

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Representative Jim Braden at
Chairperson

9:00 a.m./~~p.m.~~ on February 23, 1983 in room 519S of the Capitol.

All members were present ~~except~~

Committee staff present:

Wayne Morris, Research Department
Tom Severn, Research Department
Don Hayward, Revisor of Statutes' Office
Nancy Wolff, Secretary to the Committee

Conferees appearing before the committee:

Representative Elaine Hassler
Elizabeth Taylor, Institute of Electrical and Electronics Engineers, Inc.
Patricia Baker, Senior Legal Counsel, K.A.S.B.
Stephen J. Clegg, Jr., Shawnee Mission North High School
Bill Edds, Department of Revenue
Phil Martin, Director of Property Valuation Department
Charles Burkhardt, Property Valuation Department
Carol Bonebrake, Property Valuation Department

The meeting was called to order by the Chairman.

Hearings were held on House Bill 2441, which would allow an income tax credit for contributions of computer equipment to an elementary or secondary school.

Representative Elaine Hassler appeared as sponsor of the bill to state that this bill would allow an individual or corporation to claim 25% of the fair market value for a computer given to an elementary or secondary school as an income tax credit on their Kansas Income Tax Return. Representative Rolfs stated that the committee might want to consider a change in the language to "contributed and accepted" by a school system.

Elizabeth Taylor, The Institute of Electrical and Electronics Engineers, Inc., appeared as a proponent of House Bill 2441. (Attachment I)

Patricia Baker, Senior Legal Counsel, Kansas Association of School Boards, appeared in support of House Bill 2441. (Attachment II)

Stephen J. Clegg, Jr., also appeared as a proponent of House Bill 2441. It was his opinion that computers smaller than 32K were too small to be included in the provisions of House Bill 2441. Computers with capabilities smaller than 32K are primarily the game-type computers. (Attachment III)

Bill Edds, Department of Revenue, appeared and stated that the Department had one major concern with House Bill 2441. The main problem is how the fair market value is going to be ascertained as well as how the Department will verify the contribution when a taxpayer claims a tax credit on his income tax.

Phil Martin, Director of Property Valuation Department, along with Charles Burkhardt and Carol Bonebrake of the PVD, appeared to explain why House Bill 2469 is needed. House Bill 2469 would make several clarifying changes to K.S.A. 1982 Supp. 79-5a01, 5a04, and 5a08, regarding the valuation of public utility property for tax purposes.

Section 1 would amend K.S.A. 1982 Supp. 79-5a01 to: (1) Clarify that a railroad will be valued by the Division of Property Valuation (PVD) in Kansas even though it may not own track in the State; (2) limit PVD appraisals of water companies to those that operate for profit or that are regulated by the Corporation Commission; (3) add barge lines that operate through the Missouri River to the list of properties appraised by PVD; and (4) exclude from the definition of "public utility" oil and gas gathering lines that are located in only one county and do not cross any state boundary, and boat companies operating on the surface of any manmade waterway located entirely within one county. Section 2 of House Bill 2469 amends K.S.A. 1982 Supp. 79-5a04 to define "fair market

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519S, Statehouse, at 9:00 a.m./p.m. on February 23, 1983.

value" of utilities in the same manner that "fair market value" is defined for all other property, under K.S.A. 1982 Supp. 79-503a. Section 3 would amend K.S.A. 79-5a08 to clarify the requirement that a certificate of value be filed with the Director of Property Valuation when a utility is acquired by deed or other instrument.

Mike Germann, Kansas Railroad Association, expressed concern as to the intent of language which defines fair market value. He stated that if it is strictly for definition, the industry would have no problem with the legislation.

The Chairman asked the Director of Property Valuation if this bill were passed by the Legislature, if this language would change the way Property Valuation Department now values public utilities. Mr. Martin replied that it would not. He stated that it would simply make it clear that it is to be valued as of January 1 like all other property under K.S.A. 1982 Supp. 79-503a. The Chairman asked Mr. Martin if this meant that in valuing utilities, the Property Valuation Department would still take into consideration the regulatory constraints under which public utilities operate. Mr. Martin stated that the Department would still consider these regulatory constraints in valuing public utilities.

The meeting was adjourned.

DATE: Feb 23, 1983

GUEST REGISTER

HOUSE

ASSESSMENT & TAXATION
COMMITTEE

NAME	ORGANIZATION	ADDRESS
Becki Pince	Shawnee Heights	
Diana Engelta	SHHS	
Theresa Luling	Shawnee Heights	
Nayda Holsteen	Shawnee Heights	
Susan Wright	Shawnee Heights	
Ronnie Hornbaker	Shawnee Heights	
Chris McNaney	Shawnee Heights	
Scott Jony	Shawnee Heights	
Dan Wootz	Shawnee Heights	
Acot Hazelist	Shawnee Heights	
Hott Starbeck	Shawnee Heights	
Bob McCall	Shawnee Heights	
Tara Strand	Shawnee Heights	
Ganelle Roblyer	Shawnee Heights	
Barrel D. Frostitt	Teacher State & Local Govt Sh. Hgts	Tecumseh
Zoi Welch	Shawnee Heights	
Karna Ruppert	" "	
Kelley Smith	" "	
Shera Lea Rainey	" "	
Shelly Bailey	" "	
Leroy Jones	B.L.E	Overland Park



TESTIMONY ON H.B. 2441

February 23, 1983

Dear Committee Members:

I am here today to represent the Institute of Electrical and Electronics Engineers. IEEE is a professional world-wide organization comprised of engineers in 32 different specialties ranging from aerospace technology to ultrasonics. We are interested in H.B. 2441 and support its passage for the following reasons:

(1) The availability of computers in the classroom would greatly enhance the technological education of Kansas' young people. Computerization has greatly changed the way America lives. But currently few young people have the opportunity to learn and to utilize the advantages brought about by this change. If students could learn about computer technology earlier in the educational process, they would certainly be able to develop their technological knowledge much beyond what is now attainable. In the long run, this will provide Kansas with more highly trained engineers;

(2) Computer equipment is relatively expensive considering the other educational tools used in our schools and considering the current Kansas economy. In trying to cut back on the overall expense of education while maintaining quality, it would seem very cost-efficient to encourage the donation of this equipment by allowing the 25% fair market value tax credit.

For these reasons IEEE supports the passage of this legislation. Thank you for your consideration.

Sincerely,

Elizabeth E. Taylor

Elizabeth E. Taylor



Testimony on H.B. 2441
before the
House Committee on Assessment and Taxation
by
Patricia Baker, Senior Legal Counsel
Kansas Association of School Boards

Thank you for the opportunity to appear before you on House Bill 2441.

The computer age is upon us; even those of us who don't know a bit from a byte. Our children, though, will increasingly teach us. For the young people of America becoming competent in the use of computers will be as necessary as learning to write was to us.

Computers are wondrous machines and there is a high price tag on the wonders. Any assistance that local schools can receive in purchasing the equipment necessary to educate children in this field is welcome.

In tight fiscal times it is difficult to find the dollars to fund even necessary school programs. If passage of H.B. 2441 will facilitate even a limited number of equipment contribution, it will be worth the fairly small cost.

We sincerely hope that you will report favorably on H.B. 2441.

Testimony on Behalf of House Bill 2441

Stephen J. Clegg, Jr.

Career Education Coordinator

ATTACHMENT III

Shawnee Mission North High School

Member of Kansas Children and Youth Advisory Council

The condition of the nation's education system figures prominently in a "strong, sustained recovery," according to President Reagan in his 1983 State of the Union message to the Congress. Further, the cornerstone to such recovery is a heavy emphasis on "a new dedication to excellence in American education." A recognition of excellence, I contend, means not only "basic education" but also means computer literacy for all Kansas youth because society and work as we know it today is changing. High technology, information, communications, and services are the new forces of business rather than traditional manufacturing, such as automobiles and steel that have been weakened by the recession and are vulnerable to foreign competition.

The world will never be the same. Approximately 75% of the U.S. work force falls in the service sector and about two-thirds of the service sector is concerned with information. About 50% of the work force and G.N.P. are now linked to information industries. For example, high technology fields in the 1970's saw the demand for computer operators increase 346.2%, according to Andrew Hacker, author of "U/S Statistical Portrait of the American People." The Department of Labor reports that in the 1980's the computer industry will be the fastest growing segment of our economy. Computer-related jobs dominate five of the six categories of employment which are expected to expand most rapidly in this decade. Approximately 67% of the 1980's college graduates are expected to be in professional and technical occupations and 28% in managerial, administrative, and sales occupations--all inextricably tied to computer usage.

Eighty percent of Americans expect that home computers will become as commonplace as television sets or dishwashers; 67% believe that the computer revolution will ultimately raise production and, therefore, living standards; and 68% feel that the computer revolution will improve the quality of their children's education. Sales figures of 724,000 personal computers being sold for \$1.8 billion in 1980 underscores the pervasiveness and importance of computers in our future.

Thus, Kansas must create an environment that will attract additional high technologies, as well as encourage expansion of existing industry. Governor Carlin in his directives to the Kansas Department of Economic Development stated that attracting high technology companies will be based in part on the "quality of our universities and our primary and secondary education." A special Task Force on High Technology Development headed by former Senator James P. Pearson also concludes that labor is the most important locational factor, along with proximity of a technically-oriented university where new ideas can be readily incorporated into new products and services.

But will Kansas youth, the work force of the information generation, be ready?

The number of U.S. schools with classroom computers has increased by over 50%, to approximately 160,000 microcomputers, in the past year, but the gulf between wealthy and poorer schools has remained according to a survey taken by Market Data Retrieval, a Westport, Connecticut market research firm. Of the 2,000 largest and most wealthy high schools, 80% have educational computers. In smaller, poorer high schools, the rate drops to 40 percent. These disparities hold for junior high and elementary schools. For example, Shawnee Mission with 31,182 students, has 225 microcomputers for 7,745 high school students, 43 computers for all junior high students, and seventeen computers for all elementary schools. Yearly, approximately 500 students at Shawnee Mission North, a high school of 1,300, are enrolled in computer science classes

excluding office education, accounting, and business machines. North students have access to thirty microcomputers. The district also has 96 terminals for other educational activities. In contrast, Ottawa High School, with approximately 600 students, 9-12, has two microcomputers. The school district did not obtain its first microcomputer until 1979. The first class had an enrollment of ten students, but dropped to five because all students could not have access to the one computer. In 1982, the school purchased its second microcomputer.

Change requires a commitment not only from business and education, but from government. A new partnership must be forged if we are to continue to develop our "human capital" which is needed to build on the technology foundation that has been laid by prior generations. This partnership must recognize the need for new equipment such as computers and software so that Kansas youth will not be left out of state-of-the-art technology education. In short, equipment shortages undermine the ability of our schools to teach computer literacy. Computer literacy--a key to proficiency in the information society--must be recognized, therefore, as a legitimate concern of the Kansas legislature.

House Bill 2441 will have long-range importance both in terms of technological strength and the ability of Kansans to find and competently hold jobs in the society which is now emerging. The computer is at the epicenter of the information revolution, and computer literacy in the late 1980's and beyond will be virtually as fundamental a skill as verbal literacy is today.

Business is committed to education as evidenced by statistics. Giving to higher education by business totalled 36.7% of all their charitable giving in 1981. Moreover, although profits were down 4.2%, corporate contributions to higher education in 1981 increased by 10.7%. Passage of House Bill 2441 will be a further incentive to business, an incentive to contribute to secondary and elementary schools; passage of House Bill 2441 will mean an increase in much needed computer resources in our unified school districts.

I hope this committee and the Kansas legislature will have the vision to pass House Bill 2441 for a better today and tomorrow.