KANSAS LOCAL GOVERNMENTS

What do they do and how are they financed?
HANNES ZACHARIAS:
PROFESSOR OF PRACTICE, UNIVERSITY OF KANSAS

HANNES.ZACHARIAS@KU.EDU

FOR HUMANITIES KANSAS. OCT. 25, 2022
LAWRENCE PUBLIC LIBRARY
HAVE QUESTIONS?

PLEASE USE NOTE CARDS AND WRITE DOWN...

- Specific Questions
- Areas of general interest
- Broad Topics
<table>
<thead>
<tr>
<th>AGENDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>HZ BACKGROUND</td>
</tr>
<tr>
<td>LOCAL GOVERNMENT BACKGROUND</td>
</tr>
<tr>
<td>SERVICES</td>
</tr>
<tr>
<td>TAXES</td>
</tr>
<tr>
<td>TOPICS OF SPECIAL INTEREST</td>
</tr>
</tbody>
</table>
33 years in the ICMA World
GENERAL HISTORY OF COUNTY GOVERNMENT
Shire from German Term *scira*, meaning care or official charge

Shire “Reeve” elected by serfs to watch over his fellow serfs for the lord (i.e. superior)

Shire “Reeve” evolved into more modern word, “sheriff”

Changed name from Shire to Conte (or County) in 1066

8 ‘shires’ in the Virginia Colonies (1634) switched name to County a few years later.
VIRGINIA COLONY
CONSTITUTION OF THE UNITED STATES

- Tenth Amendment:

- The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people
COUNTIES IN THE UNITED STATES

- A county is "the largest territorial division for local government within a state of the United States."
3,069 COUNTY GOVERNMENTS IN U.S.
Varieties of Counties

- 47 of 50 states have functioning county governments

- 3 states without functioning counties: Rhode Island, Massachusetts, Connecticut

- Counties are also called parishes (Louisiana) or boroughs (Alaska)

- By population, smallest county is Kalawao County, HI (88); largest is Los Angeles County, CA (10 million+)

- By area, smallest county is Arlington County, VA (26 sq. miles; largest is North Slope Borough, Alaska (87,860 sq. miles)
Article 9.--COUNTY AND TOWNSHIP ORGANIZATION

§ 1: Counties. The legislature shall provide for organizing new counties, locating county seats, and changing county lines; but no county seat shall be changed without the consent of a majority of the electors of the county; nor any county organized, nor the lines of any county changed so as to include an area of less than four hundred and thirty-two square miles.
Kansas Counties…

- Each of Kansas' 105 counties acts as a local government for the residents living in its boundaries. However, all of a county's authority is granted by the state, as a county is considered a subdivision of the state.
Kansas Counties and County Seats

Source: Institute for Policy & Social Research, The University of Kansas.
What was the biggest factor in determining how big counties would be in Kansas?

- County size: was kept small enough to enable a person to travel by horseback from their home to the county seat, transact business, and arrive at home, all in one day.
THE EXTREMES IN KANSAS

- 151 sq. mi. in Wyandotte County; 1,430 sq. mi. in Butler County

- Ks. Constitution requires all counties (after 1861) to have 432 sq. mi.

- 1,249 pop. Greeley County; 602,401 (+) in Johnson County
<table>
<thead>
<tr>
<th>Local Government in Kansas</th>
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<tbody>
<tr>
<td>Counties</td>
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<tr>
<td>Cities</td>
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<tr>
<td>Townships</td>
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<tr>
<td>Unified School Districts</td>
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<td>Community Colleges</td>
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<tr>
<td>Special Districts</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
WHAT ARE SPECIAL DISTRICTS?

- Examples:
  - Cemetery Districts
  - Fire Districts
  - Hospital Districts
  - Drainage Districts
  - Watershed Districts
  - Sewer Districts
  - Library Districts
Kansas Counties have 2 Major Roles

- Serve as an administrative arm of state government
- Provide locally-determined services
As an administrative arm of state government, counties:

- Administer the election process
- Handle many taxation processes, incl. property appraisal, collection, distribution, Neighborhood districts, IRB’s tax exemptions
- Issue licenses and permits
- Maintain land records (RODs, GIS)
- Provide facilities/equip. for the judiciary
- Finance prosecution (county & district attorneys)
State Mandated Services

- Public Health Services
- Mental health,
- Dev. Supports
- Emergency Management
- Solid Waste Planning
- Law Enforcement and Jails
- Transportation – Roads and Bridges
- Noxious Weed Eradication
LOCALLY DETERMINED SERVICES

- Hospitals
- Various Medical Services (home health care, assisted care, nursing care)
- Cultural and Leisure Services (parks, zoos, museums, cultural facilities)
- Economic Development
- Planning and Zoning
- Airports
- Utilities...sewers, etc.
KS. COUNTIES WITH CO. HOSPITALS
OPTIONS FOR COUNTY LEADERSHIP

- County Boards – 3, 5, or 7 members *
- Board Size can be changed by referendum
- Slight trend toward larger board size
- Special legislation in Johnson, Wyandotte, and Greeley counties
- Directly-elected board chair in Johnson & Wyandotte counties
COUNTY GOVERNING BOARD SIZE

- White = 3 Commissioners
- Light Gray = 5 Commissioners
- Brown = 7 (JO); 11 (WY/KCK)
(a) The legislature shall provide by general law, applicable to all cities, for the incorporation of cities and the methods by which city boundaries may be altered, cities may be merged or consolidated and cities may be dissolved:
 Kansas Cities

- Cities are ‘municipal corporations’
- Can have large staffs (Wichita) or no staff at all (Lake Quivira)
- Can choose what services they want to provide
‘Dillon's Rule’ states
‘Home Rule’ states
Hybrid
NARROW GOVERNMENT AUTHORITY: DILLON’S RULE

- Derived from the two court decisions issued by Judge John F. Dillon of Iowa in 1868.

- Affirms that a sub state government may engage in an activity only if it is specifically sanctioned by the state government.

State constitutions vary in the level of power they grant to local governments. However, Dillon’s Rule states that if there is a reasonable doubt whether a power has been conferred to a local government, then the power has not been conferred.
HOME RULE IN GENERAL

“That which is governed closest to home is governed best ….”

Kansas Cities have constitutional home rule (1961)

Kansas Counties granted statutory home rule in 1974.
(b) Cities are hereby empowered to determine their local affairs and government including the levying of taxes, excises, fees, charges and other exactions except when and as the levying of any tax, excise, fee, charge or other exaction is limited or prohibited by enactment of the legislature applicable uniformly to all cities of the same class.

Emphasis added
HOME RULE IS
LOCAL CONTROL
COUNTIES, & CITIES. WHO DOES WHAT?
## Counties and Cities

<table>
<thead>
<tr>
<th>Counties</th>
<th>Cities</th>
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<tbody>
<tr>
<td>Counties typically have more departments.</td>
<td>Cities elected on non-partisan basis</td>
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<tr>
<td>More Elected Officials</td>
<td>Cities do not have ‘mandated services’</td>
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<tr>
<td>County governing boards mostly elected on a partisan basis.</td>
<td>City Council members can be other ‘state officials’ as well</td>
</tr>
<tr>
<td>Exceptions: Johnson, Wyandotte/Unified Gov., Greeley County.</td>
<td>More flexible revenue sources than Counties (Franchise Fees, Excise Taxes, Utilities, Etc.)</td>
</tr>
<tr>
<td>Less flexible revenue sources than cities</td>
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</tbody>
</table>

### Counties
- More departments
- More elected officials
- County governing boards mostly elected on a partisan basis. Exceptions: Johnson, Wyandotte/Unified Gov., Greeley County.
- Less flexible revenue sources than cities

### Cities
- Elected on non-partisan basis
- Cities do not have ‘mandated services’
- City Council members can be other ‘state officials’ as well
- More flexible revenue sources than Counties (Franchise Fees, Excise Taxes, Utilities, Etc.)
Counties have far less authority or discretion to raise local revenue for services than cities. Example: counties have limited franchise fee authority, limits on local sales taxes.

Counties relatively more dependent on local property tax to finance services than cities.
Management Structures for Counties and Cities

- Board of County Commissioners
- Council-Manager
- Commission-Manager
- Strong Mayor-Council

Professional Management:
LAWRENCE KS ORGANIZATION, 2020
COUNTY ADMINISTRATION

- Light Gray, County Administrator/Manager
- White=None
Property Taxes
The earliest known tax records, dating from approximately six thousand years B.C., are in the form of clay tablets found in the ancient city-state of Lagash in modern day Iraq. The primary focus of early property taxation was land and its production value. Taxes were levied against the value of grain, cattle, oil, beer and land.
HISTORY OF THE PROPERTY TAX

- A typical tax rate was 10% of all production.
- The famous Rosetta Stone was actually a tax document granting exemption to priests.
**Appraised Value:** Value a qualified appraiser creates based on an in-person inspection, using recent sales of similar properties, current market trends, and aspects of the home (for example, amenities, floor plan, square footage) to determine the property's appraisal value at a given point in time.

**Kansas Assessed Value:**
Article 11, Section 1 of The Kansas Constitution provides that: Real property shall be classified into seven subclasses and assessed uniformly by subclass at the following assessment percentages:

- Residential 11.5%,
- Ag 30% (income based),
- Utilities 33%,
- Commercial and Industrial 25%.
What is the mill levy?

The mill levy is the "tax rate" that is applied to the **assessed value** of a property. One mill is one dollar per $1,000 dollars of assessed value. It consists of a local portion which is used to fund area services and a statewide portion which is used to fund public schools.
WHAT DOES AN APPRAISER DO?
1. Look at your notice of value, find the "appraised value" of your home. Multiply the appraised value by the "assessment percentage" of 11.5% (.115).

\[
\text{appraised value} \times 0.115 = \text{assessed value}
\]
2. Multiply the assessed value by your "mill levy" and then divide by 1,000 to estimate the property tax you owe, **annually**. Contact your county clerk to find out what your mill levy is.

\[
\text{Assessed value} \times \text{mill levy} \div 1,000 = \text{Annual Taxes}
\]
### 2021 Payment History

<table>
<thead>
<tr>
<th>TAXING ENTITY</th>
<th>RATE</th>
<th>TOTAL TAXES DUE</th>
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<tbody>
<tr>
<td><strong>Installment 1</strong></td>
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<tr>
<td>512 BOND</td>
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<td>$140.88</td>
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<td>512 SCH GEN</td>
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<td>LENEXA CITY</td>
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<td>STATE OF KS</td>
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<td>LEC STORMDRG</td>
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<td>$54.50</td>
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<tr>
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<td>LEC STORMDRG</td>
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<td>$54.50</td>
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<tr>
<td><strong>TOTALS</strong></td>
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<td>$4,493.07</td>
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</table>

### Johnson County Property Info.

[https://www.jocogov.org/department/appraiser/property-data](https://www.jocogov.org/department/appraiser/property-data)

### Johnson County Property Tax Bill Info

[https://taxbill.jocogov.org/](https://taxbill.jocogov.org/)
# 2021 Real Estate Tax Statement

**Johnson County Treasurer**  
111 S. Cherry St., Suite 1500  
Olathe, KS 66061  
913-715-2600  
taxbill.jocogov.org

ZACHARIAS, JOHANN A.  
HIGGINSON, MARCIA J.  
7924 MULLEN RD  
LENEXA KS 66215

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## Date and Quick Ref ID

<table>
<thead>
<tr>
<th>Date</th>
<th>Quick Ref ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/1/2022</td>
<td>R68645</td>
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</tbody>
</table>

## Property Description

**Legal:** REPLAT COLONY HILLS FIRST  
**PLAT:** 5 BLK 1  
**LOC:** 789 6 1 5

**Situs Address:** 007924 MULLEN RD  
LENEXA, KS

---

## Owner

ZACHARIAS, JOHANN A.  
HIGGINSON, MARCIA J.

## Property Taxes - Where Your Property Tax Dollars Go

- USD 512 (Shawnee Mission): 23.3%
- Lenexa City: 47.8%
- Johnson Co: 7.3%
- Comm College: 14.9%
- Jo Co Library: 0.0%
- Jo Co Park: 0.0%
- State Of KS: 0.0%

---

## Class

<table>
<thead>
<tr>
<th>Class</th>
<th>Land Appraised Value</th>
<th>Improvement Appraised Value</th>
<th>Land Assessed Value</th>
<th>Improvement Assessed Value</th>
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<tbody>
<tr>
<td>R</td>
<td>68,910</td>
<td>260,490</td>
<td>7,925</td>
<td>29,966</td>
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</table>

## Appraised Value vs Assessed Value

<table>
<thead>
<tr>
<th>Appraised Value</th>
<th>Assessed Value</th>
<th>2021 Mill Levy</th>
<th>Mill Levy Tax</th>
<th>Specials</th>
<th>Total Tax Due</th>
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<tr>
<td>329,400</td>
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<td>116,947</td>
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<td>$199.00</td>
<td>$4,583.07</td>
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## Credits vs Payments

<table>
<thead>
<tr>
<th>Credits</th>
<th>Payments</th>
<th>Interest &amp; Fees</th>
<th>Half Payment Due</th>
<th>Full Payment Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00</td>
<td>$2,246.53</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$2,246.53</td>
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</table>

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Amount due on or before 5/10/2022

<table>
<thead>
<tr>
<th>Half Payment</th>
<th>Full Payment</th>
<th>Amount Enclosed</th>
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<tr>
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*Pay online at: taxbill.jocogov.org*  
Quick Ref ID: R68645  
IP64000001 0005

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*Detach and return bottom portion with payment.*
### 2020 MILL LEVIES ON EACH $1,000 TANGIBLE ASSESSED VALUATION - JOHNSON COUNTY, KANSAS

<table>
<thead>
<tr>
<th>District</th>
<th>Type</th>
<th>Valuation</th>
<th>Levy</th>
<th>Total</th>
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<td>11,733,829.408</td>
<td>DR041</td>
<td>130,279.821</td>
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<td>DR042</td>
<td>16,550.584</td>
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<td>724,167</td>
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<td>Public Works</td>
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<tr>
<td></td>
<td>Total Park &amp; Recreation</td>
<td>3,083</td>
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<thead>
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<th>Park and Recreation</th>
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<td>Employee Benefits</td>
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<thead>
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<th>CEMETERIES</th>
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<td>CM035</td>
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<table>
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<th>Employee</th>
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<td>RC239F</td>
<td>Leawood Joint</td>
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<table>
<thead>
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<td>McCormick Twp General</td>
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</table>
### 2020 MILL LEVIES ON EACH $1,000 TANGIBLE ASSESSED VALUATION - JOHNSON COUNTY, KANSAS

<table>
<thead>
<tr>
<th>DIST</th>
<th>ID</th>
<th>CITIES</th>
<th>VALUATION</th>
<th>GENERAL</th>
<th>Fire-Protection</th>
<th>+ Law-Enf.</th>
<th>Fire-Amb.</th>
<th>Cemetery</th>
<th>Employees</th>
<th>Library</th>
<th>Library</th>
<th>Storm</th>
<th>Bond &amp;</th>
<th>Interest</th>
<th>TOTAL</th>
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<td>Lake Quivira</td>
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<td>1,665,534,152</td>
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<td>Olathe No C/F</td>
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<td>C3019</td>
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<td>Prairie Village</td>
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<td>CY209</td>
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<td>Roeland Park</td>
<td>56,815,953</td>
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<td>CY181</td>
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<td>Spring Hill C/F</td>
<td>26,238,349</td>
<td>24,762</td>
<td>0,993</td>
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<td>22,765</td>
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<td>Spring Hill No C/F</td>
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<td>Westwood Hills</td>
<td>8,897,559,939</td>
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</table>

*DeSoto City's levy is for Law Enforcement and Shawnee City's levy is for Fire Equipment

### DISTRICT SCHOOLS VALUATION FOR GENERAL FUND VALUATION General | Supply | Declining | Ex. Growth | Capital | Special | Bond | Bond | Special | Cost of | TOTAL |
<table>
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<td>220 Blue Valley</td>
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Sales Taxes
Sales Tax General Information

- Kansas is one of 45 states plus the District of Columbia* that levy a sales and the companion compensating use tax.

- The Kansas Retailers’ Sales Tax was enacted in 1937 at the rate of 2%, increasing over the years to the current state rate of 6.50%.

- Alaska, Delaware, Montana, New Hampshire, and Oregon do not have a general sales or use tax
### TAXABLE SALES

- Retail sale, rental, or lease of tangible personal property AND utilities.
- Food
- Labor services on tangible personal property
- Admissions
- Meals and Drinks
- Motor Vehicles
- See [https://www.ksrevenue.org/pdf/pub1510.pdf](https://www.ksrevenue.org/pdf/pub1510.pdf)
EXEMPT FROM SALES TAX

- Labor Services (other than on personal property)…Doctors, lawyers, Accountants, etc.
- Aircraft
- Broadcasting Equipment
- Drill bits
- Veterinarian drugs, farm equipment, and machinery
- Railroad Parts, materials, used in interstate commerce
- Plus a slug of others…
Local-Option Sales Taxes

Countywide taxes are shared with cities, unless used for “dedicated” or special purposes.

Counties limited to 1 cent, Cities limited to 3 cents.

As of Dec. 2018, 89 counties imposed a countywide sales tax.

Use Tax (e.g. purchases from out-of-state retailer when sales taxes not collected)
Combined State and Average Local Sales Tax Rates in the U.S., by State as of January 1, 2022

**Source:** Institute for Policy & Social Research, The University of Kansas; data from The Tax Foundation.
Percent Change in State Sales and Use Tax Collections in Kansas, by County
2020-2021

Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Revenue.

Percent Change

-52.7 - -15.5
-15.4 - -6.9
-7.0 - -15.8
7.0 - 15.8
15.9 - 27.0
27.1 - 44.2

Kansas: 14.1
Per Capita State Sales and Use Tax Collections in Kansas, by County
Fiscal Year 2021

Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Revenue.

State: $1,277

Per Capita Sales & Use Tax Collections (in dollars)
- 541 - 796
- 797 - 974
- 975 - 1,108
- 1,109 - 1,400
- 1,401 - 1,821
OTHER TAX REVENUES

- Motor Vehicle Taxes ($376 million for local govt, 2015, 30% of value vs. 11.5% for houses)
- User Fees (water, sewer, ambulance, building permits, etc., established by local gov.)
- Gas Taxes...(18.4 cents/gallon Feds, 24.03 cents/gal Kansas). SCCHF for 2018 estimated to be $74.8 million for counties only ($86.3 million with cities included)
- Excise Fees…Cities (yes) Counties (no)
How High are Gas Taxes in Your State?

Total State Taxes and Fees on Gasoline, July 2021 (cents per gallon)
Topics of Interest:

- City/County Planning
  - Planning subdivisions
  - Annexation
  - Comprehensive plans
  - Zoning
- Incentives
- Regional Organizations (MARC)
- Other Key Documents
BASICS OF URBAN PLANNING
1.1 Planning

Urban Planning can be termed by many different names, like

- Town Planning
- City Planning
- Community Planning
- Regional Planning
- Planning

**PLANNING** = Is systemic sequence of activity for doing or achieving goal
1.2 Urban Planning

The art and science of ordering the use of land and setting of buildings and communication routes so as to secure the maximum degree of economy, convenience and beauty.
1.3 Schematic of Urban Area

- In a sense, God made the country and man made the town.
1.4 Aspects of Planning

Planning

Physical
- Built Environment

Social
- Man’s Interrelationships & Behavior

Cultural
- Spiritual Environment

Economic
- Financial Environment

Political
- Ideological Environment

Ecological
- Natural Environment

BASICS OF URBAN PLANNING
2. Evolution of Planning

Early Human Groups settlements. (Nomadic Tribes, etc)
→ Ancient Cities
  Eg. Mohen Jo Daro, harrapa, etc in India; Kahun in Egypt

Basically, Human groups settled for Agriculture and Livelihood → Rural settlements
  Eg. Ganga Plain Regions in India;

Emergence of City culture due to Industrialization → City
  Eg. London in UK; Mumbai in India;

Primitive Man/Civilization culture

Agricultural Societies

Urban Society

BASICS OF URBAN PLANNING
3. Essential Objectives of Planning

- Convenience: To understand the form of various economic, social and recreational amenities.
- Beauty: To take most possible advantage of natural conditions surrounding.
- Environment: Moulded with least amount of strains.
- Health: Right use of land for right purpose.
- Economy: Consider the economic value of land.

Ensure Proper Balance

BASICS OF URBAN PLANNING
If you plan cities for cars and traffic, you get cars and traffic. If you plan for people and places, you get people and places.

— Fred Kent —
OVERLAND PARK INTERACTIVE MAPS

- Crime Map
- Development Map
- Existing Land Use Map
- Future Development Plan Map
- Property Map
- Road Closure Map
- Traffic Volume Map
- What's Happening In My Neighborhood
- Zoning Map

https://www.opkansas.org/about-overland-park/maps/zoning-map/
ANNEXATION

- Kansas law allows cities to annex land by several different methods, depending upon the circumstances.
  - **Unilateral annexation** is permitted in Kansas for annexations that meet certain criteria.
  - Also permitted are **consent annexations** (given other criteria) and annexations involving the approval of the board of county commissioners.
A municipality may annex land **unilaterally** (i.e., without obtaining landowner consent or voter approval) under any of the following circumstances:

- The land is platted and some part of the land adjoins the city. The land lies within or mainly within the city and has a common perimeter with the city boundary of more than 50 percent. KSA Annexing the land will make the city’s boundary line more harmonious (limit: 21 acres)

- The tract is situated so that two-thirds of any boundary line adjoins the city (limit: 21 acres). The land is owned by or held in trust for the city. or

- The land adjoins the city and is owned by another government
CONSENT ANNEXATION

Cities may annex some properties without a public hearing process if certain other circumstances exist, including landowner consent:

- **Adjoining land** – A city may annex adjoining land if the landowner files a written petition for or consent to the annexation with the city.

- **Noncontiguous land** – The governing body of any city may by ordinance annex land not adjoining the city if all of the following conditions exist. An aggrieved owner or city may appeal to the district court.
  - The land is located in the same county;
  - The owners of the land petition for or consent
  - The board of county commissioners determines the annexation will not hinder or prevent the proper growth and development of the area or that of any other incorporated city located within such county.
## Property tax abatement

<table>
<thead>
<tr>
<th>Description</th>
<th>Industrial revenue bonds/statutory</th>
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<tbody>
<tr>
<td>Eligibility</td>
<td>Commercial uses</td>
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<td></td>
<td>(statutory abatement restricted to industrial)</td>
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<tr>
<td>Permitted uses</td>
<td>Purchase, construct and improve new or existing private facilities</td>
</tr>
</tbody>
</table>

- Up to 100% property tax abatement for 10 years
- Debt security permitted:
  - Industrial revenue bonds paid from company’s lease payments
PROPERTY TAX ABATEMENT CONSIDERATIONS

- Abatement level tailored through payment in lieu of taxes (PILOT) payment
- Cost-benefit analysis for all taxing entities required
- Sales tax exemption on construction material and labor
- Bond interest exempt from state income taxation and exempt from federal taxation if a “qualified use”
- Notice to school district required (no veto power)
- City may charge an origination fee
- Company normally brings buyer for bonds
- Some level of abatement often required to be competitive
PROPERTY TAX ABATEMENT ADVANTAGES

– Diversify and strengthen local economy
– Flexible
– Easy to tie incentive to performance
– Relatively limited duration of incentive
– Aid in development of blighted or challenged sites
– Sets precedent and expectations
– Potential financial hardship on other taxpayers (to degree service impact costs exceed taxes received)
– Perception of favoring one business over another
– Difficult to know the “right” level of abatement
# Tax Increment Financing (TIF)

<table>
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<tr>
<th>Description</th>
<th>Special purpose district</th>
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<tbody>
<tr>
<td>Eligibility</td>
<td>Blighted, conservation, intermodal, major commercial and tourism, bio-science, pre-1992 enterprise zone</td>
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<tr>
<td>Permitted uses</td>
<td>Public facilities</td>
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</tbody>
</table>

**Financing alternatives (maximum 20 years):**
- Up to 100% of property tax increment
- Up to 100% of sales tax increment
- Up to 100% of franchise tax increment

**Debt service permitted:**
- General obligation bonds
- Special obligation revenue bonds
TAX INCREMENT FINANCING CONSIDERATIONS

- School district and county veto power
- Can’t construct private buildings!
- Limited to site acquisition/preparation and public facilities
- Organizational capacity to form and administer the district?
TAX INCREMENT FINANCING ADVANTAGES

– Strengthen local economy through development that would not occur without public subsidy

– Address blighted and problematic areas

– Complete needed public improvements for which no other funding source is available (other people’s money)

– Greater control over development type and quality
TAX INCREMENT FINANCING DISADVANTAGES

– Potential negative consequences of bond default

– Full economic benefit not realized until improvements become part of the general tax base

– May be politically unpopular

– May be perceived as subsidizing a project that would have happened anyway

– City enters development business
<table>
<thead>
<tr>
<th><strong>Description</strong></th>
<th>Special purpose district</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>Requires petition of property owners equaling 55% of assessed valuation and ownership</td>
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<tr>
<td><strong>Permitted uses</strong></td>
<td>Public or private facilities or uses</td>
</tr>
</tbody>
</table>

**Financing alternatives (maximum 22 years):**
- Sales tax (maximum 2%)
- Special assessments

**Debt securities permitted:**
- General obligation bonds
- Special obligation revenue bonds
### Transportation Development District (TDD)

<table>
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<tr>
<th>Description</th>
<th>Special purpose district</th>
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<tbody>
<tr>
<td>Eligibility</td>
<td>Requires petition of 100% of property owners</td>
</tr>
<tr>
<td>Permitted uses</td>
<td>Public transportation related facilities</td>
</tr>
</tbody>
</table>

**Financing alternatives (maximum 22 years):**
- Sales tax (maximum 1%)
- Special assessments

**Debt securities permitted:**
- Special obligation revenue bonds
CID AND TDD CONSIDERATIONS

- Frequently paired with tax increment financing (TIF)
- CID may be used in lieu of TIF
- Use of TDDs diminishing given flexibility of CIDs
- Whose money is it?
- Organizational capacity to form and administer the district
CID AND TDD ADVANTAGES

- Realize new development which might not otherwise occur
- Potential CIP revenue source
- Relatively simple to implement
- Citizens generally prefer sales taxes over property taxes
- Perceived as fair and effective because the assessment or sales tax is visibly connected to the improvement
- May be one of the most equitable methods to finance improvements benefiting more than one area or development
- Greater control of development
CID AND TDD
DISADVANTAGES

– Higher sales tax may encourage consumers to shop outside the district or community
– No disincentive to pirating business from within community or from nearby communities
– May be perceived as subsidizing a project that would have been built anyway
– City or county enters into the development business (policy question)
– Potential negative consequences of bond default
– Existing businesses may perceive creation of district as favoring one business over another
Special assessment district

Description: 12-6a01 special assessment district

Eligibility: Petition by majority owners of record, or resident owners of record of more than half the area, or owners of record — regardless of residency — of more than half of the area

Permitted uses: Public facilities

Financing alternatives (maximum 20 years):
- Special assessments

Debt service permitted:
- General obligation bonds
- Special obligation revenue bonds
- Is a special assessment district necessary?

- Does the cost of the special assessment substantially exceed the benefits conferred on the property?
  - No exact methodology
  - Burden imposed should not be entirely disproportionate to the benefits received
  - Benefit is to the property – not the current use

- Will the post improvement value of the land exceed the cost of the special assessments?

- Organizational capacity to form and administer the district?
SPECIAL ASSESSMENT DISTRICT ADVANTAGES

- Stretch municipal tax dollars further
- Costs paid by benefiting properties
- Incentive to promote desired development
- Tax exempt interest rate, access to local government’s credit, potential city at-large contribution
- Delinquent assessment paid city at-large
- Greenfield: chance that development will not occur
- Bonds may count against statutory debt limit
- Uncontrolled, can promote haphazard pattern of development
MID AMERICA REGIONAL COUNCIL...MARC
Who Is MARC
MARC is a nonprofit association of city and county governments and the metropolitan planning organization for the bistate Kansas City region.

- serve nine counties and 119 cities.
- Provide a forum for the region to work together to advance social, economic and environmental progress.
- MARC is funded by federal, state and private grants, local contributions and earned income. A major portion of our budget is passed through to local governments and other agencies for programs and services.

What Does MARC Do?
- The Mid-America Regional Council promotes regional cooperation and develops innovative solutions through leadership, planning and action.
The MARC Board of Directors consists of 33 locally elected leaders from the nine member counties and the six largest cities in the region.

- The member counties are Cass, Clay, Jackson, Platte and Ray in Missouri and Johnson, Leavenworth, Miami and Wyandotte in Kansas.

- The cities with board representation are Kansas City, Missouri; Kansas City, Kansas; Independence, Missouri; Lee's Summit, Missouri; Olathe, Kansas; and Overland Park, Kansas.

https://www.marc.org/About-MARC/Learn-More/Programs-Initiatives
Financial Statements for City and County Government.

- CAFR (Comprehensive Annual Financial Report)
- Annual Audit
- County and City Codes
  - https://library.municode.com/ks/johnson_county/codes/code_of_resolutions
QUESTIONS
THANK YOU

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