

MINUTES OF THE HOUSE LOCAL GOVERNMENT

The first meeting of the House Local Government Committee was called to order by Sharon Schwartz, Chair, at 3:35 p.m. on January 15, 2009 in Room 446-N of the Capitol.

All members were present except:.

- Rep. Steve Heubert - excused
- Rep. Bill Otto - excused
- Rep. Michael Peterson - excused

Committee staff present:

- Martha Dorsey, Legislative Research Department
- Jill Shelley, Kansas Legislative Research Department
- Ken Wilke, Revisor of Statues
- Carol Bertram, Committee Assistant

Conferees appearing before the committee:

- Kimberly Winn, Director of Policy Development & Communications, League of Kansas Municipalities
- Joan Wagon, Secretary of Revenue, Department of Revenue

Others attending:

See attached list.

This being the first meeting of the Committee, Chair Schwartz welcomed the committee members and asked that the Representatives and the staff introduce themselves. Chair Schwartz introduced the Committee Assistant.

Kimberly Winn, Director of Policy Development and Communications, League of Kansas Municipalities reviewed the LKM legislative agenda and presented general information in regard to the League. She emphasized that the philosophy of LKM is to work with the people of Kansas at all levels of government. For the committee's information, Director Winn distributed a portfolio which included:

- 2009 Statement of Municipal Policy
- Local Government in Kansas, a publication which includes a computerd disk.
- Kansas Government Journal, a LKM publication
- A form to be completed and returned to LKM if the representative would like to receive the electronic publication, League News

She noted the Home Rule of LKM states that they support the constitutional home rule authority of Kansas cities. Self-governance by locally elected officials must be preserved in order to ensure that local issues and problems are handled at the level of government closest to the citizens that they represent. Copies of all the above-mentioned items can be obtained from LKM at 300 SW 8th, Topeka, KS 66603

Chair Schwartz allowed time for questions and answers.

In her excitement, Chair Schwartz took a moment of personal privilege to announced that as of noon today she is a very proud great grandmother.

Joan Wagon, Secretary of Revenue, Department of Revenue, pointed out that she comes before the Committee as a appointee of the Governor to the Kansas Advisory Council on Intergovernmental Relations. The 2008 Annual Report of KACIR was distributed to the committee (Attachment 1). Secretary Wagon reviewed the KACIR Policy Recommendations which are:

- In 2009, KACIR should request introduction in the Senate of legislation to remove remaining barriers to consolidation, particularly city-county consolidation and provide incentives to consolidate. The decision to require a dual majority should be left to the consolidation commission.

CONTINUATION SHEET

MINUTES OF THE House Local Government at 3:30 p.m. on January 15, 2009, in Room 446-N of the Capitol.

- Continue statewide discussion of effects of tax base erosion on local state governments. The KACIR should construct a policy evaluation guide for the legislature to use in considering all requests for sales and property tax exemptions or tax credits, which would narrow the tax bases.
- KACIR should examine how local governments are funded and recommend any changes in tax sources to the 2010 legislature.

She noted the legislature should set the framework to protect the interests of all the people who might live in various places but allow those decisions to be made at the local level. A bill is being drafted and will be introduced into the Senate.

Chair Schwartz allowed time for questions and answers.

Chair Schwartz opened the floor for any bill introductions. Representative Mah moved to introduce a bill concerning unilateral annexation, seconded by Rep. Gordon. The motion carried.

The meeting was adjourned at 4:15 p.m.

The next meeting of the committee is scheduled for January 20, 2009.



Representative Sharon Schwartz, Chair

HOUSE LOCAL GOVERNMENT COMMITTEE

DATE: 1-15-09

NAME	REPRESENTING
KEITH PANGBURN	KEATNEY & Assoc.
Wigh Keck	Hein Law firm
Whitney Jamm	City of Joplin
KIM WIND	LKM
Katelyn Utzger	KGC
Richard G Gannon	KPA

Please use black ink



KACIR

Kansas Advisory Council on Intergovernmental Relations

2008
Annual

Report

Local Government

Date: 1-15-09

Attachment # 1-1

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Statutory Charge and Membership

Statutory Charge (K.S.A. 12-4001 - 4008)

The 2002 Kansas Legislature created the 15-member Kansas Advisory Council on Intergovernmental Relations (KACIR). The Council has the duty to engage in continuous study of the services provided by the various types and levels of government within the state, the division of responsibility for providing and financing governmental services, possibilities of improving the organizational structure and operational efficiency of the various governmental units serving the citizens of the state; and the state and local tax structure and the revenue requirements and fiscal policies of the state and its local units of government.

The KACIR is required to give particular attention to modernization of the structure of Kansas local government, the impact of urbanization on the organization and functions of local government, the impact of technology on the organization and functions of local government, and the relationships between state and local governments.

In addition, the KACIR is required to make an annual report in writing to the Governor and Legislature.

Membership

The Governor appoints 11 of the 15 members:

- Two members shall be elected county officials of which, one shall be a member of a board of county commissioners
- Two members shall be elected city officials
- One member shall be an elected township official
- One member shall be an elected school board member
- Two members shall be executive branch officials
- Three members shall be private citizens

The remaining 4 members are as follows:

Two members of the Council shall be members of the Kansas Senate – one shall be appointed by the President of the Senate and one by the Senate Minority Leader.

Two members of the Council shall be members of the Kansas House of Representatives – one shall be appointed by the Speaker of the House and one shall be appointed by the House Minority Leader.

Members shall serve without compensation but may be reimbursed for expenses. No more than seven members may be from the same political party.

KACIR Roster

KACIR Position	Term End	Last Name	First Name	Title
Exec Branch Official (1 of 2)	June 30, 2011	Anderson	Jeremy	Director Governmental Affairs and Policy
Private Citizen (1 of 3)	June 30, 2011	Arnold	John	Pres John E Arnold Company
Township Official	June 30, 2008	Finney	Tom	Zeandale Township Officer
House Min Ldr Apptee	January 2009	Henderson	Broderick	Representative District 35
City Official (1 of 2)	June 30, 2011	Heck	Willis	Mayor of Newton
Private Citizen (1 of 3)	June 30, 2010	Hixson	Warren	Retired
Private Citizen (1 of 3)	June 30, 2010	Vacant	Vacant	Vacant
School Board Member	June 30, 2011	Lair	Judy	KASB Board of Directors member
County Official (1 of 2)	June 30, 2008	Norton	Tim	Sedgwick Co Commissioner
House Maj Ldr Apptee	January 2009	Owens	Tim	Representative District 19
Sen President Apptee	January 2009	Reitz	Roger	Senator District 22
City Official (1 of 2)	June 30, 2011	Rowlett	Jack	Paola City Councilmember
Senate Min Ldr Apptee	January 2009	Steiniger	Chris	Senator District 6
County Official (1 of 2)	June 30, 2010	Traster	Matt	Grant County Commissioner
Exec Branch Official (1 of 2)	June 30, 2010	Wagnon	Joan	Secretary of Revenue

Meetings staffed by Lynn Robinson, Kansas Department of Revenue

Report of Meetings

The KACIR is required to convene at least once every 2 years in each Congressional District (K.S.A. 12-4004).

In Calendar Year 2007, the Council convened 5 times. The venues for these meetings were Topeka (Congressional District 2); Overland Park (Congressional District 3); and Hays (Congressional District 1).

In Calendar Year 2008, The Council met 4 times. Three of these meetings were held in Topeka (Congressional District 2). The fourth meeting was located in Newton (Congressional District 4). One meeting was conducted by teleconference.

This report includes a brief summary of the minutes of all meetings in 2008.

January 8, 2008 – Teleconference

Council members present: Tom Finney, Willis Heck, Warren Hixson, Judy Lair, Tim Norton, Jack Rowlett, Matt Traster, and Joan Wagon

Other interested parties in attendance: Roger Basinger and Doug Craig – Accounts and Reports of Kansas Dept of Administration; Allyn Lockner, retired economist; Richard Cram – Policy and Research of Kansas Department of Revenue

The Council discussed contents of the 2007 Annual Report, focusing on the 2008 legislation and the Council's policy recommendations.

The members examined the township legislation for 2008. The legislation includes two bills from 2007 and new legislation for 2008. The new legislation streamlines and clarifies the township statutes and it gives the counties and townships a mechanism they can use when the existence of a township(s) becomes unnecessary.

The members agreed to further discuss ways to accomplish KACIR's 2008 Policy Recommendations at the next meeting.

April 14, 2008 – Newton, KS – Congressional District 4

Council members present: Tom Finney, Willis Heck, Rep. Broderick Henderson, Warren Hixson, Judy Lair, Tim Norton, Rep. Tim Owens, Jack Rowlett, Matt Traster, and Joan Wagon

Other interested parties in attendance: Judy Moler – Kansas Association of Counties and Allyn Lockner – retired economist

The Chair gave the members some history and update on legislation sponsored by KACIR. The carryover bill, HB 2331 – requiring all taxing subdivisions and municipalities to file electronically all required annual budget forms and related information – was introduced in February 2007. In 2008, it passed with amendments from the House and Senate. Senate Bills 454 (consolidation and reorganization), 457 (mirror bill of HB 2331-electronic filing), and 460 (townships) were introduced in 2008. All three bills were referred to Senate Federal and State Affairs.

Next, the members discussed the Council's Policy Recommendation #4, which states that KACIR should undertake a study during 2008 to construct a model that can be used by local governments to determine the efficacy of consolidation. Mr. Allyn Lockner provided the group with a Guide that addresses this policy recommendation. The members reviewed Mr. Lockner's guide, A Guide to Choosing Consolidations and Alternatives in

Report of Meetings (cont)

Kansas - Adapting Local Governments to Local Regional Communities. The group discussed ways to amend and shorten the document before making it available to users.

The Chair reported to the Council of the success of the Kansas Association of Counties' regional suppers statewide tour. She said she felt that the KACIR had followed through with the goal of getting the tax base erosion studies in the local government officials' hands during this tour. The Chair had given a short presentation at all of the suppers focusing on tax base erosion.

At the conclusion of the meeting, the members elected Joan Wagon to continue serving as Chair and Rep. Tim Owens as Vice-Chair.

July 8, 2008 – Topeka, KS – Congressional District 2

Council members present: Tom Finney, Warren Hixson, Judy Lair, Rep. Tim Owens, Sen. Roger Reitz, Jack Rowlett, Sen. Chris Steineger, Matt Traster, and Joan Wagon.

Other interested parties in attendance: Allyn Lockner – retired economist; Barbara McCandless – retired auditor, and Steve Seawall - CPA

The Chair gave the members an update on legislation sponsored by KACIR. Two of the bills, HB 2331 (requiring all taxing subdivisions and municipalities to electronically file all required annual budget forms and related information) and SB 460 (concerning townships and procedures for the dissolution, disorganization, and consolidation of townships) were put together into one bill, HB 2217. The bill was approved by the Governor. SB 454, which authorizes the creation of consolidation study commissions to adopt a plan for cities and county consolidation and would authorize the consolidation of other political and taxing subdivisions, did not fare as well. This bill died in the House Elections and Governmental Organization committee. The Council members agreed this particular bill needs additional work and support.

The members discussed the amendments made to Mr. Lockner's Local Government Guide. Chairperson Wagon stated that we would prepare a condensed version and an executive summary to post on the KACIR website.

Discussion followed regarding the possibility of the creation of a Tax Reform Commission.

The Council made plans for several of the members to meet with Kansas Farm Bureau (a major opponent of KACIR's consolidation legislation), and also to meet as a group in September.

Report of Meetings (cont)

September 30, 2008 – Topeka, KS – Congressional District 2

Council members present: John Arnold, Tom Finney, Willis Heck, Rep. Broderick Henderson, Warren Hixson, Rep. Tim Owens, Sen. Roger Reitz, Sen. Chris Steineger, Matt Traster, and Joan Wagon

Other interested parties in attendance: Mike Heim – Revisors Office; Martha Dorsey – Kansas Legislative Research; Randall Allen and Melissa Wangemann – Kansas Association of Counties; Don Moler – League of Kansas Municipalities; Allyn Lockner – retired economist; Barbara McCandless – retired auditor; Roger Basinger and Doug Craig – Kansas Department of Administration Accounts and Reports; and Steve Seawall - CPA

The Chair gave the members a report of the meeting between KACIR and the Kansas Farm Bureau. The reason for the meeting was to determine if KACIR and KFB could come to some kind of compromise on our consolidation bill. KFB stated they are in favor of consolidation; however, they have a policy on consolidation and in order for KFB to support a consolidation bill, it would need to contain certain elements. KFB gave us a document stating the elements included in their policy on consolidation. We compared it to our consolidation legislation. Their policy and our legislation agree on several points. However, the bottom line is that KFB members support dual majority. The discussion that ensued turned to annexation and consolidation.

The Chair said there seemed to be confusion of the annexation law. Due to this confusion, she asked Mike Heim from the Revisor of Statutes Office to come to our meeting and explain how the annexation and consolidation laws work separately and/or together. She asked Mr. Heim to walk the group through the annexation statutes.

Mr. Heim began his annexation discussion by comparing the annexation laws of Kansas and other states. He pointed out that there is a misconception that Kansas is the only state to allow unilateral annexation. Kansas is in a minority, but it is not unique. He explained the three procedures of annexation in Kansas.

After Mr. Heim concluded his review of the annexation law, the Council discussed the chances of KACIR's consolidation legislation being passed. The members revisited the impediments the group will continue to encounter with the legislature, including the outside forces that are fighting the consolidation bill. The members considered several avenues to take regarding the consolidation bill. Ultimately, the group agreed to insert language in the bill that allows the consolidation planning commission to decide whether it is to be a dual majority or some other majority, thereby letting the issue be decided locally.

The members decided to ask the representatives from the Greeley County and Tribune unification effort to talk to the Council about their experiences with the unified government.

Chairperson Wagon reported that due to the state of the economy, the Tax Reform Commission was put on hold.

The members planned to have one last meeting this year in addition to a teleconference, if possible.

Report of Meetings (cont)

December 2, 2008 – Topeka, KS – Congressional District 2

Council members present: John Arnold, Tom Finney, Willis Heck, Warren Hixson, Judy Lair, Senator-elect Tim Owens, Senator Chris Steineger, and Joan Wagnon

Other interested parties in attendance: Charles Moser – Greeley County Attorney and Mike Thon – Greeley County Commissioner; Mike Heim – Revisors Office; Melissa Wangemann – Kansas Association of Counties; Don Moler – League of Kansas Municipalities; Allyn Lockner – retired economist; Barbara McCandless – retired auditor

The Chair introduced the guest speakers from the new Unified Greeley County. Charles is the city-county attorney and chaired the study commission on unification. Mike is the Greeley County Commissioner and served on the action team and study commission on unification. Charles and Mike opened the meeting to an open discussion about their path to successfully procuring unification in Greeley County.

Charles and Mike agreed that KACIR could make this unification process easier by finding alternative ways to address the same concerns that dual majority is meant to address without requiring dual majority. These concerns include balancing the interests of urban vs rural; balancing tax levies and debt load of urban vs rural; balancing services – police, fire, roads - loss of jobs; and to some extent addressing whether they are appointed or elected officials. Also, the legislation should address how the study commission is to be funded.

Mike Heim from the Revisors Office passed out copies of the consolidation and reorganization bill of 2008 - SB 454, with the requested amended language.

After discussion, the members agreed to the following amendment to New Section 4 (new language in italics): The preliminary plan, if it recommends the consolidation of the county with one or more cities, shall address: *(1) the issue of the abolishment of other political and taxing subdivisions located entirely within the county and the transfer of all functions of the above political subdivisions to the reorganized city-county; and, (2) the issue of whether a vote of the electorate shall be required countywide or whether separate votes of the electorate will be required in the unincorporated area of the county and within each city proposed to be consolidated.* This amendment is found specifically in New Section 4(d) and (f).

The Chair asked the KACIR members to review the Policy Recommendations for 2009.

1) In 2009, KACIR should request introduction in the Senate of legislation to remove the remaining barriers to consolidation, particularly city-county consolidation and provide incentives to consolidate. The decision to require a dual majority should be left to the consolidation commission.

2) Continue statewide discussion of effects of tax base erosion on local state governments. The KACIR should construct a policy evaluation guide for the legislature to use in considering all requests for sales and property tax exemptions or tax credits, which would narrow the tax bases.

3) KACIR should examine how local governments are funded, and recommend any changes in tax sources to the 2010 legislature.

The Policy Recommendations were approved by the Council.

KACIR ACTIVITIES

Regional Suppers with Kansas Association of Counties (KAC)

In an effort to relay information more quickly to busy county officials around Kansas, the Kansas Advisory Council on Intergovernmental Relations joined the Kansas Association of Kansas in holding regional suppers during February and March of 2008.

There were 7 regional suppers held across the state. The locations for the suppers included Abilene, Leavenworth, Hays, Kingman, Garden City, Oberlin, and Chanute. The number in attendance for all 7 suppers was 347. This attendance resulted in representatives from 70 different counties.

KACIR Chair Joan Wagnon, who is also the Secretary of the Kansas Department of Revenue, and several members of her KDOR staff, gave presentations to the local government officials at each supper. The topics presented and discussed with the officials were the conversion process to a new Computer Assisted Mass Appraisal (CAMA) system; the plan to replace the Vehicle Information Processing System (VIPS); and the recent studies of the erosion of the Kansas tax base. These tax erosion studies were undertaken by the Hugo Wall School faculty under the auspices of the Kansas Public Finance Center at Wichita State University. The Kansas Department of Revenue funded the studies and the studies were prepared in cooperation with KACIR.

KACIR ACTIVITIES(cont)

Meeting with Kansas Farm Bureau (KFB)

On September 8, several members of the KACIR traveled to Manhattan to meet with the Kansas Farm Bureau. Those attending from KACIR were Chair Joan Wagon, Rep. Tim Owens, Sen. Roger Reitz, Sen. Chris Steineger and KACIR staff, Lynn Robinson. Those representing KFB were Dan Yunk, Steve Baccus, Harry Watts, and Brad Harrelson. The reason for the meeting was to determine if KACIR and KFB could come to some kind of compromise on KACIR's consolidation bill. KFB stated they are in favor of consolidation; however, they do have a policy on consolidation and in order for KFB to support a consolidation bill, it will need to contain certain elements.

The representatives from both groups discussed KACIR's consolidation bill (Senate Bill 454). Mr. Harrelson from the KFB gave the KACIR attendees a copy of KFB's Policy on Consolidation. After review and comparison, it was evident that KFB and KACIR do agree on several issues regarding consolidation; however, the bottom line is that KFB members support dual majority. KFB stated rural protection as the main point of contention.

The discussion that ensued turned to annexation and consolidation. It seemed there was some confusion on the topic of annexation. Rep. Owens stated there is a big difference between consolidation and annexation and we need to get away from the concept that consolidation means annexation. Sen. Steineger echoed that position, adding that annexation tends to sound like something is going to be taken away, while consolidation is something that sounds more like something we can agree upon together to get something done. Sen. Reitz said he felt there was a lot of conservative thought about both annexation and consolidation within KFB. He added that it is a very traditional belief among KFB's constituency, which is going to be hard to break. Due to the confusion on the subjects of consolidation and annexation, the Chair invited Mike Heim from the Revisors Office to explain the law to the members of KACIR at the September 30, 2008 meeting in Topeka.

At the September 30 meeting, the members revisited the impediments the group has and will continue to encounter with the legislature, including the outside forces that are fighting the consolidation bill. The members considered several suggestions regarding the consolidation bill. The group agreed to insert language in the bill that allows the consolidation planning commission to decide whether it is to be a dual majority or some other majority, thereby letting the issue be decided locally.

KACIR Legislation

For the upcoming 2009 Kansas Legislative Session, the Council plans to re-introduce legislation allowing consolidation of cities and counties, but with an amendment to allow the issue of dual majority to be the responsibility of the consolidation planning commission. The proposed bill would authorize the creation of consolidation study commissions to adopt a plan for cities and county consolidation and would authorize the consolidation of other political and taxing subdivisions. During the 2008 legislative session, this bill died in committee.

The Farm Bureau has opposed our consolidation legislation because of the dual majority issue. This year, KFB did not include a request to consider a dual majority or similar provision. However, they made it clear that although many view it as an unworkable requirement, their policy continues to strongly support dual majority as a requirement for consolidation.

The KACIR's philosophy is that it is not the state's job to run local government, it is the state's job to authorize a system where local governments can be created to function with some chance of survival. Reinforcing this philosophy, the group agreed to insert language in the bill that allows the consolidation planning commission to decide whether it is to be a dual majority or some other majority, thereby letting the issue be decided locally.

During the 2008 Kansas Legislative Session, two of KACIR's bills, the carryover bill, HB 2331 that requires all taxing subdivisions and municipalities to electronically file all required annual budget forms and related information and SB 460 that concerns townships and procedures for the dissolution, disorganization, and consolidation of townships were put together into one bill, HB 2217. The Governor approved this bill in the last hours of the veto session.

It is now required that all taxing subdivisions and municipalities electronically file all required annual budget forms and related information, beginning in 2009.

In the township legislation, KACIR proposed creating county service districts in areas of the county which are located in a township that has been dissolved or reorganized as a result of consolidation or attachment of a township to another township or if the township's duties are transferred to the county. This district would effectively remove a layer of government without putting the cost of that government on to everyone in the county. The conference committee inserted a provision that with a protest petition, the county could dissolve the county service district. The other amendments to the bill were technical in nature.

SB 454 authorizes the creation of consolidation study commissions to adopt a plan for cities and county consolidation and would authorize the consolidation of other political and taxing subdivisions. This bill had a hearing in Senate Federal and State Affairs, where it passed onto the House. It also had a hearing in the House Elections and Governmental Organization committee on March 19, 2008. This is where it died. The Council will introduce this bill again in 2009 with the aforementioned language change.

KACIR Policy Recommendations

1. In 2009, KACIR should request introduction in the Senate of legislation to remove the remaining barriers to consolidation, particularly city-county consolidation and provide incentives to consolidate. The decision to require a dual majority should be left to the consolidation commission.
2. Continue statewide discussion of effects of tax base erosion on local state governments. The KACIR should construct a policy evaluation guide for the legislature to use in considering all requests for sales and property tax exemptions or tax credits, which would narrow the tax bases.
3. KACIR should examine how local governments are funded and recommend any changes in tax sources to the 2010 legislature.