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LEAGUE OF KANSAS MUNICIPALITIES



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1) Property Tax Lid Update

The property tax lid has been the most critical issue for the League this legislative session. Since hearings in early March, the League has been involved in discussions with legislators and other interested parties about the composition of the final legislation that will be considered.

The Senate passed [Senate Sub. for HB 2088](#) on a [24-16](#) vote. During this debate, Sen. Melcher offered two amendments, and struck all exemptions for economic development programs (abatements, TIFs, rural housing incentive districts, neighborhood revitalization areas, etc.).

This bill reflected some compromises by interested parties, but left several areas of concern. The League and the Kansas Association of Counties encouraged two amendments. One would have exempted increases in health care benefits and pension

obligations from the tax lid; this was defeated on a voice vote. The other amendment exempted law enforcement, fire protection and emergency medical services from the tax lid. This amendment was adopted 22-17. Please see the list of senators who supported local government on this critical amendment, and thank them at local legislative meetings, by calls or by email.

Sen. Molly Baumgardner

Sen. Elaine Bowers

Sen. Oletha Faust-Goudeau

Sen. Marci Francisco

Sen. David Haley

Sen. Tom Hawk

Sen. Anthony Hensley

Sen. Tom Holland

Sen. Mitch Holmes

Sen. Laura Kelly

Sen. Dan Kerschen

Sen. Jeff King

Sen. Jeff Longbine

Sen. Garrett Love

Sen. Carolyn McGinn

Sen. Ralph Ostmeyer

Sen. Mike Petersen

Sen. Pat Pettey

Sen. Vicki Schmidt

Sen. Caryn Tyson

Sen. Richard Wilborn

Sen. Kay Wolf

Further negotiations occurred as the bill went back to the House. A final, negotiated option has been considered by the House-Senate Tax Conference Committee, and is to be finalized when legislators return in late April. Here are some of the key provisions of this agreement:

- Jan. 1, 2017 effective date.
- The growth factor applied to property tax revenues will be a 5-year rolling average of CPI.
- Elections may be held via a regular election, special election or mail ballot. Mail ballot must be via a prescribed timeline. We have repeatedly expressed concerns that this process will not work in most counties.
- Exemption for principal and interest for state infrastructure loans, bonds, temporary notes, and no-fund warrants. Payments made to a public building commissions and lease payments will be exempt, but only for obligations made prior to the effective date of this act.
- Exemption for state/federal mandates adopted after July 1, 2015. Realtors originally wanted this struck, then sought July 1, 2016.
- Exemptions for economic development incentives will be restored.
- The previously mentioned exemption for public safety (law enforcement, fire protection and EMS).
- Exemptions for federal or state declared disasters or emergencies, including financial emergencies.
- No Home Rule opt out.
- Clarification that “new construction” includes renovation or remodeling of properties.

- Narrow language for an exemption in cases where cities/counties lose federal funding, but a contractual obligation with the federal government remains.

There are several moving pieces here, and a lot of delicate balancing. There will be a tax lid bill this year. We do not believe local governments will have a better option than this legislation this year.

2) Abandoned Property Bill Goes to Governor

On Wednesday, March 23rd, the House approved [SB 338](#) on a vote of 79-44. This action came after the Senate had previously passed the bill on a 32-8 vote. The bill streamlines and expedites the process for local governments, neighborhood organizations and not-for-profits to deal with the blight of abandoned housing. This was one of the items on the League's 2016 Action Agenda. The bill now goes to the Governor for his approval.

3) Bill Concerning Insurance Proceeds

On Thursday, March 24th, a Conference Committee meeting was held between the House Insurance and Financial Institutions Committee and the Senate Financial Institutions and Insurance Committee. An agreement was reached during discussions to amend the language of [SB 370](#) into [HB 2446](#). [SB 370](#) had not been debated by the full House and so this action should save the bill. The League anticipates there will be motions to concur on the Conference Committee Report after the session break. As always, we will continue to monitor this bill and report on its progress.

4) KPERs Update

The House voted on two bills this week that stand to have an operational effect on KPERs local employers. [House Sub. for SB 168](#), which establishes an assurance protocol for exempting hardship positions from a working after retirement compensation cap, was passed by the House with unanimous support. The Senate voted to nonconcur and a conference committee has been appointed. The conference committee did not take any action prior to the end of the first adjournment on Thursday, March 24th, and will pick back up when the legislature reconvenes on Wednesday, April 27th.

The House also voted 72-53 to adopt [HB 2724](#), which would eliminate the use of 409A and 457(f) plans from KPERs participating members final average salary calculation for retirement purposes beginning July 1st. An amendment to the bill was added during debate on the House floor that would require all participating employers to report to KPERs their employees' vacation and sick leave amounts and rates of compensation to

KPERS by September 1st, 2016. The bill as amended has moved on to the Senate and referred to the Senate's Ways and Means committee. The League is monitoring both of these bills and will keep you aware of their progress.

5) Update on Omnibus Tax Bills

As the League reported last week, the House Tax Committee created three omnibus tax bills to address sales, income and property taxes. Both the sales tax bill ([House Sub. for SB 63](#)) and the income tax bill ([House Sub. for SB 149](#)) were discussed in [last week's League News](#).

The property tax bill is [House Sub. for SB 280](#). This omnibus bill contains numerous bills and some new language. The most significant of these are:

- [HB 2714](#) – This bill would address several issues with the Board of Tax Appeals, including jurisdictional rules for appeals. The provision to shift appraisals from an annual cycle to a biennial cycle has been removed and will be considered next year.
- [HB 2719](#) – As originally written, this bill would impact the taxing authority of non-elected boards, including libraries and library districts, Public Wholesale Water Supply Districts (PWWSD), Washburn University and many others. As included in [House Sub for SB 280](#), [HB 2719](#) was amended to remove all libraries and municipal universities (Washburn) from the bill and to clarify that PWWSDs would only need approval from a governing body of the entity to whom water was supplied. Finally the bill included an amendment to remove any references to pre-1999 levy caps.

A number of other bills were also being included, such as [HB 2071](#) (appraisers), [HB 2167](#) (interest rate on delinquent real property tax), [HB 2476](#) (tax liens on certain personal property), [HB 2701](#) (determination of FMV for newly producing oil and gas wells), [HB 2706](#) (property tax exemption for Gove co. airport), and [HB 2168](#) (bed and breakfast valuations). In addition, new language establishing a number of new provisions/requirements regarding appraisal and informal appeal process at the local level was included.

All three bills are now in the Tax Conference Committee. No action was taken on any of them before the Legislature adjourned this week. They will be taken up when the Legislature returns in late April. We will keep you apprised with any news of these three bills.

6) Leadership Summit & Mayors Conference

The League of Kansas Municipalities and the Kansas Mayors Association invites you to attend the 2016 Leadership Summit and Kansas Mayors Conference between April 22nd and 23rd. This year's Leadership Summit will focus on Strategic Planning. Cities frequently discuss developing a strategic plan, but can be put off by the expense of having the process guided by consultants. At this year's Summit, you will hear from strategic planning professionals who will share their insights for success. Participants will review the steps involved in strategic planning, and hear why it is critical that cities plan for future challenges.

This two-day event will also provide elected and appointed city leaders with an opportunity to discuss the challenges facing our cities and how leadership at the local level can better address contemporary issues in local government.

The Kansas Mayors Association's conference will coincide with the League's Leadership Summit. Mayors will kick-off at 1:00 p.m. on Friday with a keynote address, followed by afternoon sessions. On Saturday, the focus of the conference will center on strategic planning themes.

Registration and additional information can be found [here](#).

7) Kansas Hometown Showdown Round Five

Congratulations to all of the cities that have made it to [Round 5](#) of the Kansas Hometown Showdown! Four cities are competing for votes to get to the Championship Round 6! Be sure to vote for your favorites by "liking" the photo in the [Round 5](#) photo album. Look at the photo description to see which city the photo is from. Voting for [Round 5](#) will be open until noon on Monday, March 28. Voting for the Championship Round 6 will start on March 29.

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