



KACIR

Kansas Advisory Council on Intergovernmental Relations

2009
Annual
Report

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Statutory Charge and Membership

Statutory Charge (K.S.A. 12-4001 - 4008)

The 2002 Kansas Legislature created the 15-member Kansas Advisory Council on Intergovernmental Relations (KACIR). The Council has the duty to engage in continuous study of the services provided by the various types and levels of government within the state, the division of responsibility for providing and financing governmental services, possibilities of improving the organizational structure and operational efficiency of the various governmental units serving the citizens of the state; and the state and local tax structure and the revenue requirements and fiscal policies of the state and its local units of government.

The KACIR is required to give particular attention to modernization of the structure of Kansas local government, the impact of urbanization on the organization and functions of local government, the impact of technology on the organization and functions of local government, and the relationships between state and local governments.

In addition, the KACIR is required to make an annual report in writing to the Governor and Legislature.

Membership

The Governor appoints 11 of the 15 members:

- Two members shall be elected county officials of which, one shall be a member of a board of county commissioners
- Two members shall be elected city officials
- One member shall be an elected township official
- One member shall be an elected school board member
- Two members shall be executive branch officials
- Three members shall be private citizens

The remaining 4 members are as follows:

Two members of the Council shall be members of the Kansas Senate – one shall be appointed by the President of the Senate and one by the Senate Minority Leader.

Two members of the Council shall be members of the Kansas House of Representatives – one shall be appointed by the Speaker of the House and one shall be appointed by the House Minority Leader.

Members shall serve without compensation but may be reimbursed for expenses. No more than seven members may be from the same political party.

KACIR Roster

KACIR Position	Term End	Last Name	First Name	Title
Private Citizen (1 of 3)	June 30, 2011	Arnold	John	Pres John E Arnold Company
House Maj Ldr Apptee	January 2009	Burgess	Mike	Representative District 51
Township Official	June 30, 2012	Finney	Tom	Zeandale Township Officer
Exec Branch Official (1 of 2)	June 30, 2011	Gaughan	Mike	Special Assistant to the Governor
City Official (1 of 2)	June 30, 2011	Heck	Willis	Mayor of Newton
Private Citizen (1 of 3)	June 30, 2010	Hixson	Warren	Retired
School Board Member	June 30, 2011	Lair	Judy	KASB Board of Directors member
Private Citizen (1 of 3)	June 30, 2010	Lockner	Allyn	Retired
County Official (1 of 2)	June 30, 2012	Martin	Gwendolyn	Woodson County Commissioner
House Min Ldr Apptee	January 2009	Menghini	Julie	Representative District 3
Sen President Apptee	January, 2009	Owens	Tim	Vice Chair of KACIR and Senator District 8
City Official (1 of 2)	June 30, 2011	Rowlett	Jack	Paola City Councilmember
Senate Min Ldr Apptee	January 2009	Steiniger	Chris	Senator District 6
County Official (1 of 2)	June 30, 2010	Traster	Matt	Grant County Commissioner
Exec Branch Official (1 of 2)	June 30, 2010	Wagnon	Joan	Chair of KACIR and Secretary of Revenue

Meetings staffed by Lynn Robinson, Kansas Department of Revenue

Report of Meetings

The KACIR is required to convene at least once every 2 years in each Congressional District (K.S.A. 12-4004).

In Calendar Year 2008, The Council met 4 times. Three of these meetings were held in Topeka (Congressional District 2). The fourth meeting was located in Newton (Congressional District 4). One meeting was conducted by teleconference.

In Calendar Year 2009, The Council met 4 times. Three of these meetings were held in Topeka (Congressional District 2). The fourth meeting was located in Wichita (Congressional District 4). Two meetings were conducted by teleconference.

This report includes a brief summary of the minutes of all meetings in 2009.

January 21, 2009 – Teleconference

Council members present: Tom Finney, Willis Heck, Warren Hixson, Judy Lair, Allyn Lockner, Jack Rowlett, and Joan Wagnon

Other interested parties in attendance: Melissa Wangemann – Kansas Association of Counties

The Council discussed the three policy recommendations approved by the group at the prior meeting. These recommendations are: 1) In 2009, KACIR should request introduction in the Senate of legislation to remove the remaining barriers to consolidation, particularly city-county consolidation and provide incentives to consolidate. The decision to require a dual majority should be left to the consolidation commission; 2) Continue statewide discussion of effects of tax base erosion on local state governments. The KACIR should construct a policy evaluation guide for the legislature to use in considering all requests for sales and property tax exemptions or tax credits, which would narrow the tax bases; and 3) KACIR should examine how local governments are funded and recommend any changes in tax sources to the 2010 Legislature.

The Chair summarized the tentative 2009 schedule for KACIR and the council agreed to the schedule. The members approved the 2008 KACIR Annual Report.

May 20, 2009 – Topeka, KS – Congressional District 2

Council members present: John Arnold, Tom Finney, Mike Gaughan, Warren Hixson, Judy Lair, Allyn Lockner, Rep. Julie Menghini, Sen. Tim Owens, Sen. Chris Steineger, and Joan Wagnon

Other interested parties in attendance: Steve Brunkan – Policy and Research/KDOR; Moji Fanimokun – League of Kansas Municipalities; Barbara McCandless – retired auditor; Melissa Wangemann – Kansas Association of Counties

The members discussed the content of the proposed Policy Evaluation Guide and the steps to follow in order for the document to be a useful tool to the legislators when granting tax exemptions and credits. The group studied the current list of state sales tax exemptions and discussed different ways to reduce the amount of state sales tax exemptions. The Chair stated that based on the discussions from the meeting, staff will construct policy statements for sales tax, income tax, and property tax. The statements will be submitted to the council members for feedback and further refining before meeting with the tax committees and leadership.

Report of Meetings

Next, the Council discussed Dr. John Wong's study – Consolidation of Kansas Counties, May 2009. The Chair asked Steve Brunkan to join the group. Steve is a financial economist on the Policy and Research staff in KDOR. Steve and the members reviewed and discussed the study of consolidation, in particular the four hypothetical consolidation proposals for re-districting of the counties of Kansas.

The Council agreed to release the study after they discuss several issues they have about the study with Dr. Wong.

The members re-elected Joan Wagon as Chair and Sen. Tim Owens as Vice-Chair of the Council.

June 15, 2009 – Wichita, KS – Congressional District 4

Council members present: Rep. Mike Burgess, Tom Finney, Willis Heck, Judy Lair, Allyn Lockner, Rep. Julie Menghini, Sen. Tim Owens, Matt Traster, and Joan Wagon

Other interested parties in attendance: Randall Allen and Melissa Wangemann – Kansas Association of Counties; Steve Berry – Norton County citizen; Richard Cram – Policy and Research/KDOR; Moji Fanimokun – League of Kansas Municipalities; Dr. Ed Flentje, Melissa Walker, Dr. John Wong – Wichita State University; Barbara McCandless – retired auditor; John Miller – Norton County Commissioner;

Dr. Wong presented his study of Consolidation of Counties to the group and asked for questions as he went through the study. Various issues were raised by the results of the study and the council discussed these. Chair Wagon reminded the group that the study was meant to be a discussion starter so citizens can see the opportunities available to them for consolidation and/or collaboration.

The members then reviewed and discussed the draft of the Introduction and the Sales Tax sections of the Policy Evaluation Guide. The group worked through the Guide and discussed the needed changes. The Chair stated that the Council will also be making recommendations, but the recommendations will be a separate document from the Guide. The members agreed the completed Guide should be given to all legislators the first year it is published, and to new legislators at their orientation.

Next, the group looked at the list of tax credits for Tax Year 2006, which was the most current complete data at the time. The Chair discussed the issues surrounding the tax credits.

Chair Wagon summarized the Council's and staff's plan of action resulting from discussion at the meeting. 1) Final disposition of Dr. Wong's consolidation study. Staff will compress the categories in the appendices; 2) The group will discuss how the Policy Evaluation Guide will be disseminated; 3) Chair and staff will have a revision of the sales tax questions in the Policy Evaluation Guide completed for the next meeting; 4) Chair and staff will have a recommendation on the sales tax section (exemptions); 5) Chair and staff will have a draft of the tax credit section.

Report of Meetings

August 19, 2009 – Topeka, KS – Congressional District 2

Council members present: John Arnold, Tom Finney, Mike Gaughan, Willis Heck, Warren Hixson, Judy Lair, Allyn Lockner, Gwen Martin, Rep. Julie Menghini, Sen. Chris Steineger

Other interested parties in attendance: Randall Allen and Melissa Wangemann – Kansas Association of Counties; John Fisk – League of Kansas Municipalities; John Miller – Norton County Commissioner; Steve Brunkan – Policy and Research/KDOR

The Chair asked the members to give their assessment of the Policy Evaluation Guide, which included changes from the last KACIR meeting in June. The Council approved the Guide with several minor changes suggested by members.

The Chair asked the Council to review the Recommendations from KACIR that will accompany the Policy Evaluation Guide. The members talked about the three observations in the Recommendations as well as the tax credits and sales tax exemptions. Chair Wagnon said she would re-draft the recommendations for the group to review and finalize for the next meeting.

The Council discussed the final disposition of Dr. Wong’s Study of Consolidation of Kansas Counties. The members agreed that the Chair will write a few paragraphs that will explain that the Council is not advocating a specific consolidation pattern, but that it is the position of KACIR to provide information so that elected officials and the public can make informed decision.

The Chair gave a report on the Intangibles Tax changes in the tax booklet and how the changes affect counties. One of the ways KDOR plans to save money is by excluding the Intangibles Tax section in the income tax booklets. The Chair as Secretary of Revenue Wagnon will ask the legislature to repeal the statute that requires KDOR to disseminate the intangibles tax information and return.

The next topic discussed was the KACIR policy recommendation that “KACIR should examine how local governments are funded and recommend any changes in tax sources to the 2010 Legislature.” The chair asked the group for direction in accomplishing this policy recommendation. The group discussed elements that currently impact local government financing. It was agreed that it would be beneficial to see a list of the major sources of revenue for counties, cities, townships, and other local units of government along with the authority of each to levy these taxes, charges, and fees.

October 19, 2009 – Topeka, KS – Congressional District 2

Council members present: John Arnold, Rep. Mike Burgess, Mike Gaughan, Willis Heck, Allyn Lockner, Rep. Julie Menghini, Sen. Tim Owens, Sen. Chris Steineger, Matt Traster, and Joan Wagnon

Other interested parties in attendance: John Miller – Norton County Commissioner; Tony Folsom – Property Valuation/KDOR

The members reviewed the revised Recommendations that will accompany the Policy Evaluation Guide. The group discussed the property tax exemptions, sales tax exemptions, and the income tax credits (corporate, individual, and privilege). The Chair

Report of Meetings

asked Tony Folsom from KDOR's Property Valuation section to join the group to talk about specific property tax exemptions.

The Council reviewed each recommendation under the sales tax section and studied the list of possible sales tax exemptions to repeal.

The group reviewed and agreed upon the last section of the Recommendations, the income tax credits.

The members agreed to adopt the Recommendations, as amended through the Council's discussion and subject to final review by the group.

Next, the members talked about a variety of ways to distribute the Policy Evaluation Guide. The Chair asked all members to be active in the dissemination process.

The group reviewed a list of local government revenue sources and discussed at length a variety of ways that local governments could increase their revenues. However, it was agreed that at this point in time, there is so much diversity in the various counties, that to have a single solution for financing local governments is too difficult. The members agreed that what does make local government healthy is to have maximum flexibility and the ability to have more than one option for a revenue stream. The members agreed the topic needs further study.

The members reviewed and approved the letter to post on the website regarding Dr. Wong's Consolidation Study. The letter explains to the reader that the KACIR is not advocating a specific consolidation pattern, but that it is the position of KACIR to provide information so that elected officials and the public can make informed decision. The letter will be posted as the first page into Dr. Wong's study. This study is located on the KACIR website: <http://www.ksrevenue.org/kacir.htm>

November 30, 2009 – Teleconference

Council members present: John Arnold, Tom Finney, Mike Gaughan, Willis Heck, Warren Hixson, Judy Lair, Allyn Lockner, Sen. Tim Owens, Matt Traster, and Joan Wagnon

Other interested parties in attendance: John Miller – Norton County Commissioner; Melissa Wangemann – Kansas Association of Counties

The members discussed the draft of the KACIR Annual Report for 2009 and approved the Policy Recommendations. The report will be given to the Legislature and Governor in 2010.

The group discussed the distribution of the Policy Evaluation Guide to the legislators.

The members tentatively planned to meet in January 2010.

KACIR

Activities

Policy Evaluation Guide

In September 2009, the KACIR finalized and approved a Policy Evaluation Guide. The Guide will be given to legislators to use in evaluating future tax exemptions and credits. It contains 21 yes-no questions related to costs and public benefits of exemptions. The Guide recommends that if any answer is “no,” the exemption should be denied. The Guide is in booklet form in a size the legislators can insert into their general order binders.

The KACIR developed recommendations that will accompany the Guide. The recommendations include suggested moratoriums and sunset dates for numerous sales tax and property tax exemptions, as well as income tax credits.

The Policy Evaluation Guide has been distributed throughout various locations in the state and will continue to be disseminated as requested. The Guide is posted on the KACIR website: <http://www.ksrevenue.org/kacir.htm>

Potential Cost Savings from Consolidation of Kansas Counties Study by Dr. John Wong

The KACIR requested this particular study to see what efficiencies might be possible from reducing the number of Kansas counties. In August 2009 the Council approved the study for publication.

Without delving into the specific design of services in a particular county, Dr. Wong used published expenditure data to determine the efficiencies that might be possible. The study did not take into account any functional or regional consolidations that might be in place.

The study points out that the status quo has a cost to many of its citizens. While there may be many reasons for not consolidating counties, it is unmistakably clear that there is an optimum population size for a county. The costs of operating very large and very small counties, on a per capita basis, are higher than at the optimum size.

The KACIR offers no opinion on what works best in a local jurisdiction – the group only presents options to consider. The study is posted on the KACIR website: <http://www.ksrevenue.org/kacir.htm>

Kansas Association of Counties Annual Conference – November 16, 2009

On November 16, 2009 KACIR Chair Wagon and staff traveled to Overland Park to speak to county commissioners in attendance at the Kansas Association of Counties Annual Conference. Topics for presentation and discussion were Tax Base Erosion, the Council’s Policy Evaluation Guide, and KACIR activities. There were approximately 200 in attendance.

Chair Wagon gave a 40-minute presentation on the condition of the state’s economy. The presentation included a report on tax collections in the state and the possibilities available to reduce the deficit. The Chair introduced KACIR’s Policy

Evaluation Guide to the group and explained how legislators will be able to use the guide in evaluating future tax exemptions and credits. She also disclosed the group's Policy

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Recommendations that will accompany the Policy Evaluation Guide. The Chair touched briefly on the option of consolidating counties. She shared a few findings from Dr. Wong's study of consolidation with the commissioners, including the finding that there is a population threshold in which efficiency seems to run optimally. The Chair also made clear to the group that the KACIR has no plans to introduce a bill mandating consolidation, as it is the Council's policy that the act of consolidating local governments belongs at the local level.

A 20-minute question and answer segment followed Chair Wagnon's presentation.

KACIR Legislation

During the 2009 Legislative Session, Senate Bill 75 was introduced. The bill authorizes the creation of consolidation study commissions to adopt a plan for city and county consolidation anywhere in the state. The bill also authorizes the consolidation of other political and taxing subdivisions.

In prior years, legislation dealing with city-county consolidation did not adequately address the dual majority vote. Senate Bill 75 authorizes the commission to decide whether the electorate vote would be required countywide or whether separate votes of the electorate would be required in the unincorporated area of the county and within each city.

Senate Bill 75 was introduced in Senate Federal and State Affairs on January 22, 2009. The committee passed the bill on March 19, 2009. The bill was referred to House Local Government on March 24, 2009 where it resided during the remainder of the legislative session.

In the 2010 biennium legislative session, KACIR will ask the House Local Government Chairperson to schedule a hearing on Senate Bill 75.

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1. **Senate Bill 75** was introduced in Senate Federal and State Affairs on January 22, 2009. The committee passed the bill on March 19, 2009. The bill was referred to House Local Government on March 24, 2009 where it resided during the remainder of the legislative session.

In the 2010 biennium legislative session, KACIR will ask the House Local Government Chairperson to schedule a hearing on Senate Bill 75.

Local governments should examine the potential savings from County-County consolidation, City-County consolidation, functional or regional consolidation. The tools to evaluate consolidation are available from the KACIR, on the Department of Revenue website, <http://www.ksrevenue.org/kacir.htm>.

2. In 2009, KACIR developed recommendations to accompany the Policy Evaluation Guide. These recommendations will be presented to the 2010 Legislature.

The relative burden of taxes borne by state and local property tax is now high compared to state and local sales taxes and state income taxes. Policy choices as well as the economy and taxpayer behavior have contributed to this shift. Generally, Kansas strives to keep these three sources at about one-third each.

State and Local Tax Receipts	<u>FY 1995</u>	<u>FY 2008</u>	
Sales and Use (state and local)	33.2%	\$3.027B	29%
Income (Individual and Corp.) and Privilege	29.0%	\$3.580B	32%
Property, real and personal	37.8%	\$3.770B	39%

There has literally been an explosion of new sales tax exemptions since 1995--some of them very significant in size, such as the expansion of the manufacturing machinery & equipment exemption, the addition of exemptions for churches and a host of other non-profits, custom software, aircraft repair, to name a few. In addition, STAR bonds are becoming increasingly popular and the increasing number of projects may divert state sales tax revenues for a significant period of time. Transfers of sales tax revenue to the state highway funds, loss of revenue from internet shopping and the escalating trend of consumer dollars going to purchase services, most of which are non-taxable, all contribute to this picture.

At the same time income tax revenues will automatically increase in times of strong economic growth--and the late 90's and the years between the 2002 recession and the current one have produced phenomenal growth in income tax receipts. Incomes of the very wealthy have skyrocketed during these boom years, and the state's income tax

coffers have benefited from that. Corporate income tax receipts have echoed that effect (although they can certainly crash in the bad years).

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During this same period in the 90's, reduced funding for schools forced increased reliance on the local option budgets, causing property taxes to rise. Although a court challenge caused funding to increase dramatically for schools, the recent recession is trimming that level of funding back. The state should ensure that its actions in funding schools and other funding allocations to local government do not widen this gap further.

Knowing that the state budget resources are limited and there is no legislative appetite for tax increases, the KACIR has formulated these recommendations to address the erosion of the tax base and the imbalance in the state's three major funding sources.

I. Property Tax Recommendations.

In order to reduce the reliance on property taxes:

The legislature should enact a moratorium on any new property tax exemption granted by the legislature for the years 2010, 2011, and 2012. Any new exemption that is granted should automatically sunset in 3 years to ensure a review of its effectiveness.

In addition to the moratorium, the legislature should direct Legislative Post Audit to reexamine all property tax exemptions granted since 1995 to ensure the exemption is performing as expected and report to the tax and appropriations related committees in the House and Senate. The following schedule will allow for such review during the next 3 years:

Exemptions granted 1995 – 2000	Review in 2010
Exemptions granted 2001 – 2005	Review in 2011
Exemptions granted 2006 – 2011	Review in 2012

The tax and appropriations committees in the House and Senate should examine the following specific exemptions in the 2010 session and review the effectiveness of each one. The KACIR questions whether these are meeting the stated public policy objectives and whether they need to be changed or repealed.

- Exemptions for pipelines, K.S.A. 79-227
- Exemptions for refineries, K.S.A. 79-226
- Exemption for low production oil wells, in light of price of oil/barrel, K.S.A. 79-201t
- Lifetime exemption for Wind Farms, K.S.A. 79-201 eleventh

II. Sales Tax Recommendations.

Erosion of the sales tax base is a rapidly growing problem. Local governments are becoming very dependent on the sales tax to supplement the property taxes as a source

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of revenue, but they have little say in exemptions that are granted.

At a minimum, the legislature should enact a moratorium on any new sales tax exemption granted for the years 2010, 2011, and 2012. Any new exemption that is granted should automatically sunset in 3 years.

The KACIR has reviewed the existing sales tax exemptions and recommends a group to be repealed. The total fiscal note for FY2011 is \$196.14 million, including the consumer utility exemption. Without the utility exemption, the total is \$55.86 million. Business services are not included. This list was compiled by using the following policy choices:

- Repeal all exemptions granted “by name” to a specific organization. Either replace it with an exemption for all organizations similarly situated, or revoke the exemption.
- Tax all admissions to recreation activities or events, whether operated by a non-profit organization, city, county or private organization. These changes should be made in the 2010 legislative session.
- Reestablish the policy that was set by the Hodge Commission¹ that all non-profit and religious organizations pay sales tax on their purchases.
- Repeal miscellaneous consumer exemptions, such as lottery tickets, bingo, and coin-operated laundries.
- Clarify the original construction statute to remove “repair” and tax separately the “repair” of personal property. (Currently these services are taxed if they include the alteration or repair of tangible personal property.) The result is that washing a floor is not taxed, but waxing a floor (applying tangible personal property) is taxed. There are also problems with distinguishing labor services in the repair area from original construction. The change will rewrite those statutes for clarity and ensure that all the household labor services are appropriately taxed, with or without the application of tangible personal property.
- Repeal the state tax exemption on residential utilities.

If the legislature is unable to repeal these specifically identified exemptions, the KACIR recommends that all current sales tax exemptions, with the exception of those that are definitional exclusions, be scheduled to automatically sunset over the next 5 years so they may be reexamined by the legislature.

The legislature should consider imposing a sales tax on household or personal services more broadly. These include items such as tanning beds, beauty and barber, etc. A specific imposition statute would be required. The KACIR recommendation

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does NOT include business inputs or health services such as medical, dental, legal, advertising, etc. The fiscal note is approximately \$5.9 million in FY2011.

The legislature should develop and adopt a comprehensive policy for exempting fund-raising events of non-profit organizations and require all existing exemptions to come into compliance with this policy by 2012. It is estimated a fund-raising exemption, limited to certain types of activities, would reduce state sales tax revenues by \$10 million in fiscal year 2012.

If the sales tax exemptions are not repealed, then the Legislature should change its practices and begin to appropriate money specifically for the recipients of the exemption.

III. Income Tax Recommendations.

Tax credits continue to proliferate, as do the requests from business to retain the withholding tax as an incentive to development in addition to other tax incentives. Income taxes are still the most elastic tax source (grow as the economy grows) but without some protection, this most important of tax sources will soon erode significantly in the same manner as the property and sales taxes. The following recommendations protect the income tax base (corporate, individual and privilege):

Enact legislatively a moratorium on any new income tax credit granted by the legislature for the years 2010, 2011, and 2012. Any new credit that is granted should automatically sunset in 3 years.

Enact legislatively a moratorium on any new incentive program that permits the utilization of an employer's withholding tax as an incentive to development. Presently the Impact Fund and the PEAK program are using these funds, as well as several special authorizations for manufacturers (Cessna, Spirit, Siemens, Goodyear.) Impact is a well-funded mechanism for economic development and should be the only dedicated use of the withholding tax.

Tax credits should not be transferable. Legislative Post Audit is undertaking a study of tax credits so KACIR will wait to see their report before making further recommendations on transferability or refundability.

The Historic Preservation Tax Credit must be reexamined and adjusted by the legislature in 2010.

All tax credits that were enacted in 2008 and 2009 should be reviewed in 2012.

There are numerous credits that are no longer used. They should be repealed for two reasons: the space on the tax form is limited, and with the move to electronic filing,

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the vendors do not want to program for a credit that is not used.

Those credits that were only minimally used, under \$100,000 should be amended to sunset in 2011 so they can be reviewed by the legislature in 2011.

REPEAL THESE CREDITS:

This list is of credits in tax year 2007 that were not utilized.

Either 0 dollars, 0 filers, or fewer than 5 so the amount is confidential.

Statutory Reference	Description	Beg Date	End Date
These credits have no sunset date:			
K.S.A. 65-7101	Assistive Technology Contribution credit	2003	none
K.S.A. 79-32,207 *Confidential	Plugging an abandoned oil or gas well credit	1998	none
K.S.A. 79-32,204	Swine facility improvement credit	1998	none
K.S.A. 79-32,200	Temporary assistance to families contribution credit	1994	none
K.S.A. 74-50,208 *Confidential	Individual Development Acct credit	2005	none
K.S.A. 79-32,242 *Confidential	Law Enf Training Center credit	2006	none
These credits have a sunset date:			
K.S.A. 79-32,233	Biomass-to-Energy credit	2006	2011
K.S.A. 79-32,239	Integ Coal Gasification Power Plnt credit	2006	2011
K.S.A. 79-32,229	Nitrogen Fertilizer Plant credit	2006	2011
K.S.A. 79-32,218 *Confidential	Petroleum Refinery credit	2006	2011
K.S.A. 79-32,224	Qualifying Pipeline credit	2006	2011
K.S.A. 79-32,212 *Confidential	Single city port authority credit	2002	2021

- 3. During 2009, KACIR examined how local governments are funded. The group discussed at length a variety of avenues local governments could take to increase their revenues. However, the group agreed that currently there is so much diversity in the various counties, that to have a single solution for financing local governments is too difficult. The tax bases vary, as do the local economies. The members agreed that what does make local government healthy is to have maximum flexibility and the ability to have more than one revenue stream option. The repeal of the \$200 million in sales tax exemptions will also benefit local governments at the tune of \$50 million. The members agreed the topic needs further study and will be placed on KACIR's 2010 Agenda.**

¹The Joint Committee on the State Tax Structure, otherwise know as the Hodge Commission, was created in 1968 “to make studies, and provide reports with recommendations thereon to the legislature, concerning the various taxes of the state and their relationship to each other and to the economy and public interest.”