

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on February 8, 2007, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Don Moler, Executive Director, League of Kansas Municipalities
Randall Allen, Executive Director, Kansas Association of Counties
Mayor Bill Bunten, City of Topeka
Commissioner William Prescott, Osage County
Mayor Dee Stuart, City of Park City
Mayor Gary Fuller, City of Garden City
Commissioner Tim Norton, Sedgwick County
Councilmember Dawn Kuhn, City of Shawnee

Written testimony submitted by:

Matt Shatto, Assistant City Administrator, City of Lenexa
Mayor and City Council, City of Roeland Park
Reynaldo Mesa, City Commissioner, City of Garden City
James R. Behan, City Commissioner, City of Garden City
Laura Janas Gasbarre, Mayor, City of Leavenworth
Jay Dill, City Manager, City of Kinsley
Bernie Hayden, Director of Finance, City of Manhattan
Stanley Gilliland, Mayor, City of Wellington
Maurice Harley, Mayor, City of Girard
Sheldon Hamilton, Finance Director, City of Atchison
Dale Goter, Government Relations Manager, City of Wichita
Mike Amyx, Mayor, City of Lawrence
Erik Sartorius, on behalf of the City of Overland Park
Bill Oswalt, Kansas Legislative Policy Group
Jerry F. Mayo, Chairman, Office of Clay County Commissioners

Others attending:

See attached list.

Bill Introduction

Senator Morris moved, with a second by Senator Emler, to introduce a conceptual resolution to urge the U.S. Senate to restore funding for military projects to federal continuing resolution. Motion carried on a voice vote.

Copies of the Kansas Legislative Research Department Budget Analysis report for FY 2007 and FY 2008 were available to the committee.

Subcommittee reports on:

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Commission on Veterans' Affairs (Attachment 1)

Subcommittee Chairman Mark Taddiken reported that the subcommittee on the Commission on Veterans' Affairs concurs with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with adjustments.

Senator Wysong moved, with a second by Senator Betts, to amend the subcommittee budget report on the Commission on Veterans' Affairs in FY 2008 to reconsider Item No. 1 in Omnibus. Division was requested. Motion carried on a show of hands (8 votes in favor and 4 votes against). Senator Barone requested to be recorded as passing on the vote.

Senator Taddiken moved, with a second by Senator Emler, to adopt the subcommittee budget report on the Commission on Veterans' Affairs in FY 2007 and as amended in FY 2008. Motion carried on a voice vote. Senator Barone requested to be recorded as passing on the vote.

Chairman Umbarger turned the Committee's attention to discussion regarding the reinstatement of the Local Ad Valorem Tax Reduction (LAVTR) and welcomed the following conferees:

Don Moler, Executive Director, League of Kansas Municipalities, who presented information in favor of reinstatement of the Local Ad Valorem Tax Reduction (LAVTR) and referred to several points listed in his written testimony (Attachment 2). In closing, Mr. Mohler noted that reinstatement of full funding for LAVTR for FY 2008 would be about \$72 million.

Randall Allen, Executive Director, Kansas Association of Counties, provided information regarding reinstating the Local Ad Valorem Tax Reduction and the impact of losing the LAVTR and other demand transfer money in how it has been a combined deterioration of local services and an increase in local property taxes (Attachment 3). He noted that this affects both urban and rural areas, areas that have no other source of tax and encouraged reinstating the LAVTR.

Mayor Bill Bunten, City of Topeka, spoke regarding requesting re-implementation of the Local Ad Valorem property tax reduction fund appropriation for Fiscal Year 2008 (Attachment 4). Mayor Bunten explained that the value of the LAVTR program is known, and evidence of it is the decision to reinstate it for Fiscal Year 2010. Moving that forward to Fiscal Year 2008 would be very helpful to cities, such as Topeka, that face some serious financial problems in the near future.

Commissioner William Prescott, Osage County, testified to support the reinstatement of demand transfers (Attachment 5). Commissioner Prescott noted that the portion of revenue from property taxes more than doubled from 23 percent to 48 percent from 1996 to 2004, largely due to the loss of demand transfers. He mentioned that property taxes will get worse with additional loss of the M&E tax revenue.

Mayor Dee Stuart, City of Park City, provided information regarding the benefits for Park City from the reinstatement of the Local Ad Valorem Tax Reduction (Attachment 6). She explained that streets need repair, they are rebuilding two bridges this year, a million dollar-plus water tower to reinsure proper water pressure for the northern area and infrastructure costs are skyrocketing.

Mayor Gary Fuller, City of Garden City, spoke in support of reinstating the Local Ad Valorem Tax Reduction (Attachment 7). Mayor Fuller explained that the City of Garden City absorbed the financial burden placed on them in 2002 and 2003 and did so in the following ways:

- deferred capital projects primarily designed to upgrade or maintain existing infrastructure.
- froze the workforce at 10 percent below budgeted levels.
- spent down cash balances in the form of one-time transfers from non-tax funds well below auditor-recommended levels, and
- as last resort, raised the local property tax mill levy.

Commissioner Tim Norton, Sedgwick County, spoke in support of reinstating the Local Ad Valorem Tax Reduction (Attachment 8). Commissioner Norton mentioned that the end of these demand transfers in the

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Governor's 2003/2004 budget had a big impact on Sedgwick County reducing revenues by \$6.9 million beginning in their 2004 fiscal year. He noted that the best example of the impact on Sedgwick County would be their Adult Detention Facility and jail over-crowding.

Council Member Dawn Kuhn, City of Shawnee, testified in favor of reinstatement of the Local Ad Valorem Tax Reduction ([Attachment 9](#)). Council Member Kuhn explained that continued suspension of the program will have an adverse impact on their local budget and for other cities across the state. It was noted that Shawnee is currently the fastest growing city in Johnson County and growth does not come without its costs because related infrastructure needs, increased traffic, community revitalization and new development impose ever-higher levels of demand on already strained city resources.

Written testimony was submitted by:

Matt Shatto, Assistant City Administrator, City of Lenexa ([Attachment 10](#))

Mayor and City Council, City of Roeland Park ([Attachment 11](#))

Reynaldo Mesa, City Commissioner, City of Garden City ([Attachment 12](#))

James R. Behan, City Commissioner, City of Garden City ([Attachment 13](#))

Laura Janas Gasbarre, Mayor, City of Leavenworth ([Attachment 14](#))

Jay Dill, City Manager, City of Kinsley ([Attachment 15](#))

Bernie Hayden, Director of Finance, City of Manhattan ([Attachment 16](#))

Stanley Gilliland, Mayor, City of Wellington ([Attachment 17](#))

Maurice Harley, Mayor, City of Girard ([Attachment 18](#))

Sheldon Hamilton, Finance Director, City of Atchison ([Attachment 19](#))

Dale Goter, Government Relations Manager, City of Wichita ([Attachment 20](#))

Mike Amyx, Mayor, City of Lawrence ([Attachment 21](#))

Erik Sartorius, on behalf of the City of Overland Park ([Attachment 22](#))

Bill Oswalt, Kansas Legislative Policy Group ([Attachment 23](#))

Jerry F. Mayo, Chairman, Office of Clay County Commissioners ([Attachment 24](#))

The Chairman mentioned that there is a need to consider the impact on local units of government.

The meeting adjourned at 11:45 a.m. The next meeting is scheduled for February 9, 2007.