

**TESTIMONY FOR HOUSE EDUCATION COMMITTEE
CONCERNING SB 155**

Good morning. My name is Jennifer Mathes. I am a past board president of Labette County USD 506. I come to you today with concerns of the passage of SB 155. SB 155 allows for the property formerly known as the Kansas Army Ammunition Plant (KAAP) to be split proportionately by assessed valuations among the four school districts in Labette County.

SB 155 was introduced in the Senate last year and sponsored by Senator Umbarger. It passed the Senate Education Committee and the Senate unanimously. Please do not let this influence your decision today. The Senate Education Committee did not hear any opposition to the bill. They heard no opposition to the bill because USD 506 was unaware of the bill's existence until hours before the hearing. Too late to defend what is legally ours. Nearly the entire property in question is in USD 506's territory. In the committee minutes of the Senate Education meeting, Sen. Umbarger stated that he "*appreciated the school districts' coming together and working on this and coming here today so that in the future they can continue on and secure this property and get it on the tax rolls to make it part of the economic engine that drives Southeast Kansas.*" Senator Umbarger was misled to believe that all of the districts in the county favored and supported the bill. In fact, there had been no meeting or meetings of the school districts to work on this issue... EVER. To date, this bill is not actively sponsored by any district and the individual or group that proposed this bill has yet to make themselves publicly known.

In the Senate Education Committee meeting minutes concerning SB 155, it stated that the idea for this legislation was taken from "*previous legislative actions which shared revenues from the potential development of racetrack gaming facilities or lottery gaming facilities with county school districts in Cherokee County, and another which shared revenues from the potential development of property used in production of ethanol with county school districts in Haskell County.*" That sounds good on the surface, but one must actually look at those bills and the circumstances that surround those bills to understand their meaning.

Statute 72-6624- *Racetrack gaming facilities or lottery gaming facilities in Cherokee County.* This was passed in 2006. The county was attempting to lure a casino in their county. As I understand, they needed to pass liquor by the drink and pari-mutuel betting in their county to have the casino. This was a drawing card for all Cherokee County residents that all schools in Cherokee County would benefit. At that time, Rep. Gatewood met with and talked to every district in the county. Also note on this bill that the assessed valuation was split EQUALLY, a specific industry was the target of the legislation, and EVERY school district agreed upon the split BEFORE the bill was introduced.

Statute 72-6625- *Property used in production of ethanol in Haskell County.* This was also passed in 2006. This too has no similarities to SB 155. Panda Haskell Ethanol was to build an ethanol plant in Haskell County. The land on which they were building sat on the school district line. It was MUTUALLY agreed upon by the school districts to split the valuation of the property. At this time, the project has not gone through.

As you can see, neither the gaming bill nor the ethanol bill have any similarities to SB 155. The afore mentioned legislation dealt with specific industries; not property, it was mutually agreed upon by all districts; not surreptitiously brought to the legislative process, and the split was an equal distribution of the assessed valuation; not by the percentage of assessed valuation in each district.

Here is what SB 155 will do.

1. **SB 155 sets a legal precedence. There is no other bill like it to date. Currently, there are only five statues that address special provisions relating to assessed valuation and taxation for school district purposes.**

72-6621: Property acquired by second-class cities under K.S.A. 3-404; taxation for school purposes.

72-6622: Property acquired by two cities under K.S.A 3-404; taxation for school district purposes, valuation, rate, allocation of proceeds.

72-6623: Same; allocation and transference of revenues; apportionment.

72-6624: Racetrack gaming facilities or lottery gaming facilities in Cherokee county.

72-6625: Property used in production of ethanol in Haskell county.

2. **SB 155 would set the precedence for any federally owned piece of property that goes back on the tax rolls to potentially be split among certain school districts.**

There are many federal facilities in Kansas from hospitals to prisons that when placed back on the tax rolls could potentially become fair game to the districts that surround them.

3. **SB 155 allows tax dollars to be shipped to another county due to consolidated districts.**

USD 505 is a consolidation of Chetopa and St. Paul. Chetopa is in Labette County while the St. Paul territory is in Neosho County.

4. **SB 155 allows any individual or group to introduce legislation to change the tax base of a school district without consent of those districts involved.**

It would appear that this bill did not originate from a specific district, yet no one has claimed responsibility for this bill. This means that some other individual or group is able to make decisions for what is best for my school district without my consent or knowledge.

5. **SB 155 allows any individual or group to circumvent the State Board of Education in determining the allocation of assessed valuations of school districts by legal boundaries.**

There are statues already on the books that address the transfer of school district territory.

72-7108 that states: *Transfers of territory from one unified district to another unified district shall be made only as follows: (1) Upon the written agreement of any two boards approved by the state board of education.*

I appreciate the fact that others recognize the ammunition plant is a key part of our economy. There are many groups that have diligently worked to attract business to this property. We all work for the good of our communities and there are many joint groups around this state that work together for the good of the county wherever the business locates. However, as school district's funds get tighter by the year, unknown persons hijacking another districts tax base through legislation without their knowledge or consent because "it is not fair" is just not right. I am asking you today to right the wrong of the Senate. They were grossly misled by people that they trusted. No other district should have to go through what we have been through to protect our own district boundaries from others greed.

I thank you for your time today and would stand for any questions during the appropriate time.

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Article 66. - SPECIAL PROVISIONS RELATING TO ASSESSED VALUATION AND TAXATION FOR SCHOOL DISTRICT PURPOSES

72-6625. Property used in production of ethanol in Haskell county. (a) As used in this section:

"School district" means unified school district No. 507 and unified school district No. 374. (1)

(2) "Property" means the following described property, and improvements thereon, comprised of 1,120 acres, more or less, located in Haskell county: All of Section 34, Township 29 South, Range 33 West and the West ½ of Section 3, Township 30 South, Range 33 West and the Northeast Quarter of Section 3, Township 30 South, Range 33 West.

(3) "State aid" means general state aid, supplemental general state aid, capital improvements state aid, capital outlay state aid and any other state aid paid, distributed or allocated to school districts under the school district finance and quality performance act or other law, and any other state aid paid, distributed or allocated to school districts on the basis of the assessed valuation of school districts.

(b) For the purposes of computing the assessed valuation of school districts for the payment, distribution or allocation of state aid and the levying of school taxes, ½ of the assessed valuation of such property shall be assigned to each of the school districts.

The provisions of this section shall not apply if the property is not or ceases to be used for the production of ethanol. (c)

History:L. 2006, ch. 165, § 9; July 1.

72-6624. Racetrack gaming facilities or lottery gaming facilities in Cherokee county. (a) As used in this section:

(1) "School district" means unified school district No. 404, unified school district No. 493, unified school district No. 499 and unified school district No. 508.

"Property" means any property, (2) and improvements thereon, comprising a racetrack gaming facility or lottery gaming facility under the Kansas expanded lottery act located in Cherokee county.

"State aid" means general state (3) aid, supplemental general state aid, capital improvements state aid, capital outlay state aid and any other state aid paid, distributed or allocated to school districts under the school district finance and quality performance act or other law, and any other state aid paid, distributed or allocated to school districts on the basis of the assessed valuation of school districts.

For the (b) purposes of computing the assessed valuation of school districts for the payment, distribution or allocation of state aid and the levying of school taxes, 1/4 of the assessed valuation of such property shall be assigned to each of the school districts.

(c) The provisions of this section shall not apply if the property is not or ceases to be used as a racetrack gaming facility or lottery gaming facility under the Kansas expanded lottery act.

History:L. 2006, ch. 165, § 8; July

Article 71. - TRANSFER OF SCHOOL DISTRICT TERRITORY

72-7108. Authorization to transfer school territory; agreement of boards of education; petition by one board; approval by state board; criteria to be considered; procedure; limitations. [See Revisor's Note] (a) Transfers of territory from one unified district to another unified district shall be made only as follows:

Upon the written agreement of any two boards approved by the state board of education; or (1)

(2) upon order of the state board after petition therefor by one board and a public hearing thereon conducted by the state board of education.

(b) The effective date of any such transfer shall be the date of approval thereof or order therefor issued by the state board of education or the July 1 following.

Notice of the public hearing on (c) such a petition shall be given by publication by the state board of education for two consecutive weeks in a newspaper of general circulation in the unified district from which territory is to be transferred, the last publication to be not more than 10 nor less than three days prior to the date of the hearing. The notice shall state the time and place of the hearing and shall give a summary description of the territory proposed to be transferred.

Prior to issuing an order, the state board shall consider the following: (d)

City boundaries and the area within three miles surrounding any city with more than one district in the area; (1)

available capacity of districts involved in the territory transfer to serve existing or additional students; (2)

condition and age of buildings and physical plant; (3)

overall costs including renovation of existing buildings versus construction; (4)

cost of bussing; (5)

food service; (6)

administration and teachers; (7)

areas of interest including access and distances for parents to travel to participate in student activities; (8)

matters of commerce, including regular shopping areas, meeting places, community activities and youth activities; (9)

districts that are landlocked with changing demographics that cause declining enrollment; and (10)

effect on students living in the area. (11)

The foregoing shall not be deemed to limit the factors which the state board of education may consider.

(e) Within 90 days after receiving an agreement or, if a public hearing is held, within 90 days after the hearing, the state board of education shall issue its order either approving or disapproving such transfer petition or agreement, or approving the same with such amendments as it deems appropriate.

Whenever a petition for (f) transfer of territory has been denied by the state board of education, no petition for transfer of substantially the same territory shall be received or considered by the state board of education for a period of two years.

1963, ch. 393, § 25; L. 1965, ch. 410, § 6; L. 1967, ch. 400, § 1; L. 1968, ch. 394, § 1; L. 1969, ch. 346, § 1; L. 1970, ch. 290, § 1; L. 1988, ch. 356, § 280; L. 1989, ch. 283, § 14; L. 1999, ch. 165, § 13; L. 2002, ch. 167, § 2; July 1