

What's the difference between taxes?



PROPERTY TAX

WHO PAYS? Property owners only.
HOW MUCH? Property value determines mill levy assessment.
WHO CAN ISSUE? Cities, counties, schools and colleges.
PROS! Very stable revenue based on property value and taxing owners.
CONS! Only property owners pay the tax.



SALES TAX

WHO PAYS? Anyone who makes purchases in taxing district.
HOW MUCH? Rate set by combination of state sales tax and local sales tax.
WHO CAN ISSUE? Cities and counties only. Schools and colleges cannot.
PROS! More people share the tax. Outlying shoppers also pay.
CONS! Not as stable, revenue determined by consumer spending.

City, schools continue discussion of expansion funding

By RACHEL COLEMAN

• Leader & Times

A special meeting called by the USD 480 Board of Education on Aug. 27 contained only one agenda item. Yet that single topic — future facility needs — took up more than an hour of intense discussion. The big question? How to pay for a district expansion plan that hasn't yet taken shape.

“We know that we have massive needs,” said USD 480 Board President Delvin Kinser. “We’ve done a Band-Aid approach for years.” Despite the fact that the community-based group charged with formulating a proposal has yet to articulate a clear vision, Kinser said he felt it was time to explore the city’s willingness to help with a sales tax initiative.

“What needs to be addressed is how much taxing authority the city is willing to allow us,” he said.

In the end, his fellow school board members shared that opinion and agreed by consensus to request a spot on the agenda at the next Liberal City Commission meeting. The two boards will explore the issue further Tuesday evening, and, both sides hope, reach a decision.

Based on a survey conducted through Patron Insight, the school district is certain taxpayers would prefer a mixed approach to funding a bond issue to address the district’s overcrowding and future needs. A combination of sales tax revenues and property tax funds by mill levy would ease the burden on businesses and homeowners by adding money that flows into Liberal from out-of-town shoppers.

However, school districts in Kansas do not have authority to issue sales taxes. That’s where the city commission, which does have the legal right to request voter approval on sales tax increases, comes in. Approval by the city would not enforce a sales tax, but it would permit the district to ask voters for the go-ahead.

At the special school board meeting, said Liberal Superintendent of Schools Paul Larkin, the board concluded that it would ask for a 1/2-cent sales tax for the life of the yet-to-be-determined bond issue.

“That’s the question we’re going to be asking,” Larkin said. “It’s challenging, because if you’re a city commissioner, it’s understandable that you’d like to see more details about the project. But because we’re using the community vision group to develop the plan — and they’re moving along well — it can seem somewhat slow.”

After a preliminary meeting with Liberal City Commissioners in August, school board members were left with more questions than answers. Commissioners asked them about the scope of the project, the total expense, the district’s long-term plan. None of those details had yet been settled, the school board explained, because the district was invested in creating a proposal that belonged to the community. Nor will the plan depend on how much money the city might be

willing to help collect.

“We’re not basing the size of a bond issue on what the city commissioners are willing to contribute,” observed USD 480 board member Crystal Clemens.

Larkin likened the district’s process to home-buying.

“Going to the city in this way is like getting pre-approval for a home loan,” he said. “If I went down to Marvin Chance at Mortgages Unlimited and said, ‘I want to buy a house,’ and he said, ‘You’re good up to \$450,000,’ that wouldn’t mean I’m going to do that.” Like a careful homebuyer, Larkin said, the district will have to set its priorities and make realistic choices.

Liberal City Manager Mark Hall said discussion about a sales tax is not about the commission’s support of education. It’s about responsible financial planning.

It’s significant that the Kansas Board of Education has not condoned this method of financing school improvements, he said, nor has it approached the legislature to change the law that restricts the levying of sales tax to city and county governments.

“There are all kinds of considerations when you deal with financing these projects,” he said. “It raises questions, hard questions like ‘What does the future hold?’ and ‘How will this affect the city as we go forward?’ That’s a lot of weight on the commissioners. It’s a heavy decision.”

At the same time, “the city and the commissioners all feel that schools are very important to the future of Liberal,” Hall said. “This is a unique situation.”

In speaking with other cities, Hall said, he has not encountered many that considered levying sales taxes for their school districts.

“The majority had not even entertained the thought,” he said. “They had never been approached.”

Hall did speak with city officials in Goodland and Independence, the two cities in the state which had adopted a sales tax finance plan in order to help their local school districts.

“They had different reasons than we might,” he said. “They are smaller communities, and they had different needs and different situations” that don’t translate to Liberal’s current dilemma.

Larkin is hopeful the district will meet with approval at the city’s meeting next Tuesday.

“Through this entire process, we have emphasized collaboration,” he said. “The vision meetings in the community, the effort to develop what the community wants, the concern about how taxpayers are affected — all of that reflects the district’s desire to work toward something the community can get behind and support.”