

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairperson David Corbin at 10:45 a.m. on February 20, 2003, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Gordon Self, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Senator Jim Barnett
Alan Phipps, Chase County Commissioner
Butch Felker, Mayor of Topeka
Neil Dobler, Director of Public Works, City of Topeka
Senator Dave Jackson
Senator Mark Taddiken
Don Willson, Superintendent, Concordia School District
Mark Tallman, Kansas Association of School Boards

Others attending: See attached list.

SB 147—Countywide sales tax for Chase County

Senator Jim Barnett, who requested the introduction of **SB 147**, commented that the Chase County Courthouse is one of the most beautiful buildings in the state and that citizens of the county have worked hard to preserve and restore it in an ongoing effort. The bill would add allow Chase County to collect up to a 1 percent sales tax dedicated to the purpose of preserving the courthouse, subject to approval by the voters. (Attachment 1)

Alan Phipps, a Chase County Commissioner, testified in support of **SB 147**, noting that the Chase County Courthouse was built in 1871 and is the oldest courthouse in use in the state. The courthouse had not had many repairs until seven years ago when the Board of Commissioners formed the Chase County Courthouse Restoration Committee. Because there was insufficient time to approach the Legislature for an amendment to the statutes in 1998, the Board submitted to the voters a proposition for a 1 percent countywide retailers' sales tax to be used for repairs under the provisions of K.S.A. 12-187(b)(1). This meant that Chase County had to share the sales tax revenue with the other cities within the county. At the time, it was believed that the project would be completed within five years; therefore, the Commissioners limited the term of the sales tax to five years. To date, in excess of \$781,235 has been expended for the exterior repair of the courthouse, but the interior work and the retaining wall remains to be completed. The original countywide retailers sales tax authority expires December 31, 2003. The Board of Commissioners requests that K.S.A. 2002 Supp. 12-

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187(b)(2) be amended to add Chase County to the list of counties that has authority to impose a countywide retailers' sales tax, subject to the approval of the voters. The amendment will allow Chase County to use the sales tax revenue for remodeling of the courthouse and not share the revenue with cities within the county. (Attachment 2)

There being no others wishing to testify on **SB 147**, the hearing was closed.

SB 233—Shawnee County authorized to impose sales tax for rebuilding Topeka Boulevard bridge

Butch Felker, Mayor of the City of Topeka, testified in support of **SB 233**. As background information, he explained that when the Highway Plan was passed several years ago, U.S. Highway 75 was one of the highways designated to be upgraded, and a by-pass plan was drawn up. At that point, the Topeka Boulevard bridge was part of the state and national highway system, and the Kansas Department of Transportation (KDOT) agreed to put enough money into the project before it was to be abandoned in ten years. However, in 2001, it was obvious that the bridge was need to be replaced soon. The estimated cost to replace the bridge is \$40 million. If the city were to undertake the project alone, it would require a 5 mill increase in property taxes. After exploring other options such as charging a toll, it was determined that the best solution is a increase in the countywide sales tax of one-quarter percent, to sunset as soon as the expense for the bridge is reached. Mayor Felker noted that the bridge is a special circumstance in that it is very expensive project which the City of Topeka inherited from the state.

Neil Dobler, Director of Public Works for the City of Topeka, testified in support of **SB 233**. He noted that in excess 20,000 cars cross the bridge per day, and many of those persons are coming from the counties to the north to Topeka to work. He commented that the bridge was built in 1938, and there is no doubt that it has outlived its original intended life span. It has been restricted to trucks, but even under the reduced load, the expected life of the bridge is less than ten years. He explained that the City of Topeka annually allots between \$3 million and \$5 million for street and bridge projects. To finance the bridge using general obligation bonds would mean doing no other normal projects for approximately 13 years. Although KDOT supports the reconstruction of the bridge, the state transportation plan will have no funds available for the project for a number of years. During the initial study for the bridge replacement, surveys and opinions expressed at public meetings indicated that the majority of Shawnee County residents are in favor of both replacing the bridge and a sales tax as the funding method. (Attachment 3)

Senator Dave Jackson testified in strong support of **233**. He pointed out that the bill will allow the voters of Topeka and Shawnee County to decide if the bridge replacement is important enough to raise the sales tax one-fourth percent. (Attachment 4)

There being no others wishing to testify, the hearing on **SB 233** was closed.

SB 78—School districts; assessed valuation thereof

Senator Taddiken, sponsor of **SB 78**, explained that the “peanut” of the bill concerns how a county clerk determines the valuation of a school district located within a tax increment financing (TIF) district. He noted

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that TIF districts are formed to develop or redevelop areas for the economic benefit of the community. He explained that a problem arises when a TIF district is created which artificially raises the wealth of a school district, while its local revenue remains constant. Consequently, the school district receives less revenue under the state's funding formula than before the TIF district was created. Senator Taddiken believes this is an unintended consequence of the current TIF statute. The bill would require county clerks to report the base valuation of property to accurately reflect the taxing authority of the school district until the TIF bonds are paid off. Thus, school districts will receive the correct amount of state aid. Senator Taddiken emphasized, although the cost to make this change is substantial, students should not be penalized because their communities are trying to help themselves. (Attachment 5)

Don Willson, Superintendent of the Concordia School District, testified in support of **SB 78**. He noted that, according to city officials, the TIF district was not supposed to affect funding of schools. He reported that his district's valuation before TIF improvement would be approximately \$40,000,000, but it would be approximately \$45,000,000 after the TIF improvement. This results not only in less aid from the state but also in a decrease in state reimbursement for the LOB. (Attachment 6)

Mark Tallman, Kansas Association of School Boards, testified in support of **SB 78** as a matter of principle. He noted that the Association's policy position is as follows: "Only tax resources that generate revenue for districts should be used to measure the ability of the district to pay its share of education funding." In his opinion, the state should raise additional revenues to finance this and other programs. (Attachment 7)

Senator Corbin called the Committee's attention to written testimony in support of **SB 78** submitted by Jacque Oakes, Schools for Quality Education. (Attachment 8) With this, the hearing on **SB 78** was closed.

Senator Corbin returned the Committee's attention to **SB 147** and **SB 233**. It was noted that both bills deal with the same statute, and both bills deal with a specific project.

Senator Lee moved to combine **SB 233** with **SB 147**, seconded by Senator Clark. The motion carried.

Senator Lee moved to recommend **SB 147** favorably as amended, seconded by Senator Donovan. The motion carried.

Attention was turned to the minutes of the February 18 meeting.

Senator Donovan moved to approve the minutes of the February 18, 2003, meeting, seconded by Senator Buhler. The motion carried.

The meeting was adjourned at 11:30 a.m.

The next meeting is scheduled for February 21, 2003.