

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. ~~4:00~~ on March 2, 1983 in room 519-S of the Capitol.

All members were present except:

Representative Kent Ott, who was excused

Committee staff present:

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

Conferees appearing before the committee:

Representative Marvin Littlejohn  
Leonard Archer, County Commissioner, Phillips County  
Phil Martin, Director of Property Valuation Department  
Brad Welch, Kearny County Appraiser  
Don Gordon, Douglas County Appraiser, President-Elect of Kansas County  
Appraisers Association  
Ann Eslick, Chairman of the Legislative Committee of the Kansas County  
Appraisers Association

The meeting was called to order by the Chairman.

Representative Littlejohn appeared briefly as the sponsor of House Bill 2256 which would allow Phillips County to hire a deputy appraiser who shall have binding authority to make oil and gas assessments. Representative Littlejohn, in turn, introduced Leonard Archer, who is a Phillips County Commissioner who proceeded to explain the problem in Phillips County. It seems there are two County Appraisers in Phillips County, neither on subordinate to the other. Phillips County Board of County Commissioners is happy with this situation but the Property Valuation Department regulations provide that each county shall have but one county appraiser. This appraiser may have deputy appraisers, but these deputies are subordinate and must report to the county appraiser who will have the final authority over all appraisals. House Bill 2256 would allow Phillips County to have two appraisers of equal authority with neither one reporting to the other. Mr. Archer presented a letter from Thomas H. Sullivan, Phillips County Attorney, which stated the county's position relative to House Bill 2256. (Attachment I)

Phil Martin, Director of Property Valuation Department appeared in opposition to House Bill 2256 and stated that it is a policy decision of PVD that each county shall have but one appraiser. This appraiser in turn may hire deputes, but these deputies must report to the appraiser who in turn has final authority over all deputy appraisers.

Brad Welch, Kearny County Appraiser, appeared in opposition to House Bill 2256. Mr. Welch stated that he had previously been in a similar situation and felt well qualified to testify as to the problems that could arise from the passage of House Bill 2256. (Attachment II)

Don Gordon, County Appriaser for Douglas Kansas and President-Elect of the Kansas County Appraisers Association, appeared in opposition to House Bill 2256. (Attachment III)

Ann Eslick, Chairman of the Legislative Committee of the Kansas County Appraisers Association, appeared to read a letter from Walter J. Staab, Ellis County Appraiser in which he states his opposition to House Bill 2256. (Attachment IV)

The Committee then discussed House Bills 2338 and 2339. House Bill 2338 would exempt motor vehicles from local sales taxes, but would apply a local use tax to all motor vehicle sales. House Bill 2339 would provide that the sales tax on sales of all vehicles would be collected by the county treasurer rather than the retailer. Representative Erne stated that he preferred action on these two bills be deferred until such time as a Fiscal Note can be obtained. Representative V. Miller made a motion to table both House Bill 2338 and House Bill 2339 and Representative Turnquist seconded the motion. The motion passed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 2, 1983

The Committee held discussion on House Bill 2329 which would enact a new income tax credit, up to \$200 for an individual and \$1,000 for a corporation, for contributors to a community facility for the mentally retarded or to the cerebral palsy research foundation.

Representative Rolfs stated that he was supportive of House Bill 2329 but felt that it would need substantial amendments and that he was also of the opinion that with the financial situation in which the state currently finds itself, the legislation would possibly not pass the House were it referred out of committee. Representative Rolfs made a motion that House Bill 2329 be tabled and Representative Vancrum seconded the motion. The motion carried. Representative V. Miller voted "No".

The Committee discussed House Bill 2441 which would provide an income tax credit for contributions of computer equipment to a school. Representative Barkis made a motion to table House Bill 2441 and Representative Spaniol seconded the motion. The motion carried. Representative V. Miller voted "No".

The Committee turned their discussion to House Bill 2369 which would provide that owners of adult care homes, children's homes, or elderly housing, need not show that its charges are at the lowest feasible cost if certain conditions are met. Representative V. Miller made a motion to table House Bill 2369 and Representative Jarchow seconded the motion.

Representative Vancrum made a substitute motion to conceptually amend House Bill 2369 as follows:

Sixth item, p. 3 of Bill, lines 0103, 0108, 0110 and 0112: Change the word "organization" appearing on these lines to the word "corporation".

Last italicized sentence of item Sixth (3): Substitute the following sentence: "Provided: This Sixth item shall not be applicable to any corporation described in items Second, Third or Fifth or to any adult care home, private children's home or housing for elderly persons operated by such a corporation if such corporation or such home or housing is in any manner controlled or managed by a private for profit corporation or by any person or legal entity to whom or to which private profit inures, or may inure. The payment of reasonable salaries for actual services performed for such homes or housing shall not constitute the inurement of private profit."

Representative Rolfs seconded the motion. The motion carried.

Representative Leach made a motion to table House Bill 2369 and Representative Lowther seconded the motion. The motion carried.

The committee discussed House Bill 2317 which would impose a 1/2 cent countywide highway sales tax to pay off certain bonds or to allow counties to issue general obligation bonds to finance state highway bonds. Representative V. Miller made a motion that House Bill 2317 be reported adversely and Representative Jarchow seconded the motion.

Representative Lowther made a conceptual substitute motion to amend House Bill 2317 to strike language wherever it appears referencing countywide retailer highway sales tax and all other appropriate sections in the bill. Representative R. Frey seconded the motion.

he committee being out of time, the motion was held over until March 3, 1983, at 9:00 a.m. when action could be taken.

The meeting was adjourned.



# COUNTY OF PHILLIPS

STATE OF KANSAS  
PHILLIPSBURG, KANSAS 67661

February 25, 1983

The Honorable Marvin Littlejohn  
House of Representatives  
State Capitol  
Topeka, Kansas 66612

Re: House Bill 2256

Dear Representative Littlejohn:

I regret that I cannot be personally present to testify at hearings on House Bill 2256. Please present this letter to the committee in lieu of my testimony and I hope that it will be received in the same manner and with the same consideration as if I were personally present to offer this testimony. I will endeavor in this letter to relate some of the background facts and information giving rise to the situation now existing in Phillips County which necessitates passage of House Bill 2256.

Ernest Rupp of Hays, Kansas, has been appraising and assessing the oil and gas properties in Phillips County since 1968. He is considered to be an expert in the field of oil and gas appraisals and is frequently called upon as an expert witnesses in court cases relating to the value of oil and gas properties. Jim Underwood currently has the responsibility in Phillips County for assessing all other types of property. The County has been well satisfied with Mr. Underwood's performance and service in these areas but we do not feel that he has the same level of expertise as Mr. Rupp when it comes to appraising and assessing oil and gas properties. Mr. Underwood, with the urging and support of certain members of the staff of the Property Valuation Department, has long insisted that he can appraise oil and gas properties and has urged the County to terminate Mr. Rupp's services. While it is true that Mr. Underwood could probably follow the directions in the Oil and Gas Appraisal Guide published by the State Property Valuation Department, it is the opinion of the Phillips County Commissioners and of myself, that blindly following the Oil and Gas Appraisal Guide without more research, record keeping, and expertise, will result in a significant loss of valuation to Phillips County. This fact was dramatically demonstrated when in 1971 the County Appraiser convinced the County Commissioners to terminate Mr. Rupp's services and the Appraiser undertook to assess the oil and

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gas properties himself. During that one year, Phillips County lost over one million dollars in valuation of oil and gas properties. The following year, the County Commissioners recognized their error and once again hired Mr. Rupp to appraise the oil and gas properties.

It has long been my opinion and the opinion of the Phillips County Commissioners that a good assessment of oil and gas properties requires more than merely following the Oil and Gas Appraisal Guide. As stated in the Guide, the appraiser has the authority and duty to deviate from the Guide when the facts warrant it, but the appraiser must be prepared to furnish evidence in support of this deviation. Only someone who has the time and expertise to investigate the oil and gas leases will be able to present such evidence. Ernest Rupp has consistently made a practice of preparing semilog sheets charting of the production history of every well in Phillips County, he personally visits every well site to personally check production, he knows and talks with the pumpers, and reviews the financial records of the oil producing companies. Because of his expertise, facts which would be insignificant to someone lacking his training and experience, become meaningful facts which have repeatedly proved to be valuable evidence in support of his oil and gas assessments.

In the last few years Phillips County has been under tremendous pressure from both the oil companies and the Department of Property Valuation to terminate Mr. Rupp. I have personally been contacted on numerous occasions by different individuals in the State Department of Property Valuation telling me that Phillips County had no authority to hire Mr. Rupp as oil and gas appraiser and that this function must be performed by Mr. Underwood. This position was based upon K.S.A. 19-430 which says that the county commissioners shall appoint "a county appraiser" and which the Property Valuation Department interpreted to mean that only one appraiser may be appointed. Since this statute does not uniformly apply, I repeatedly maintained the position that Phillips County was authorized by its Home Rule Authority to hire an oil and gas appraiser separate and apart from the appraiser who assesses all other types of property. The Property Valuation Department on several occasions threatened to take legal action against the County to remove Mr. Rupp but in each case they apparently decided that there was no basis for such action. Likewise, oil companies consistently approached our County Commissioners requesting that they terminate Mr. Rupp. On two occasions they have challenged Mr. Rupp's authority in hearings before the State Board of Tax Appeals. In each of those cases the State Board of Tax Appeals agreed that the County had the authority, pursuant to its Home Rule Powers, to hire Mr. Rupp and grant him the exclusive authority to appraise oil and gas properties. Both the Property Valuation Department and the oil and gas companies have consistently maintained that Mr. Underwood should have the authority to change or amend Mr. Rupp's assessments, and that Mr. Rupp should be merely a deputy who Mr. Underwood could

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terminate at will. It is for these reasons that the County, pursuant to its Home Rule Authority, adopted a Resolution creating and defining the position of oil and gas appraiser. A copy of this Resolution is attached for your information.

For the past year there has been no apparent question concerning Mr. Rupp's authority until the passage of House Bill 3176 in 1982, which prohibited the counties from deviating from the exact requirements of the statutes requiring the appointment of "a county appraiser". Passage of House Bill 3176 left Phillips County in a very difficult and untenable position. Under our present circumstances an oil company could challenge the validity of any assessment made by Mr. Rupp since House Bill 3176 effectively voids and nullifies the Home Rule Authority under which Mr. Rupp was operating. It is the desire and intention of the Phillips County Commissioners and clearly in the best interest of Phillips County that Mr. Rupp be retained to provide expertise in the oil and gas appraisals. Since Mr. Underwood has repeatedly expressed his desire to take over the functions of assessing the oil and gas properties, we do not feel that we can depend on Mr. Underwood to hire Mr. Rupp to appraise the oil and gas properties and allow him to perform that function without interference. We are very concerned that to not be allowed to continue to have Ernest Rupp serve in the capacity of oil and gas appraiser will result in a dramatic decrease in valuation in Phillips County. The passage of House Bill 2256 would allow Phillips County to continue to have the benefit of expert oil and gas appraisals, and would avoid the economic loss which would almost certainly result if the County Commissioners are denied the authority to hire an expert oil and gas appraiser. I strongly urge you to favorably consider the passage of House Bill 2256.

Sincerely,



Thomas H. Sullivan  
Phillips County Attorney

THS/pw  
encl.

3-1-83

# BOOK OF RESOLUTIONS 1 PHILLIPS COUNTY

## RESOLUTION # 211

A RESOLUTION APPOINTING THE APPRAISER OF PHILLIPS COUNTY, KANSAS.

WHEREAS, PHILLIPS COUNTY, KANSAS, IS REQUIRED UNDER K.S.A. 19-430 TO APPOINT A PART TIME OR FULL TIME COUNTY APPRAISER AND WHEREAS UNDER K.S.A. 19-101 AND 19-101 (A) COUNTIES ARE AUTHORIZED TO EXERCISE THE POWERS OF HOME RULE TO TRANSACT ALL COUNTY BUSINESS, AND PERFORM SUCH POWERS OF LOCAL LEGISLATION AND ADMINISTRATION AS THEY DEEM APPROPRIATE AND WHEREAS THE BOARD OF COUNTY COMMISSIONERS OF PHILLIPS COUNTY, KANSAS, HAS DETERMINED THAT IT IS APPROPRIATE AND DESIRABLE THAT THE DUTIES OF THE COUNTY APPRAISER BE VESTED IN TWO INDIVIDUALS WITH EXCLUSIVE REALMS OF AUTHORITY.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PHILLIPS COUNTY, KANSAS, THAT ERNIE RUPP AND JIM UNDERWOOD ARE HEREBY APPOINTED TO CONCURRENTLY HOLD THE OFFICE OF COUNTY APPRAISER OF PHILLIPS COUNTY, KANSAS. THAT ERNIE RUPP HAVE THE DUTY AND RESPONSIBILITY OF APPRAISING AND ASSESSING ALL OIL, GAS AND OTHER MINERAL INTERESTS IN PHILLIPS COUNTY, KANSAS. THAT JIM UNDERWOOD SHALL HAVE THE DUTY AND RESPONSIBILITY OF APPRAISING AND ASSESSING ALL OTHER PROPERTY IN PHILLIPS COUNTY, KANSAS, AND SAID INDIVIDUALS SHALL COOPERATE COMPLETELY WITH EACH OTHER IN THE PERFORMANCE OF THEIR RESPECTIVE DUTIES. THIS APPOINTMENT SHALL TAKE EFFECT THE 9TH DAY OF MARCH, 1981, AND CONTINUE IN EFFECT UNTIL JULY 1, 1985, UNLESS EARLIER TERMINATED.

BOARD OF COUNTY COMMISSIONERS  
PHILLIPS COUNTY, KANSAS

LEONARD ARCHER, ORIG. SIGNED  
LEONARD ARCHER, CHAIRMAN

DON HEWITT, ORIG. SIGNED  
DON HEWITT, MEMBER

ROBERT SCHEMPER, ORIG. SIGNED  
ROBERT SCHEMPER, MEMBER

ATTEST:

MARGARET MALONE, ORIG. SIGNED  
MARGARET MALONE  
COUNTY CLERK  
PHILLIPS COUNTY, KANSAS



Mr. Chairman:  
Members of the Committee:

My name is Brad Welch, Kearny County Appraiser. I am appearing before this committee in opposition of House Bill 2256. Having been in this situation I can relate directly to problems that could arise from passage of such legislation.

The first 15 minutes of my career was spent listening to a dissatisfied independent oil and gas producer on appraisals of his property prepared by an independent oil and gas appraisal firm appointed by the board of County Commissioners. As I became more involved and informed in the oil and gas appraisal methods, the problems were compounded to omitted property on the tax rolls, preferential treatment, equalization, and a general disruption of the timely flow, from the appraisal to the final product of a tax statement.

I submit to you that the existing statutes now in force can adequately control the fore mentioned problems, but passage of this bill will only enhance them. As a county appraiser must answer to and defend the actions of his office so must he have control of them.

The total consensus of the legislative committee of the Kansas Appraiser's Association is to oppose HB 2256.

I thank you for this opportunity to appear before this committee.

Respectfully submitted,

  
Brad Welch  
Kearny County Appraiser



Mr. Chairman  
Distinguished Members of the Committee

My name is Don Gordon. I am County Appraiser for Douglas County, Kansas, and President-Elect of the Kansas County Appraisers Association.

I thank you for this opportunity to comment on HB 2256.

I am sure this committee is well aware that certain powers and duties of the appraisers office are mandated by law. KSA 79-1412a (Second) states: "Annually, as of January 1, supervise the listing and assessment of all real estate and personal property in the county subject to taxation except state-assessed property".

KSA 79-1471 states in part, "shall appoint and dismiss any assistants necessary to carry out the duties of the office".

One of the duties of the office of county appraiser is to certify the abstract. (Reference: KSA 79-1466; KSA 79-1467)

HB 2256, lines 45 through 50, states in part "may appoint a deputy county appraiser who shall have exclusive authority to make and complete assessments on oil and gas properties within the county. The assessment of the oil and gas properties by the deputy shall be the true assessment on such properties and shall be binding on the county appraiser appointed pursuant to subsection (a)".

KSA 19-430 requires that the appointed county appraiser be a certified Kansas appraiser, as do lines 32 through 36 of HB 2256, as follows, "No person shall be appointed or reappointed to or serve as county appraiser in any county under the provisions of this act unless qualified by the director of property valuation as a certified Kansas appraiser under the provisions of this act". The deputy county appraiser referred to in HB 2256 (subsection b) has no such certification or qualification requirement.

Legally and conscientiously, as the county appraiser appointed pursuant to KSA 19-430, I can certify an abstract containing values over which I have control. House bill 2256, amending KSA 19-430, allows values to be inserted into the abstract over which I have no control. I feel that I could not legally or conscientiously certify that abstract.

In the future, I can see the possibility of other types of property being treated in like manner through legislative channels or home rule resolution. These other properties and their treatment need not be limited to the appraisal process or the appraisers office and its functions.

*County Appraiser of Ellis County*

Walter J. Staab, CAE, ASA, CKA  
913-628-1088                      Drawer 309  
HAYS, KANSAS 67601



Certified Assessment Evaluator  
IAAO's Professional Designation



Senior Member  
American Society of Appraisers

February 25, 1983

Ms. Ann Eslick, Chairman  
Legislative Committee  
Kansas County Appraisers Assn.  
Topeka, KS 66603

Dear Ms. Eslick:

As a former president of the Kansas County Appraisers Association, during the time K.S.A. 19-4030 was formulated and passed by the legislature after a great deal of work and input by our association, brings me to voice a protest against House Bill No. 2256 that is presently introduced in the legislature.

I take exception to the part that would allow one particular county to appoint a Deputy County Appraiser without any authority from the duly appointed County Appraiser. This could only lead to where each county could exempt itself under the Home Rule Provision and would bring utter chaos to any efficient functioning office.

It should also be stressed that the 1982 Legislature passed Senate Bill No. 832, special reference to Section 18, which clearly defines the duties of the County Appraiser and in my opinion, sets out the duties to the finest degree.

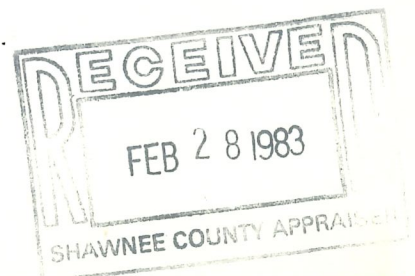
Any consideration that you could lend to the defeat of House Bill No. 2256, would be greatly appreciated. I feel sure that in visiting with other appraisers, the majority of the County Appraisers share the same opinion as is stated above.

Thank you.

Sincerely

Walter J. Staab  
Ellis County Appraiser

WJS:mjs



LAW OFFICES OF  
HACKLER, LONDERHOLM, CORDER, MARTIN & HACKLER  
CHARTERED

ONE NORTHCOURT  
201 NORTH CHERRY

EUGENE T. HACKLER  
ROBERT C. LONDERHOLM  
MARK A. CORDER  
BARRY D. MARTIN  
AMY E. HACKLER  
JOHN F. BOSCH

P. O. BOX 1

OLATHE, KANSAS 66061

February 28, 1983

764-8000  
AREA CODE 913  
(KANSAS CITY)

Mr. James D. Braden  
Kansas House of Representatives  
State Office Building  
Topeka, KS

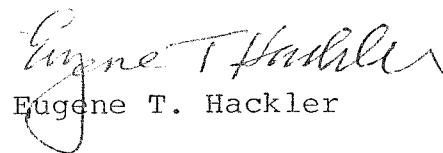
Dear Mr. Braden:

You have before your committee House Bill No. 2369, introduced by Representative Moore and David Webb of Johnson County, Kansas. I have been talking with Representative Moore about some changes that are needed in the proposed amendment to the existing statute. Mr. Moore is in accord with what I am about to tell you. The new section of the statute on tax exemption is the sixth (6th) item. Attached you'll find some suggested changes in HB 2369 which will clarify the language and make it more workable. I would hope that you could make at least these changes in HB 2369.

Robert Londerholm, the former Republican Attorney General, and I practice law together and we do a great deal of work in ad valorem taxation all over the country. Mr. Londerholm has appeared before your committee in the past. Representative Moore knows this and has asked us to comment on the bill in order that it may correctly state his intentions. If you have any further questions or if there's any way Bob Londerholm or I can be of any service, feel free to call us at Olathe, telephone number (913) 764-8000.

Sincerely yours,

HACKLER, LONDERHOLM, CORDER,  
MARTIN & HACKLER, Chartered

  
Eugene T. Hackler

ETH:skr

Enclosure



SUGGESTED CHANGES IN HB 2369

1. Sixth item, p. 3 of Bill, lines 0103, 0108, 0110 and 0112: Change the word "organization appearing on these lines to the word "corporation". Reason: Items second, third and fifth of this section all refer to "corporations organized not for profit" as being the sole type of entity which may qualify for exemption. Therefore, use of the word "corporation" in this context accurately and precisely reflects what is being referred to, while the word "organization" is broad, loosely defined and not previously used in the section.

2. Last italicized sentence of item Sixth (3): Substitute the following sentence:

Provided: This Sixth item shall not be applicable to any corporation described in items Second, Third or Fifth or to any adult care home, private children's home or housing for elderly persons operated by such a corporation if such corporation or such home or housing is in any manner controlled or managed by a private, for profit corporation or by any person or legal entity to whom or to which private profit inures, or may inure. The payment of reasonable salaries for actual services performed for such homes or housing shall not constitute the inurement of private profit.

3. Query: Is subparagraph (3) intended to be in the disjunctive or alternative to subparagraphs (1) and (2), i.e.: does it stand alone as a grounds for exclusion from the requirements of below cost or lowest feasible cost operation?

## HOUSE BILL No. 2369

By Representatives Moore and David Webb

2-9

0017 AN ACT relating to taxation; concerning exemptions for certain  
0018 adult care homes; children's homes and housing for the el-  
0019 derly; amending K.S.A. 79-201b and repealing the existing  
0020 section.

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 Section 1. K.S.A. 79-201b is hereby amended to read as fol-  
0023 lows: 79-201b. The following described property, to the extent  
0024 herein specified, shall be and is hereby exempt from all property  
0025 or ad valorem taxes levied under the laws of the state of Kansas:

0026 *First.* All real property, and tangible personal property, actually  
0027 and regularly used exclusively for hospital purposes by a hospital  
0028 as the same is defined by K.S.A. ~~1977~~ *Supp.* 65-425, and amend-  
0029 ments thereto, or a psychiatric hospital as the same is defined by  
0030 K.S.A. ~~1977~~ *Supp.* 59-2902, and amendments thereto, which  
0031 hospital or psychiatric hospital is operated by a corporation  
0032 organized not for profit under the laws of the state of Kansas or by  
0033 a corporation organized not for profit under the laws of another  
0034 state and duly admitted to engage in business in this state as a  
0035 foreign, not for profit corporation; and all intangible property  
0036 including moneys, notes and other evidences of debt, and the  
0037 income therefrom, belonging exclusively to such a corporation  
0038 and used exclusively for hospital or psychiatric hospital pur-  
0039 poses.

0040 *Second.* All real property, and tangible personal property, ac-  
0041 tually and regularly used exclusively for adult care home pur-  
0042 poses by an adult care home as the same is defined by K.S.A. ~~1977~~  
0043 *Supp.* 39-923, and amendments thereto, which is operated by a  
0044 corporation organized not for profit under the laws of the state of  
0045 Kansas or by a corporation organized not for profit under the laws

0046 of another state and duly admitted to engage in business in this  
0047 state as a foreign, not for profit corporation, charges to residents  
0048 for services of which produce an amount which in the aggregate  
0049 is less than the actual cost of operation of the home or the services  
0050 of which are provided to residents at the lowest feasible cost,  
0051 taking into consideration such items as reasonable depreciation  
0052 and interest on indebtedness, and contributions to which are  
0053 deductible under the Kansas income tax act; and all intangible  
0054 property including moneys, notes and other evidences of debt,  
0055 and the income therefrom, belonging exclusively to such corpo-  
0056 ration and used exclusively for adult care home purposes.

0057 *Third.* All real property, and tangible personal property, actu-  
0058 ally and regularly used exclusively for private children's home  
0059 purposes by a private children's home as the same is defined by  
0060 K.S.A. 75-3329, and amendments thereto, which is operated by a  
0061 corporation organized not for profit under the laws of the state of  
0062 Kansas or by a corporation organized not for profit under the laws  
0063 of another state and duly admitted to engage in business in this  
0064 state as a foreign, not for profit corporation, charges to residents  
0065 for services of which produce an amount which in the aggregate  
0066 is less than the actual cost of operation of the home or the services  
0067 of which are provided to residents at the lowest feasible cost,  
0068 taking into consideration such items as reasonable depreciation  
0069 and interest on indebtedness, and contributions to which are  
0070 deductible under the Kansas income tax act; and all intangible  
0071 property including moneys, notes and other evidences of debt,  
0072 and the income therefrom, belonging exclusively to such a cor-  
0073 poration and used exclusively for children's home purposes.

0074 *Fourth.* All real property and tangible personal property, actu-  
0075 ally and regularly used exclusively for housing for elderly per-  
0076 sons having a limited or lower income, assistance for the financ-  
0077 ing of which was received under the national housing act and acts  
0078 amendatory thereof and supplemental thereto, and which is  
0079 operated by a corporation organized not for profit under the laws  
0080 of the state of Kansas or by a corporation organized not for profit  
0081 under the laws of another state and duly admitted to engage in  
0082 business in this state as a foreign, not for profit corporation; and

0083 all intangible property including moneys, notes and other evi-  
 0084 dences of debt, and the income therefrom, belonging exclusively  
 0085 to such a corporation and used exclusively for the purposes of  
 0086 such housing.

0087 *Fifth.* All real property and tangible personal property, actually  
 0088 and regularly used exclusively for housing for elderly persons,  
 0089 which is operated by a corporation organized not for profit under  
 0090 the laws of the state of Kansas or by a corporation organized not  
 0091 for profit under the laws of another state and duly admitted to  
 0092 engage in business in this state as a foreign, not for profit  
 0093 corporation, in which charges to residents produce an amount  
 0094 which in the aggregate is less than the actual cost of operation of  
 0095 the housing facility or the services of which are provided to  
 0096 residents at the lowest feasible cost, taking into consideration  
 0097 such items as reasonable depreciation and interest on indebted-  
 0098 ness and contributions to which are deductible under the Kansas  
 0099 income tax act; and all intangible property including moneys,  
 0100 notes and other evidences of debt, and the income therefrom,  
 0101 belonging exclusively to such corporation and used exclusively  
 0102 for the purpose of such housing.

0103 *Sixth.* No organization described in items second, third or fifth  
 0104 of this statute shall be required to demonstrate, to obtain an  
 0105 exemption from ad valorem taxes, that its charges are less than the  
 0106 actual cost of operation, or that it is operating at lowest feasible  
 0107 costs, if:

0108 (1) The organization has obtained an exemption from Kansas  
 0109 income taxes, according to K.S.A. 79-3201 et seq.;

0110 (2) the organization is wholly funded by Kansas administra-  
 0111 tive agencies; ~~or~~

0112 (3) the organization is required, as a condition for govern-  
 0113 mental funding, to submit to comprehensive audits by any Kansas  
 0114 administrative agency, or by private auditors acceptable to a  
 0115 Kansas administrative agency. ?

0116 This sixth item shall not apply to any organization operated  
 0117 or managed by any external, profit oriented person or firm. ?

0118 The provisions of this section shall apply to all taxable years  
 0119 commencing after December 31, 1976 1982.



0120 Sec. 2. K.S.A. 79-201b is hereby repealed.

0121 Sec. 3. This act shall take effect and be in force from and after  
0122 its publication in the statute book.



*Board of County Commissioners* / Johnson County Courthouse / Olathe, Kansas 66061

William E. Franklin  
Commissioner, 1st District  
(913) 782-5000 Ext. 501

February 28, 1983

Rep. James D. Braden, Chairman  
Assessment and Taxation Committee  
STATE CAPITOL BUILDING  
Topeka, Kansas 66612

Dear Rep. Braden:

The BOARD OF COUNTY COMMISSIONERS is opposed to House Bill No. 2369, amending K.S.A. 79-2016. We believe allowable exemptions should not be increased, without clearly defining the term "lowest feasible cost".

The present law provides exempt status to those that qualify, as well as due process for appeal of decisions. The problems arise in making the determination as to the facility operating at the "lowest feasible cost". We again ask your help in clarifying this in the statute.

It is our opinion that House Bill No. 2369, granting automatic exempt status, will have a negative impact on this County, and request it not be referred to the House for further action.

Sincerely,

William E. Franklin  
Chairman

WEF/GR:db

cc: Board of County Commissioners  
Assessment and Taxation Committee Members  
Wayne Morris, Legislative Research  
Senator August Bogina, Jr., Chairman of Johnson County Delegation  
Pat Brown, County Appraiser  
David B. Collier, County Administrator

*Kansas County Treasurer's Association*



Representative James D. Braden  
Chairman, Assessment and Taxation Committee  
State House  
Topeka, Kansas

Dear Representative Braden,

My name is Richard Davis and I am County Treasurer of Osage County and President of the County Treasurers Association.

I testified before your Committee last week on House Bills 2338 and 2339. In my testimony I stated that the Treasurers Association could live with these bills with some ammendments, the primary being that some sort of instrument, from the seller of the vehicle, be presented to the County Treasurer showing the amount the tax would be computed for.

Since my testimony that day I have attempted to contact all 105 County Treasurers to get their reaction to the two bills in question. Due to sickness and vacations, I could only get direct contact with 75% of the Treasurers.

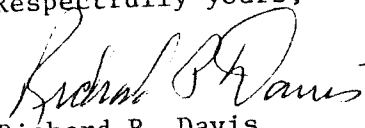
Of this 75% the poll shows that 34% would not support the two bills and 66% would support them if two primary features are assured would be in the bills. Number 1, that the tax situs is the place of residence upon registration and Number 2, that the instrument stated above would be furnished the Treasurer before registration could be completed.

WITHOUT THESE TWO FEATURES the County Treasurers Association would be 100% for Non support of the bills.

I hope this letter will be of some help in the decision that will come from the Committee with reference to House Bills 2338 and 2339.

Thank you and your Committee for the time afforded us on this matter, I remain.

Respectfully yours,

  
Richard P. Davis

President  
County Treasurers Association

RPD:jph