

M I N U T E S

SPECIAL COMMITTEE ON ASSESSMENT AND TAXATION

June 4, 1976

The meeting was called to order by Chairman Gaar shortly after 10:00 a.m. with all members except Senators Hudson and Janssen present. Staff present: Bill Edds, Roy Johnson, Richard Ryan.

Proposal No. 4 - Merchants'
Inventory Tax

Staff reviewed background material (filed in the Committee notebooks) on the nature of the study called for by the proposal, earlier studies and legislative action relating to taxation of merchants' inventories, and discussions with the Director of Property Valuation and members of his staff relative to possible methods of collecting data to permit a determination of the effect on school finance, on the revenues of county and city governments, on bonded debt limits, etc., if merchants' inventories were removed from the property tax base. The Division of Property Valuation had estimated that data on merchants' inventory valuations - by cities, townships and county totals - could be collected in about sixty days. The Committee also discussed the possibility of expanding the survey to include other types of business inventories in case interest in a broader area of action should develop.

It was moved by Representative Nesmith and seconded by Representative Frey that the staff and Division of Property Valuation proceed with a survey to secure data on valuations of merchants' and manufacturers' inventories. Representative Hineman offered a substitute motion, seconded by Representative Powell, to emphasize the above data but also expand the survey to include other types of personal property to the extent feasible in the time available. Substitute motion carried.

Proposal No. 7 - Mineral Interests Taxation

Staff reviewed background material (filed in the Committee notebooks) on three phases of the proposal. Committee discussion focused mainly on the objectives of collecting taxes on mineral interests and providing a mechanism for reuniting severed mineral estates with the surface ownership.

The staff was instructed to draft for Committee review a bill that would apply to all mineral interests, both real and personal, providing for notice, a redemption period, and forfeiture for failure to satisfy the tax obligation.

Proposal No. 6 - Classification of Soils

Information on the importance for property tax purposes and status in Kansas of county soil surveys was provided by Raymond Vaughn, Director of Property Valuation, Bob Burke, Division of Property Valuation, C.W. McBee, Soil Conservation Service, and Dr. O.W. Bidwell, Kansas Agricultural Experiment Station.

Mr. McBee reported that the present status -- soil surveys for 35 counties completed and published and 22 counties completed but not published -- has been achieved in 20 years with staffing varying from 25 to 40 persons. The Soil Conservation Service now has 25 soil scientists working in the counties and 3 on the state office staff in

Salina. He estimated that with the present staffing and funding it will require nine years to complete the surveys for all of the remaining counties, without publication. He also reported that the federal budget for Kansas is \$655,000 a year and that there is virtually no state funding of the program. Dr. Bidwell confirmed the lack of any significant state input at this time.

In answer to questions, Mr. McBee said that probably 20 trainees could be utilized in a phased in program, if funding and qualified personnel were available, and that the time required for completion of the remaining counties might thus be reduced to five or six years. He also estimated starting salaries of \$9-10,000 per year for trainees, with a total cost per person, including equipment and expenses, of about \$15,000 per year.

It was moved by Representative Hineman and seconded by Senator Simpson that the staff, in consultation with the Soil Conservation Service, the Agricultural Experiment Station, and the Division of Property Valuation, be directed to develop a suggested program -- personnel and funding through an appropriation to the Agricultural Experiment Station -- for acceleration of the soil surveys program for consideration by the Committee at its next meeting. Motion carried.

Proposal No. 5 - Sales Tax Revisions

Staff reviewed background material, including brief summaries of 1975 H.B. 2526, 1976 H.B. 3057 and 3111, and 1976 S.B. 927. It was decided to have a further staff briefing and hearing on H.B. 2526, and a briefing by the Chief Counsel of the Department of Revenue on H.B. 3057 and 3111 at the next meeting.

Schedule of Future Meetings

The following list of meeting dates, all falling on Friday, was agreed upon.

<u>Date</u>	<u>Time</u>	<u>Room</u>
July 9	9:00 a.m.	510
August 6	9:00 a.m.	527
September 17	9:00 a.m.	510
October 8	9:00 a.m.	510
November 12	9:00 a.m.	510

Agenda for Next Meeting

The agenda for the July meeting will include, not necessarily in the following order:

Proposal No. 5 - Sales Tax Revisions

- a. H.B. 2526 - staff briefing and hearing
- b. H.B. 3111 & 3057 - briefing by Chief Counsel, Department of Revenue

Proposal No. 6 - Classification of Soils - review of suggested program

Proposal No. 7 - Mineral Interests Taxation - review of bill draft

Staff reports

Prepared by Roy Johnson

Approved by Committee on:

7-9-76

(date)