

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman David Corbin at 10:40 a.m. on January 29, 2004, in Room 519-S of the Capitol.

All members were present except:

Senator Edward Pugh  
Senator Greta Goodwin- excused

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:

Sylvia Robinson, Director of Education Policy for Governor Sebelius  
Jerry Mayo, Chairman, Clay County Commission  
G. Craig Weinaug, Douglas County Administrator  
Austin Turney, President, Lawrence Board of Education  
Marty Kobza, Superintendent, Eudora Public Schools  
Mark Tallman, Kansas Association of School Boards  
Leo Kerwin, Wellsville citizen

Others attending:

See Attached List.

Senator Corbin called the Committee's attention to the minutes of the January 27 meeting.

Senator Donovan moved to approve the minutes of the January 27, 2004, meeting, seconded by Senator Buhler. The motion carried.

Sylvia Robinson, Director of Education Policy for Governor Sebelius, requested the introduction of bill regarding the K-12 school finance portion of Governor Sebelius' Education First plan. She informed the Committee that the bill was in its final edit stage and that it should be available by the beginning of next week. She explained that the bill includes language related to the base state aid per pupil, at risk weighting, bilingual weighting, correlation weighting, capital outlay mill levy equalization, voluntary all-day Kindergarten, and health insurance. (Attachment 1) Ms. Robinson noted that she would discuss the bill further at a joint meeting of the Senate Education Committee and the Senate Assessment and Taxation Committee which is scheduled for February 3.

Senator Lee moved to introduce the proposed bill, seconded by Senator Buhler. The motion carried.

For the Committee's information, Senator Corbin noted that the bill will be dually referred to the Senate Assessment and Taxation Committee and the Senate Education Committee. The Tax Committee will work the finance side of the bill, and the Education Committee will work the formula process. The Tax Committee is scheduled to hear the bill on February 5 and 6.

**SB 307-Countywide sales tax for Clay County**

Jerry Mayo, Clay County Commission, testified in support of **SB 307**, which would allow Clay County to place a request on the ballot to extend the county's one-half cent sales tax dedicated to the replacement of county roads and bridges. He noted that the sales tax was originally approved in 2000 by a strong majority of votes. The county would like to extend the sales tax for another five years in order to help fund the replacement of its oldest bridge, which is quickly deteriorating. He commented that the sales tax spreads the tax burden among all taxpayers more evenly than a property tax increase. (Attachment 2)

As background information, Senator Taddiken explained that Clay County Commissioners have been very

## CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 10:40 a.m. on January 29, 2004, in Room 519-S of the Capitol.

“tight fist” fiscally in the past in response to taxpayers’ wishes. As a result, the county’s three major bridges deteriorated to the point where the decks literally fell into the river. One bridge was down for five years, and another was down for two years. Now, the commissioners are responding to the taxpayers’ request for new bridges. He noted that, basically, the bill would give the Commission the authority to ask taxpayers to vote on extending the tax for five years.

Senator Taddiken moved to recommend **SB 307** favorably for passage, seconded by Senator Lee. The motion carried.

### **SB 313–Countywide retailers’ sales tax for Douglas County**

Senator Buhler informed the Committee that persons in attendance from the Lawrence area included three school board members from U.S.D. 497, several staff members from the Lawrence City Commission, and the Douglas County Administrator Craig Weinaug. He noted that they requested the bill out of frustration over the lack of sufficient education funding for the county and for cities in the county. He commented that none of them is naive about the probability of the bill passing.

Mr. Weinaug explained that **SB 313** would give Douglas County Commissioners the option to authorize a vote by the citizens of Douglas County to approve a half-cent economic development sales tax to support Douglas County school districts. He noted that the proposal is based on a recently enacted Johnson County sales tax; however, it differs in how the funds will be distributed because Douglas County has already used the statutory authority to adopt a countywide sales tax for other purposes. He explained that the bill provides that the sales tax collected would be distributed directly from the county to the schools based on the number of Douglas County residents enrolled in each district. He noted that the authorization for an election would presumably be pursuant to a request from the county school districts. The voters could approve or disapprove the tax based on whether they felt that their locally elected school officials had justified the need for more funding for their school system. Mr. Weinaug went on to say that many Douglas County residents are very frustrated by the level of funding provided through the current state formula. If the state continues in its failure to meet its constitutional obligation to fund an adequate education, the Douglas County leadership would like the opportunity to call a vote asking county residents if they are willing to increase their taxes to support quality education for their children. He noted that, if the state legislature succeeds in their efforts to adequately fund education for all Kansas residents, there would be no reason for Douglas County to use the legislation. (Attachment 3)

Austin Turney, President of the Lawrence Board of Education, testified in support of **SB 313**. Mr. Turney noted that, because the base state aid per pupil has increased only \$263 during the past eleven years, the present school finance system relies heavily on local support. Lawrence’s local option budget (LOB) authority generates approximately \$12 million a year for schools. As state aid has lagged, the LOB has grown to the maximum 25%, and local support has become critical to school funding. Mr. Turney went on to say that the present school finance formula has had a disproportionate negative effect on Lawrence. Lawrence has cut \$7 million during the past three years, and the budget decisions have been painful. He emphasized that the community can no longer stand by and watch an excellent educational system deteriorate as program after program continues to be cut. He explained that, if Douglas County voters approve a countywide half-cent sales tax, it would generate approximately \$4.1 million for Lawrence public schools, \$500,000 each for Baldwin and Eudora schools, and \$650,000 to be split among West Franklin, Shawnee Heights, Santa Fe Trail, Perry Lecompton, and Wellsville public schools based on the number of students served. In conclusion, Mr. Turney commended legislators for their support of quality education for Kansas children but requested that Douglas County be provided with another option to preserve public schools if the 2004 Legislature fails to produce funding needed to maintain educational excellence. (Attachment 4)

Marty Kobza, Superintendent of Eudora Public Schools, testified in support of **SB 313**. At the outset, he explained that Eudora is located near Lawrence in one of the fastest growing areas in Kansas. Eudora’s population has nearly doubled in the past decade, and its schools reflect this growth. He went on to say that schools have shifted their focus on individualized student learning and achievement since the Legislature created the QPA system, and more staff is necessary to provide students with additional help. Cuts in state funding for education has left Eudora with the task of doing more with less. In order to compete for the best teachers and to offer the same opportunities as other school districts in the area, Eudora must look for new

## CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 10:40 a.m. on January 29, 2004, in Room 519-S of the Capitol.

sources of income. Mr. Kobza pointed out that, if the sales tax option is not placed on the ballot as a countywide issue, the City of Lawrence will pursue a citywide tax for schools. Since Eudora is a bedroom community, the majority of the citizens of Eudora spend their sales tax dollars in Lawrence and Kansas City. Therefore, Eudora children will not benefit from the majority of Lawrence educational sales tax dollars collected from their parents. He urged the Committee to pass the bill so that Eudora will have an opportunity to maintain educational equity in its unique part of the state if the state does not provide adequate funding for education. ([Attachment 5](#))

Senator Corbin called the Committee's attention to written testimony in support of **SB 313** submitted by David M. Dunfield, Mayor of the City of Lawrence. ([Attachment 6](#))

Mark Tallman, Kansas Association of School Boards (KASB), testified in opposition to **SB 313**. KASB believes that continuing the trend of relying on local tax increases is not the way to fund public education. Instead, KASB supports a broad-based tax increase which will insure suitable funding for every district and every child. Mr. Tallman emphasized that the sales tax proposed in **SB 313** is not equalized. To illustrate the unfairness of continuing to rely on local revenue sources, he discussed a report attached to his written testimony showing the dramatic differences among counties in tax collections, social welfare spending, and population. He noted that an increasing number of school districts have reached the 25% limit on the LOB and, for those districts, turning to the local sales tax as an option is the only remaining legal choice. KASB supports an increase of the sales tax for education, but believes it should be raised statewide with the revenues distributed to schools through the school finance formula for the benefit of all Kansas school children, not just for those who live in communities with economic resources and political will to raise local taxes. In conclusion, he called attention to a chart attached to his written testimony which shows how Kansas compares with other states in the most recent national assessments of reading and math. He pointed out that Kansas ranks seventh in the top ten states, and every state that ranked above Kansas also spent more per student. ([Attachment 7](#))

Leo Kerwin, a Wellsville citizen with a business in Douglas County, remarked that his father once said, "Those that make the laws go to the country club and drink martinis, and those who pay for them go to the bar and drink 3.2 beer." In his opinion, the sales tax is the most unfair of all taxes because the burden is placed on the "little man." He questioned why requests for an increase in taxes is always through an increase in sales taxes.

There being no others wishing to testify, Senator Corbin closed the hearing on **SB 313**.

The meeting was adjourned at 11:35 a.m.

The next meeting is scheduled for February 2, 2004.