of the apportionment formula~~  
9 ~~provided in subsection (a), all revenue received by the director of taxation~~  
10 ~~from a countywide retailers' sales tax imposed within Johnson county at~~  
11 ~~the rate of .75% or 1% after the effective date of this act may be appor-~~  
12 ~~tioned among the county and each city located in such county in the~~  
13 ~~following manner: (A) The revenue received from the first .5% rate of~~  
14 ~~tax shall be apportioned in the manner prescribed by subsection (a) and~~  
15 ~~(B) the revenue received from the rate of tax exceeding .5% shall be~~  
16 ~~apportioned as follows: (i) One-fourth shall be apportioned among the~~  
17 ~~county and each city located in such county in the proportion that the~~  
18 ~~total tangible property tax levies made in such county in the preceding~~  
19 ~~year for all funds of each such governmental unit bear to the total of all~~  
20 ~~such levies made in the preceding year and (ii) one-fourth shall be ap-~~  
21 ~~portioned among the county and each city located in such county, first to~~  
22 ~~the county that portion of the revenue equal to the proportion that the~~  
23 ~~population of the county residing in the unincorporated area of the county~~  
24 ~~bears to the total population of the county, and second to the cities in the~~  
25 ~~proportion that the population of each city bears to the total population~~  
26 ~~of the county and (iii) one-half shall be retained by the county for its sole~~  
27 ~~use and benefit.~~

28 ~~(2) In lieu of the apportionment formula provided in subsection (a),~~  
29 ~~all money received by the director of taxation from a countywide sales tax~~  
30 ~~imposed within Montgomery county pursuant to the election held on~~  
31 ~~November 8, 1904, shall be remitted to and shall be retained by the~~  
32 ~~county and expended only for the purpose for which the revenue received~~  
33 ~~from the tax was pledged. All revenue apportioned and paid from the~~  
34 ~~imposition of such tax to the treasurer of any city prior to the effective~~  
35 ~~date of this act shall be remitted to the county treasurer and expended~~  
36 ~~only for the purpose for which the revenue received from the tax was~~  
37 ~~pledged. All alternative apportionment formulas between county and each~~  
38 ~~city located therein and in place prior to July 1, 2005, shall remain in~~  
39 ~~effect.~~

40 (c) (1) Except as otherwise provided by paragraph (2) of this subsec-  
41 tion, for purposes of subsections (a) and (b), the term "total tangible  
42 property tax levies" means the aggregate dollar amount of tax revenue  
43 derived from ad valorem tax levies applicable to all tangible property



1 located within each such city or county. The ad valorem property tax levy  
2 of any county or city district entity or subdivision shall be included within  
3 this term if the levy of any such district entity or subdivision is applicable  
4 to all tangible property located within each such city or county.

5 (2) For the purposes of subsections (a) and (b), any ad valorem prop-  
6 erty tax levied on property located in a city in Johnson county for the  
7 purpose of providing fire protection service in such city shall be included  
8 within the term "total tangible property tax levies" for such city regardless  
9 of its applicability to all tangible property located within each such city.  
10 If the tax is levied by a district which extends across city boundaries, for  
11 purposes of this computation, the amount of such levy shall be appor-  
12 tioned among each city in which such district extends in the proportion  
13 that such tax levied within each city bears to the total tax levied by the  
14 district.

15 ~~(d) (1) All revenue received from a countywide retailers' sales tax~~  
16 ~~imposed pursuant to paragraphs (2), (6), (7), (8), (9) or (12) of subsection~~  
17 ~~(b) of K.S.A. 12-187, and amendments thereto, shall be remitted to and~~  
18 ~~shall be retained by the county and expended only for the purpose for~~  
19 ~~which the revenue received from the tax was pledged.~~

20 ~~—(2) Except as otherwise provided in paragraph (5) of subsection (b)~~  
21 ~~of K.S.A. 12-187, and amendments thereto, all revenues received from a~~  
22 ~~countywide retailers' sales tax imposed pursuant to paragraph (5) of sub-~~  
23 ~~section (b) of K.S.A. 12-187, and amendments thereto, shall be remitted~~  
24 ~~to and shall be retained by the county and expended only for the purpose~~  
25 ~~for which the revenue received from the tax was pledged.~~

26 ~~—(e) All revenue apportioned to the several cities of the county shall~~  
27 ~~be paid to the respective treasurers thereof and deposited in the general~~  
28 ~~fund of the city. Whenever the territory of any city is located in two or~~  
29 ~~more counties and any one or more of such counties do not levy a coun-~~  
30 ~~tywide retailers' sales tax, or whenever such counties do not levy coun-~~  
31 ~~tywide retailers' sales taxes at a uniform rate, the revenue received by~~  
32 ~~such city from the proceeds of the countywide retailers' sales tax, as an~~  
33 ~~alternative to depositing the same in the general fund, may be used for~~  
34 ~~the purpose of reducing the tax levies of such city upon the taxable tan-~~  
35 ~~gible property located within the county levying such countywide retail-~~  
36 ~~ers' sales tax.~~

37 ~~(f) (e) Prior to March 1 of each year, the secretary of revenue shall~~  
38 ~~advise each county treasurer of the revenue collected in such county from~~  
39 ~~the state retailers' sales tax for the preceding calendar year.~~

40 ~~(g) (f) Prior to December 31 of each year, the clerk of every county~~  
41 ~~imposing a countywide retailers' sales tax shall provide such information~~  
42 ~~deemed necessary by the secretary of revenue to apportion and remit~~  
43 ~~revenue to the counties and cities pursuant to this section.~~

1     ~~(h)~~ (g) The provisions of subsections (a) and (b) for the apportion-  
2 ment of countywide retailers' sales tax shall not apply to any revenues  
3 received pursuant to a county or countywide retailers' sales tax levied or  
4 collected under K.S.A. 74-8929, and amendments thereto. All such rev-  
5 enue collected under K.S.A. 74-8929, and amendments thereto, shall be  
6 deposited into the redevelopment bond fund established by K.S.A. 74-  
7 8927, and amendments thereto, for the period of time set forth in K.S.A.  
8 74-8927, and amendments thereto.

9     Sec. 4. K.S.A. 12-195b is hereby amended to read as follows: 12-  
10 195b. The governing body of any city or county by the appropriate or-  
11 dinance or resolution, may authorize the issuance of general obligation  
12 bonds to provide for the payment of all or any portion of the cost of any  
13 public facilities or improvements for which such city or county is other-  
14 wise authorized pursuant to the constitution or laws of this state to issue  
15 general obligation bonds. The governing body may pledge revenues re-  
16 ceived from countywide or city retailers' sales taxes imposed pursuant to  
17 K.S.A. 12-187 *et seq.*, and amendments thereto, for the payment of such  
18 bonds. The pledge of revenues received from countywide or city retailers'  
19 sales taxes for payment of such bonds shall constitute an irrevocable  
20 pledge of the revenues and shall be made a lien on the revenues for the  
21 benefit of bondholders. Any bonds issued under this section shall be sub-  
22 ject to the following requirements:

23     (a) Before the governing body of any city or county shall issue any  
24 general obligation bonds as authorized herein, the governing body shall  
25 cause to be prepared a comprehensive feasibility study showing that rev-  
26 enues received from a countywide or city retailers' sales tax would be  
27 sufficient to retire such bonds.

28     (b) Such bonds shall constitute a general obligation of the city or  
29 county payable from the pledged revenue received from countywide or  
30 city retailers' sales taxes and if not so paid such bonds shall be payable  
31 from ad valorem taxes which for the purpose of paying such bonds may  
32 be levied without limit as to rate or amount by the city or county, and  
33 shall be printed as provided in K.S.A. 10-112, and amendments thereto.

34     (c) Any bonds issued under the provisions of this section and the  
35 interest thereon, shall be exempt from all taxes levied by the state of  
36 Kansas or any political or taxing subdivision thereof, except inheritance  
37 taxes.

38     (d) All bonds which are to be financed in accordance with the pro-  
39 visions of this section shall be subject to any statutory limitation of bonded  
40 indebtedness imposed on a city or county unless:

41     (1) The law authorizing the issuance of such bonds specifically ex-  
42 cludes such bonds from any statutory limitation of bonded indebtedness;

43     or

1 (2) the bonds are excluded from the computation of bonded indebt-  
2 edness pursuant to K.S.A. 10-307 or 10-309, and amendments thereto;  
3 or

4 ~~(3) the bonds are issued by a class C city or Douglas county.~~

5 (e) In the event the governing body of a city or county proposes to  
6 issue such bonds, and the question of issuing bonds as authorized herein  
7 has not previously been submitted to and approved by the voters of the  
8 city or county such proposition shall be published once each week for two  
9 consecutive weeks in its official newspaper. If within 30 days after the  
10 last publication of the proposition, a petition is filed with the county elec-  
11 tion officer signed by not less than 5% of the electors of the city or county  
12 who voted in the last preceding general election of the city or county,  
13 then no such bonds shall be issued unless the proposition is submitted to  
14 and approved by a majority of the voters of the city or county voting at  
15 an election held thereon. Any such elections shall be called and held in  
16 accordance with the provisions of K.S.A. 10-120, and amendments  
17 thereto, or in accordance with the provisions of the mail ballot election  
18 act.

19 Sec. 5. K.S.A. 12-195b and K.S.A. 2004 Supp. 12-187, 12-188, 12-  
20 189, 12-192 and 12-194 are hereby repealed.

21 Sec. 6. This act shall take effect and be in force from and after its  
22 publication in the statute book.

**STATEMENT OF RICHARD STANDRICH**

**TO THE SENATE ASSESSMENT AND TAXATION COMMITTEE**

**SENATOR BARBARA ALLEN, CHAIR**

**SENATOR LES DONOVAN, VICE-CHAIR**

**REGARDING S.B. 302**

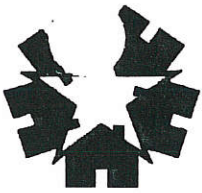
**MARCH 22, 2005**

Mr. Chairman and Members of the Committee, I am Richard Standrich a home builder from Derby, Kansas, former Mayor of Derby, and Past President of the Kansas Building Industry Association. I am in support of S.B. 302.

This bill would restore uniformity to the Kansas sales tax law. Under the current nonuniform situation, cities may adopt by charter ordinance taxes that would otherwise be contrary to state law. In Derby several years ago, a charter ordinance was passed creating a local excise tax on development. The public responded to this ordinance by electing a slate of new city council members, and I was elected Mayor at that time. The new city council repealed the charter ordinance.

S.B. 302 would help to clarify state law by returning to uniformity of the sales tax law. It would help eliminate confusion on the part of cities and situations where citizens can only vote on taxes by electing new council members.

I urge you to support S.B. 302 and vote today to recommend it favorable for passage.



**HOME BUILDERS ASSOCIATION  
OF GREATER KANSAS CITY**



600 EAST 103<sup>RD</sup> STREET • KANSAS CITY, MISSOURI 64131-4300 • (816) 942-8800 • FAX (816) 942-8367 • [www.kchba.org](http://www.kchba.org)

Testimony in support of SB 302  
Senate Assessment and Taxation Committee  
March 22<sup>nd</sup>, 2005

Senator Donovan and Committee members:

Thank you for the opportunity to submit this written testimony today because uniformity is very important to our members and to the residential construction industry in the state of Kansas. My name is Dave Holtwick and I am with the Home Builders Association of Greater Kansas City where I serve as Staff Vice-President of Governmental Affairs. Our association consists of over 1,100 member companies engaged in the home building industry in the Kansas City area. I am asking you to support Senate Bill 302 and to restore uniformity to these tax laws.

Our association supports uniform and consistent rules and regulations that affect our industry. That applies to building codes, zoning laws, development fees and taxes and we believe passage of SB 302 will help remove the inconsistency we see now by restoring uniformity. Fair and consistent regulations are critical to help plan and manage your business effectively and efficiently.

We still have some concern about how this legislation applies to excise taxes used by local municipalities for development, but we believe restoring uniformity is a step in the right direction. Although cities are precluded from using excise taxes for this purpose by state law, many are doing it because of a loophole created by the non-uniformity of these tax laws. Local units of government are not required to specifically account for their collection or use of excise taxes collected in connection with new development so we receive little or no reporting of where the money goes.

We believe that additional excise tax accountability should be addressed through a separate bill. A bill to do that is being considered in the House Tax Committee. It is House Bill 2467. For that reason, we would like to see SB 302 passed without amendments related to excise taxes.

Thank you, again, for your interest and attention. Please support SB302.

Sincerely,

Dave Holtwick  
Staff VP-Kansas Governmental Affairs

*Do Business With A Member*

Assessment & Taxation  
Date 03-22-05  
Attachment # 7