

SESSION OF 2002

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2949**

As Amended by Senate Committee on Transportation

**Brief\***

HB 2949 enacts the transportation development district act which applies to any municipality defined as city or county.

The bill authorizes any city or county to create a transportation development district upon receipt of a petition signed by the owners of record, whether resident or not, of all of the land area within the proposed district. The petition would require:

- ! The general nature and estimated cost of the proposed project;
- ! The method of financing the district;
- ! The method of assessment;
- ! The amount of any sales tax; and
- ! A map or boundary description of the proposed district.

The district boundaries and the method of financing the project would require that property benefitted by the project be included in the district or be subject to an assessment or transportation district excise tax.

The bill specifies that before a district is created, the governing body, by resolution, must call and hold a public hearing on the advisability of creating the district. Notice must be given by at least one publication in a newspaper and by certified mail to all property owners within the proposed district.

The bill authorizes a transportation district excise tax on the selling of tangible personal property at retail or rendering or furnishing services within the district for the purposes of financing the project in any

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/cgi-bin/fulltext/bills.cgi>

increment of 0.10 percent not to exceed 1.0 percent and pledges the revenues to pay for the project. A municipality imposing a transportation district excise tax must adopt a resolution stating its intention to levy such tax. The bill also specifies that the matter would be subject to a protest petition and election procedure.

The bill further provides that the total cost of any transportation project shall be paid from special assessments pursuant to current law; special assessments created specifically for transportation development districts; a pledge of all revenue from the transportation district excise tax; and other funds appropriated by a municipality.

Finally, the bill amends KSA 12-194, the statute which prohibits cities or counties from imposing excise taxes, and allows municipalities to impose the transportation district excise tax. The bill would take effect on and after publication in the statute book.

## **Background**

The bill, as introduced, was supported by the City of Olathe, the Olathe Chamber of Commerce, the League of Kansas Municipalities, and the City of Lawrence.

The House Committee amended the mail ballot election act to add elections held under HB 2949.

The Senate Committee amended the bill to replace the sales tax collected by the Department of Revenue with a transportation district excise tax collected and administered by cities and counties. This change would eliminate concerns about the high fiscal impact on the Department of Revenue. It would also not violate the Streamlined Sales Tax Agreement which requires states to provide state level administration of sales and use taxes.

A second amendment pertains to the petition signed by owners of record within a transportation development district. Such petition must be signed by owners, whether resident or not, of all rather than one-half, of the land area within the district.

Another amendment would require a pledge of all tax revenue to pay for a project. The previous language required that a portion be pledged for such purposes.

Finally, the Committee amended the bill to allow cities or counties to impose the transportation district excise tax, which would otherwise be prohibited under current law. The other change would make the act effective from and after publication in the statute book rather than in the *Kansas Register*.

The fiscal note from the Department of Revenue before the Senate amendment estimated that implementation of HB 2949 would have cost between \$483,500 and \$713,500 in FY 2003, and would have recurring yearly costs of \$141,500 in out years. Implementation of HB 2949 would have required 4.0 FTE positions for processing the increase in the number of returns and reporting jurisdictions requiring data entry and associated, on-going, annual costs of \$116,500 for wages and related operating expenses, and \$67,000 in one-time costs for the printing of materials, testing, and the purchase of new workstations. Additionally, the Department of Revenue estimated additional administrative costs between \$100,000 and \$330,000 in FY 2003.