

SESSION OF 2005

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2406

As Amended by Senate Committee on
Assessment and Taxation

Brief*

HB 2406, as amended, would authorize the creation of public improvement districts by the governing bodies of any three or more counties not located in metropolitan statistical areas as defined by the U.S. Department of Commerce. The districts, which would be formed pursuant to interlocal agreements, would have authority to impose sales and property taxes to finance the costs of public infrastructure improvements.

An election would be required prior to the imposition of any such tax by a district, and the approval of the electors of each county in the district would be required before the tax could take effect in any county. The maximum sales tax that could be imposed would be 0.5 percent.

The districts would be granted specific authority to acquire, own, lease, use, and operate real and personal property necessary or desirable for lawful purposes. Leases and lease-purchase agreements entered into for these purposes would be subject to change or termination by the Legislature. Leases also could not exceed 10 years. The districts also would be granted authority to enter into lease agreements as lessors of property, with such agreements similarly subject to change or termination by the Legislature.

Additional authority would be provided for the districts to issue general obligation bonds for the acquisition of land and improvements and the construction, repair, or remodeling of improvements. Issuance of the bonds would require approval by a majority vote of all electors in the district.

*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>

Background

Proponents included Representative Loyd and the Kansas Association of Counties.

The original bill would have limited the maximum amount of property tax that could be levied by a district to 1 mill. The House Committee removed the property tax levy cap at the suggestion of Representative O'Malley. The House Committee also amended the bill to clarify that the property tax levy would apply to only taxable real and personal property (in lieu of all real and personal property).

The House Committee of the Whole amended the bill to authorize the creation of the districts only when counties are contiguous; and to clarify that any sales tax imposed would be subject to existing statutory and administrative provisions relating to local sales taxes.

The Senate Committee on Assessment and Taxation amended the bill to remove a requirement that counties be contiguous in order to be eligible to create the districts; and to make a technical change suggested by the Revisor.

The bill has no fiscal impact on the state.