

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2176**

As Agreed to April 4, 2024

Brief*

HB 2176, as amended, would create the Arkansas City Area Public Library District Act and the Udall Area Public Library District Act (Library Acts). These acts would be identical except for references to the cities of Arkansas City and Udall and references to USD 470 (Arkansas City) and USD 463 (Udall). The bill would also make conforming amendments to a statute defining "local public libraries." The bill would also create the Dwayne Peaslee Technical Training Center District Act, if Douglas County voters approve.

Creation of Library Districts

The Library Acts would authorize the boards of trustees of existing public libraries in the cities of Arkansas City and Udall to adopt resolutions submitting to voters the question of creating a library district and a proposed tax levy amount. The library district territory would be the territory within the boundaries of the relevant school district.

Upon a majority of qualified electors of the proposed library districts voting in favor of the proposed library district, the district would be established and all contracts, bonds, debts, and other obligations of the existing public libraries would transfer to the new district, except for debts related to the ownership of real estate of the library, which would remain an obligation of the city.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

Governance of Library Districts

Library districts under the Library Acts would be governed by seven-member boards of trustees (board or boards). Four members would be appointed by the governing body of the relevant city with one member residing outside the city, and three members living outside the city would be appointed by the relevant board of education. The bill would require board members to be residents of the relevant library district created under the Library Acts. The members would be appointed to terms of four years and would serve until successors are appointed and qualified. Members would be eligible for reappointment, but could not serve more than two consecutive terms without one year of non-service following the second consecutive term. Members would receive no compensation, but would be paid actual expenses associated with their duties.

The boards would be required to annually elect a chairperson, secretary, treasurer, and other officers deemed necessary by the board. Regular meetings of the board would be set by the board, and limited special meetings could be called by the chairperson or a majority of the members of the board. The bill would require the board treasurer to give bond in an amount set by the board and pay out funds on orders of the board signed by the chairperson and secretary. County treasurers would be required to remit funds collected for the board to the board treasurer.

The boards would be required to annually adopt a budget for the library following notice and a hearing concerning the budget. The bill would require the budget to state the amount of tax to be collected, which would be levied on behalf of the library district by the relevant board of education. The bill would require the tax levy to be submitted to an election upon the filing of a petition signed by at least 5 percent of the qualified voters in the tax district. The bill would prohibit the proceeds of the tax from supporting a regional system of cooperating libraries for any subsequent calendar year.

The bill would state the libraries would cease to be participating libraries in their respective library systems. The bill would authorize each library district created by the bill to submit a petition to join its respective library system as a participating library.

Operation of Libraries

The bill would require the library to be free for the use of residents of the library district, subject to rules adopted by the board. The library would be permitted to charge non-residents a fee for the use of the library.

The board would be authorized to exercise the usual powers of a corporation for public purposes. Specifically, the board would be authorized to:

- Make appropriate rules for the administration of the library;
- Purchase or lease real estate for the library;
- Acquire library materials;
- Employ a librarian and other employees;
- Establish and maintain a traveling library;
- Contract with other libraries or municipalities;
- Receive gifts, grants, and tax proceeds; and

- Make annual reports to the State Librarian and the board of education.

Dwayne Peaslee Technical Training Center District Act

The bill would allow the Board of County Commissioners of Douglas County (Commissioners) to submit the question of the creation of the Dwayne Peaslee Technical Training Center District (Peaslee District) to the voters of Douglas County at any primary, general, or special election.

If approved by a majority of Douglas County voters, the bill would dissolve the existing Board of Directors for the Dwayne Peaslee Technical Training Center (Center). It would also require the Commissioners to establish by resolution the first Board of Directors for the District (Peaslee Board), composed of seven members, the criteria for serving on such board, and the terms of office for the first board.

Board Requirements

The bill would require the Peaslee Board to annually:

- Elect a chairperson, secretary, and treasurer;
- Elect other officers deemed necessary by the Board;
- Fix the date and place of its regular meetings;
- Adopt bylaws as appropriate;
- File a bond with the Douglas County Clerk;
- Maintain accurate records of all money received and disbursed; and
- Prepare and publish an annual budget for the maintenance and support of the district.

Obligations

The bill would require all contracts previously entered into and all outstanding bonds, debts, and other obligations of the Center to be assumed by the Peaslee District.

Taxing Authority

The bill would authorize the Board to levy a property tax not to exceed 0.50 mills for all taxable, tangible property in the District (Douglas County). The tax levy would not be considered a tax levy of Douglas County.

District Powers

The bill would authorize the Peaslee District to:

- Enter into contracts;

- Sue and be sued;
- Acquire, hold, and convey real and personal property;
- Make and adopt rules and regulations for the administration of the District;
- Lease land and buildings;
- Acquire material and equipment necessary for maintenance or extension of the Center;
- Employ persons as the Peaslee Board deems necessary;
- Make annual reports of receipts and disbursements to Douglas County;
- Receive, accept, and administer money received from the State, federal government, or private donors;
- Receive and accept donations; and
- Make annual reports to the Commissioners on or before January 31 of each year for the preceding calendar year, showing receipts and disbursements and showing statistical information relating to students served and programs offered.

Conference Committee Action

The Conference Committee agreed to the provisions of HB 2176, as amended by the Senate Committee on Local Government, with an amendment to require residence in the district for library board members, and agreed to add the provisions of SB 529, as amended by the Senate Committee on Ways and Means.

Background

The House Committee on Taxation inserted the contents of HB 2205 into HB 2176 while retaining the contents of HB 2176. Background information for each bill may be found below. The Senate Committee of the Whole added the contents of SB 284 into HB 2176.

HB 2176 (Library Acts)

The bill was introduced by Representatives Rhiley and Roth.

House Committee on Taxation

In the House Committee hearing on February 7, 2023, **proponent** testimony was provided by representatives of the Arkansas City Public Library and USD 470 (Arkansas City). The proponents generally stated the bill would allow the library to receive additional tax proceeds, which would exceed the amount provided for in the city's charter ordinance.

Written-only proponent testimony was provided by representatives of the Arkansas City Public Library and four private citizens.

Written-only neutral testimony was provided by the State Librarian of Kansas and a representative of the South Central Kansas Library System (SCKLS).

The House Committee amended the bill to add the provisions of HB 2205, a substantially similar bill regarding the Udall Public Library. [*Note:* The Conference Committee retained these amendments.]

Senate Committee on Local Government

In the Senate Committee hearing on February 1 and February 15, 2024, **proponent** testimony was provided by representatives of the Arkansas City Public Library and the Udall Public Library. A copy of a resolution adopted by the USD 463 (Udall) Board of Education in support of the bill was provided.

Opponent written-only testimony was provided by a representative of the Southeast Kansas Library System (SEKLS). They stated the precedent that the Independence Public Library set for ending rural tax support to the regional system through special legislation could encourage other libraries to do the same, which could severely hinder the regional systems' capacity to provide services.

Neutral testimony was provided by the State Librarian on behalf of the State Library of Kansas. He provided historical context regarding the regional library system in Kansas, including the provisions and distinctions between the taxing authority that belongs to the regional library system and the local libraries. The State Librarian also noted the State Library of Kansas Board has the authority to approve exclusion of a library taxing district from a system taxing district without the exclusion harming the regional system. He stated this bill would allow other districts to follow, which could greatly reduce the funds received by the regional systems, which would make it difficult to provide services to local libraries.

Written-only neutral testimony was provided by representatives of the Central Kansas Library System (CKLS) and SCKLS.

The Senate Committee amended the bill to:

- Allow the Arkansas City Public Library to submit a petition to rejoin the CKLS once the library ceases to participate in the regional system after transitioning to the new library district under the bill;
- Allow the Udall Public Library to submit a petition to rejoin the SCKLS once the library ceases to participate in the regional system after transitioning to the new library district under the bill; and
- Prohibit a tax levy for any subsequent calendar year to support the regional system of cooperating libraries on land within the library districts created by the bill after the levies provided for in the bill take effect.

[*Note:* The Conference Committee retained these amendments.]

Senate Committee of the Whole

The Senate Committee of the Whole amended the bill to:

- Add the contents of SB 284 regarding the Blind Information Access Act; and
- In the Library Acts, require the library board members to be elected in the next general election after the library districts are created, rather than be appointed.

[*Note:* The Conference Committee did not retain these amendments.]

HB 2205 (Udall Library District)

The bill was introduced by Representatives Rhiley and Roth.

House Committee on Taxation

In the House Committee hearing on February 7, 2023, **proponent** testimony was provided by a representative of the Udall Public Library, stating HB 2205 would better align the library's taxing district with its patron base and allow the library to provide more services while levying a lower tax rate.

Written-only proponent testimony was provided by a representative of the Udall Public Library and a private citizen.

Written-only neutral testimony was provided by the State Librarian of Kansas and a representative of the SCKLS.

SB 529 (Dwayne Peaslee Technical Training Center District Act)

The bill was introduced by the Senate Committee on Ways and Means at the request of Senator Billinger. [*Note:* A substantially similar bill, 2021 HB 2175, passed the House and was recommended by the Senate Committee on Local Government.]

Senate Committee on Ways and Means

In the Senate Committee hearing, **proponent** testimony was provided by Senators Francisco and Kloos, as well as representatives of the Center and the Kansas Building Industry Association. The proponents generally stated the program has been successful, and the District would provide a stable income source for the Center if approved by Douglas County voters.

Written-only proponent testimony was provided by representatives of Adecco; the City of Lawrence; the Chamber of Lawrence, Kansas; Emprise Bank; Home Builders Association; LMH Health; and Petefish, Immel, Hird, Johnson, Leibold & Sloan, LLP.

No other testimony was provided.

The Senate Committee amended the provisions of the bill to change the timing of the election in which to submit the question about the creation of the Center from “the next” election to “any” election. [Note: The Conference Committee retained this amendment.]

Fiscal Information

HB 2176 (Library Acts)

According to the fiscal notes prepared by the Division of the Budget on the library bills (HB 2176 and HB 2205), as introduced, the bills would have a negligible state fiscal effect. Enactment of the bills could have a local fiscal effect in Cowley County attributable to the costs of special elections to establish the libraries and the change in taxing districts and tax levies associated with the libraries. Each special election is anticipated to cost between \$10,000 and \$15,000. Any fiscal effect associated with enactment of the bills is not reflected in *The FY 2024 Governor’s Budget Report*.

SB 529 (Dwayne Peaslee Technical Training Center District Act)

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Kansas Department of Revenue indicates the bill would affect only local property tax collections in Douglas County and would have no fiscal effect on state revenues. Based on Douglas County’s 2023 taxable value, the property tax levy of 0.5 mills would generate approximately \$984,500. The Department of Revenue indicates that the administrative costs associated with implementing the provisions of the bill would be negligible and could be absorbed within existing resources.

The Secretary of State indicates the bill would have no fiscal effect on its operations. The local election authorized by the bill would be conducted and paid for by Douglas County.

The Kansas Association of Counties indicates Douglas County would no longer be responsible for funding the Center from its own tax receipts and would allow current Center funding to be used for other purposes.

Public libraries; Arkansas City; Udall; regional library system; district library; Udall public library district; Arkansas City public library district

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