

Approved: March 9, 2012

MINUTES OF THE HOUSE LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairperson Steve Huebert at 3:30 PM on Tuesday, January 24, 2012, in 144-S of the Capitol.

All members were present.

Committee staff present:

Martha Dorsey, Kansas Legislative Research Department
Jay Hall, Kansas Legislative Research Department
Eunice Peters, Office of Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the Committee:

Representative James Fawcett, District 65
Gerry Vernon, City Manager, Junction City
Cheryl Beatty, Finance Director, Junction City
Dr. Pat Landes, Mayor of Junction City
Jeff White, Financial Advisor, Columbia Capitol Management

Others in attendance:

See attached list.

The Chairman opened the meeting for introduction of bills. Representative Stan Frownfelter, District 31, requested consideration of a bill to reintroduce the issue of abandoned property. *Representative Sloan motioned and Representative Seiwert seconded the motion to draft a bill regarding the issue of abandoned property. Motion passed.*

Representative Hineman requested consideration of a bill to repeal **K.S.A. 79-2102**. *Representative Sloan motioned and Representative LeDoux seconded the motion to consider the repeal. Motion passed.*

The Chairman opened the hearing on **HB 2420 - Cities; bonded debt limits**. Representative Jim Fawcett introduced the officials from Junction City. He provided background on the challenges Junction City faced as the community prepared for the return of troops to Fort Riley (Attachment 1). He noted that the city issued over \$133 million in bonds for both commercial and residential development. Representative Fawcett stated that due to unmitigating circumstances the officials have had to ask for statutory relief from the debt limit over the past five years. He indicated that as of July 1, 2015, the city will again be assessed at the 30% limit and requested the committee consider the intent of **HB 2420** in granting Junction City additional time to bring the indebtedness back to 30%.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

Minutes of the HOUSE LOCAL GOVERNMENT Committee at 3:30 PM on Tuesday, January 24, in 144-S of the Capitol.

Gerry Vernon, City Manager of Junction City, presented an overview of the manner in which the city has worked to deal with the financial obligations ([Attachment 2](#)). He said that **HB 2420** will bring Junction City financial stability.

Cheryl Beatty, Director of Finance, Junction City, testified that the adoption of **HB 2420** will permit Junction City to complete the city's financial plan of recovery ([Attachment 3](#)). She said part of the plan involved the enlistment of a financial advisory team from Columbia Capital Management LLC. Ms. Beatty commented on a list of twenty recommendations designed to achieve financial recovery, saying that a number of recommendations have already been achieved. She reported on how city elected officials, staff and citizens have worked diligently to achieve success for Junction City. Ms. Beatty made reference to the growth in city debt compared to the 2005 City General Fund Expenditures ([Attachment 4](#)), and the projected debt capacity under current law with the effects of **HB 2420** ([Attachment 5](#)).

Dr. Pat Landes, Mayor of Junction City, spoke regarding the effect of rapid growth of the city, stating that 2012 has been the most challenging year for the commission ([Attachment 6](#)). He noted that approximately 125 new homes have been sold yearly until now; housing for the returning military personnel has slowed proportionately. Dr. Landes requested consideration for granting the extension through implementation of **HB 2420**.

Conferees responded to questions and introduced Jeff White, Financial Advisor, Columbia Capitol Management, to assist in answering questions from committee members:

- Assessed evaluation is not a static figure; the past two years growth has been at 2% and the assessed value is not growing exponentially.
- When property is taken off the tax roll, the percentage of debt is not changed.
- Municipal bond interest rates typically have a call provision of 10 years; present bonds are not eligible for reconstruction.
- The city tax rate in Junction City is 9.8%; the mil levy is 51%--most likely the highest in Kansas.
- The bond-to-debt margin is projected to remain at 37% on July 1, 2013; a goal of 30% is desired.
- Land purchases outside the city sold for \$20,000 per acre.
- Foreclosed lots in various sub-divisions are owned by the county and there is no income from taxes.
- General obligation bonds count against the debt limit.

The hearing on **HB 2420** was closed.

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Staff Martha Dorsey provided background on **HB 2084 - Concerning governmental organization; relating to consolidation**, tracing the history of recent city-county consolidation bills (Attachment 7). She noted that a consolidation study for Topeka and Shawnee County began in 2005, but was rejected by a majority of voters. Other facets of the bill emerged through 2009-10, all of which were either repealed or died in committee. Last year **HB 2084** came to the Local Government committee for consideration. She indicated the issue centers on who votes and how they vote: dual majority or county-wide, which results in three versions of voting language.

Following discussion among committee members, the Chairman encouraged members to work together for good results as the bill is considered.

Representative Seiwert requested the committee consider the issue of term limits for county commissioners as outlined in **HB 2190 - Counties; boards of county commissioners; term limit option**.

The meeting was adjourned at 4:45 p.m. The next meeting is scheduled for January 31, 2012.