

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATIONThe meeting was called to order by Representative Jim Braden at
Chairperson9:00 a.m./~~p.m.~~ on February 28, 1984 in room 519S of the Capitol.All members were present. ~~except:~~

Committee staff present:

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

Conferees appearing before the committee:

Harley Duncan, Secretary, Department of Revenue
John Blythe, Kansas Farm Bureau
Representative Robin Leach
Ron Gaches, Kansas Chamber of Commerce and Industry
Don Schnacke, Kansas Independent Oil & Gas Association
Fred Allen, Kansas Association of Counties
Bill Ewing, Bell Telephone Company
Todd Sherlock, Kansas Association of Realtors

John Blythe, Kansas Farm Bureau, testified as a proponent of HCR 5009 but suggested an amendment to remove machinery and equipment from the Resolution. He reviewed the Kansas Farm Bureau Resolutions for 1984 and stated that "Procedures should be developed to insure against an unfair shift of taxes to agricultural and residential property".

Representative Robin Leach testified as a proponent to HCR 5083 which proposes a "status quo" amendment to the constitution based on the de facto classification system that now exists. (Exhibit I)

Secretary Harley Duncan, Department of Revenue, testified in support of adoption of a classification proposal, but stated that he did not favor either HCR 5083 or HCR 5009 over the other. (Exhibit II)

Todd Sherlock, Kansas Association of Realtors, distributed copies of testimony in support of a classification amendment. (Exhibit III)

This concluded the testimony of the proponents and the committee then heard from the opponents of HCR 5009 and HCR 5083.

Ron Gaches, Kansas Chamber of Commerce and Industry, stated that his organization supports "legislation that addresses the problems of shifting the tax burden on those with low and fixed incomes while rejecting solutions that eliminate the mandate for uniform and equal rates of assessment and taxation". (Exhibit IV)

Don Schnacke, Executive Vice President of the Kansas Independent Oil & Gas Association, testified that his Association "has for years opposed any effort to repeal or amend the uniform and equal provision of the state Constitution." (Exhibit V)

Fred Allen, Kansas Association of Counties, stated that he would call the committee's attention to Item 5 of the County Platform. (Exhibit VI)

Bill Ewing, Bell Telephone Company, testified that Southwestern Bell remains opposed to a classified system of property tax. (Exhibit VII)

The Chairman distributed copies of statements from D. Wayne Zimmerman, The Electric Companies Association of Kansas, and Janet Stubbs, Home Builder Association of Kansas, in opposition to classification. (Exhibit VIII and IX)

The meeting was adjourned.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

DATE: Feb. 28, 1984

GUEST REGISTER
HOUSE
ASSESSMENT & TAXATION
COMMITTEE

NAME	ORGANIZATION	ADDRESS
Phil Martz	Dept of Rev	Topeka
H. Plummer	Dept of Revenue	Topeka
Marcum	"	"
D. Ferrell	Budget	"
Al Zeponta	ARCO	Topeka, Ok
D. Schmitt	KIOGA	Topeka
Fred Allen	KAC	"
Rick Kready	KPL/Gas Service Co	"
Katherine Gaul	-	Severance, Ks
Norman Gaul	Farm owner	Severance - Ks
Terd Meyer	KP&L	Topeka
Joe DWIGANS	KCP L	K. C. Mo.
D. WAYNE ZIMMERMAN	THE ELECTRIC CO.S. ASSOC. OF KS.	TOPEKA
Jeanly (Gomrod)	KG&E	Topeka
Boyd Shenkel	K.C.P.L.	Shawnee
Kim C. Dewey	SEAWICK County	525 N. MAIN 67203
BILL EWING	S.W. BELL	TOPEKA
WALTER DUNN	EKOGA	✓
Leola Dodge	Kansas Aquatic Women	Osburg Ks.
Jacque Oakes	KASB	Yates Center
Ron Caches	KCCI	TOPEKA
Chip Wheeler	KLPG	"

ROBIN D. LEACH
 REPRESENTATIVE, DISTRICT 47
 LEAVENWORTH AND JEFFERSON COUNTIES
 R.R. NO. 1, BOX 117
 LINWOOD, KANSAS 66052



TOPEKA

HOUSE OF
 REPRESENTATIVES

February 27, 1984

COMMITTEE ASSIGNMENTS
 RANKING MINORITY MEMBER: ASSESSMENT AND
 TAXATION
 MEMBER: EDUCATION

HOUSE ASSESSMENT & TAXATION TESTIMONY

HCR 5083

House Concurrent Resolution 5083 proposes a "status quo" amendment to the constitution to provide for the classification of property for the purposes of taxation. We call this a "status quo" amendment because it is based on the de facto classification system that now exists. We urge the committee to adopt this proposal so that we can proceed with a statewide reappraisal of property. This proposal would protect homeowners and farmers from the predictable tax increases that would occur when reappraisal is completed.

To establish the assessment ratios shown on the hand-out, we asked the Division of Property Valuation to determine the statewide averages from the sales-assessment ratio study for 1983. While there are substantial variances from these averages within each class of property, we are convinced that inter-class equalization would be achieved under reappraisal guidelines to be developed by P.V.D.

We have included language which would lock this system into place by stating that statutory property tax exemptions would be prohibited. This provision would protect local government from further tax base erosion like that which we have witnessed due to the exemption of farm machinery and

business aircraft in the recent past.

The argument has been made that, until reappraisal is complete, we will not know the accurate assessment ratios to use in a classification method. We reject that argument.

Since the last reappraisal in 1960, local appraisers and county commissions have in fact developed a classification system. Despite the inter-class disparities with which we are familiar, their classification system is, we feel, appropriate.

Residential property is taxed at a significantly lower rate than is commercial and industrial property. Farmland is likewise taxed at a lower level than is business property. This protection for homeowners and farmers is exactly what ought to be in place in our constitution.

In summary, our proposal does the following:

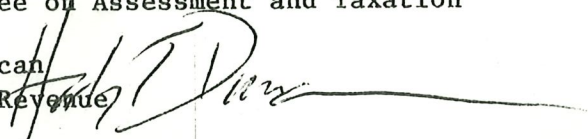
- (1) Establishes a classification system based upon the locally developed system that is now in place.
- (2) Prohibits further erosion of local tax bases by preventing statutory exemption of classes of property.
- (3) Provides for needed inter-class equalization of property by establishing fair and defensible assessment ratios from which counties may not vary.
- (4) Allows reappraisal to proceed, and protects homeowners and farmers from the huge tax increases that would

State Office Building
Topeka, KS 66625

MEMORANDUM

February 27, 1984

TO: The Honorable James Braden, Chairman
House Committee on Assessment and Taxation

FROM: Harley T. Duncan
Secretary of Revenue 

SUBJECT: HCR 5083 and HCR 5009 regarding Property Classification

Thank you for the opportunity to appear before you today to discuss HCR 5083 and HCR 5009. Both resolutions embody a constitutional amendment which classifies property for tax purposes and establishes assessment ratios to be used in taxing varying classes of property. I appear in support of adoption of a classification proposal, but do not favor either HCR 5083 or HCR 5009 over the other.

To reappraise property and to utilize those values for tax purposes in the absence of a classification amendment would be to create a tax burden shift of extremely large proportions, primarily on to homeowners and owners of agricultural land. Such a shift would, in my mind, constitute a serious and undesirable policy change in the burden of Kansas taxes and could have long run negative consequences for the effective operation of many governmental units in Kansas. While the ownership of property may well have been a good indicator of ability to pay and wealth in the 18th and 19th centuries, we must recognize the realities of the day as we move toward the reappraisal of real property. Over the past 40 years, assessment to value ratios for real property have continually declined in Kansas, and we have reached a point where to try to achieve uniform and equal assessments would work a literal revolution in our tax structure. It is only through adoption of a classification amendment in conjunction with reappraisal that we can significantly improve the equity of our property tax system and preserve some semblance of the status quo in terms of the distribution of that tax burden.

While the precise amount of any tax shift occasioned by reappraisal is difficult, if not impossible, to calculate it is not difficult to develop data which show the direction of the shift and the order of potential magnitude.

Table I displays the proportion of statewide assessed valuation now carried by various classes of property and those which are estimated to obtain under reappraisal without classification and under HCR 5009. Most strikingly, the proportion constituted by agricultural real estate doubles from 15.4 percent to one-third of the total under a straight reappraisal. Similarly, residential real estate increases by nearly 40 percent from 18.5 percent to 25.5 percent. In total, real estate, which now constitutes just under one-half of the assessed valuation, would climb to 80 percent of the valuation with farmers and homeowners bearing the bulk of the increase. Under HCR 5009, the increases in real estate

as a proportion of total assessed valuation are moderated substantially. Total real estate increases to 58.1 percent of all assessed valuation, agricultural land increases to 17.7 percent, and residential real estate remains relatively constant at 18.2 percent.

With the shift in burden to other real estate, the proportion of assessed valuation borne by personal property and state-assessed property obviously declines. Under reappraisal without classification, personal property would carry about 38 percent of its current share, declining from 33.2 percent of the total to less than 13 percent. State assessed property would decline by a similar magnitude from 18.9 percent of the total to 7.2 percent. Under HCR 5009, personal property would still decline in its proportion of assessed valuation due to the phase-out of merchants and manufacturer's inventories and the revision of assessments for business machinery and equipment to original cost less 10-year straight line depreciation and a 15 assessment percent ratio. The declines are, however, less substantial than under straight reappraisal, with personal property constituting just under one-quarter of total assessed value as contrasted to one-third at the current time.

The shift that can be expected is equally as dramatic when viewed in terms of business and individual taxpayers. As shown in Table II, the proportion of assessed valuation for property commonly perceived as being held and taxes paid by individuals increases from 48.8 percent at the present time to over 70 percent under reappraisal. Consequently, those properties for which the common perception is that the initial tax impact is on businesses falls from a current level of 51.5 percent to less than 30 percent after reappraisal. Under HCR 5009, the current levels of roughly 48 percent individual - 52 percent business are reversed to 52 percent individual - 48 percent business.

The obvious question then becomes what does this mean in money terms. While it is not possible to calculate a precise impact, I think a proxy can be developed as shown in Table III. In the table, actual 1982 taxes levied by property class were used to develop a statewide average tax rate or mill levy for each class of property. This levy was then applied to the estimated assessed valuations under reappraisal and HCR 5009. The resultant taxes were then adjusted proportionally to generate the same total tax levy of \$1,049.9 million as in 1982. While necessarily imperfect, the methodology clearly denotes the direction of any shift and gives an order of magnitude that is helpful, in my mind, for purposes of debate. In essence, it answers the question of what would have happened if local governments had generated their 1982 taxes from reappraised values or HCR 5009 values.

As shown, taxes levied against real estate would increase, under this methodology, by over \$300 million (59.1 percent) from \$551.2 million to \$877.2 million under reappraisal without classification. Rural real estate alone would double from \$174.3 to \$348.1 million. It is estimated that roughly \$200 million of the shift to real estate would fall on agricultural land owners and residential homeowners. Similarly, the tax burden on personal property and state assessed property declines substantially--with personal property being only one-third of its prior level and state-assessed property at less than one-half its current level under this approach.

Under HCR 5009, the shift is ameliorated significantly. Real estate taxes would increase by approximately 26 percent to \$693.8 million and personal property

would decline by roughly 40 percent to \$192.4 million. The Committee should remember, however, that some of the reduced personal property burden would be assumed by commercial and industrial real estate which carry a 15 percent assessment ratio under HCR 5009.

Two other points should be kept in mind as the Committee considers classification amendments.

First, Kansans already bear a high property tax burden when compared to other states. In FY 1982, property taxes accounted for 42.7 percent of all state and local government own source revenues in Kansas as compared to 30.8 percent nationally. On a per capita basis, Kansans paid \$475 per capita in property taxes compared to \$362 per capita nationally. Property taxes also constitute a greater proportion of total revenues in Kansas than is true of all surrounding states except Nebraska. Finally, when one looks at the concept of tax capacity and tax effort in Kansas, property taxes are the only area where our effort exceeds our capacity. Of the surrounding states, only Nebraska and Iowa are in a similar situation.

Second, the Committee should remain mindful that there are serious inequities within classes of property under the current appraisal system. In 1983, the coefficient of deviation for urban properties exceeded 40 percent in 76 counties, and for rural properties it exceeded 40 percent in 72 counties. That is to say that in those counties, individual sales to assessment ratios, on the average, deviated from the median ratio by more than 40 percent. These deficiencies will be corrected as property is reappraised, but it will create tax shifts among taxpayers within a class of property. To compound this correction by reappraising without a classification amendment to limit shifts among classes of property would, in my mind, be a serious error.

In short, I urge the Committee to consider favorably a classification amendment. To fail to do so is to fail to recognize realities which have developed over the last 40 years, to create a massive shift in tax burden, and to make our overall tax structure more regressive.

HTD:b/2/S411

TABLE I
 PROPORTION OF STATEWIDE ASSESSED VALUATION
 BY PROPERTY CLASS
 (Percent of Total)

	1983 CURRENT	REAPPRAISED AT 30%	HCR 5009
<u>Rural Real Estate</u>			
Agricultural	15.4	33.3	17.7
Other	3.9	6.0	5.8
Total - Rural	<u>19.2</u>	<u>39.3</u>	<u>23.5</u>
<u>Urban Real Estate</u>			
Residential	18.5	25.5	18.2
Multi-Family	1.8	2.2	1.5
Comm/Ind.	8.1	9.1	12.2
Vacant Lot	0.4	3.8	2.7
Total - Urban	<u>28.7</u>	<u>40.7</u>	<u>34.6</u>
 Total - Real Estate	 47.9	 80.0	 58.1
<u>Personal Property</u>			
Oil and Gas	17.5	6.7	17.9
Vehicles	0.3	0.1	0.3
Machinery and Equipment	5.5	2.2	1.9
Merch./Mfct. Inventory	5.6	2.2	-0-
Other Business	1.4	0.5	0.4
Miscellaneous	1.4	0.5	1.4
Livestock	1.5	0.6	-0-
Farm Machinery	-0-	-0-	1.4
Business Aircraft	-0-	-0-	0.1
Total - Personal Property	<u>33.2</u>	<u>12.8</u>	<u>23.4</u>
<u>State Assessed</u>			
Railroads	2.0	0.7	1.0
Other	16.9	6.5	17.4
Total - State Assessed	<u>18.9</u>	<u>7.2</u>	<u>18.3</u>
 Total Dollars	 \$10.9 billion	 \$28.4 billion	 \$10.7 billion

Source: Legislative Research Department, January 6, 1984 printout.

TABLE II

PROPORTION OF STATEWIDE ASSESSED VALUATION
 BY TYPE OF TAXPAYER
 (Percent of Total)

	1983 CURRENT	REAPPRAISED AT 30%	HCR 5009
<u>Individual</u>			
Real Estate(1)	38.4	66.5	41.4
Vehicles	0.2	0.1	0.2
Livestock	1.5	0.6	--
Farm Machinery	--	--	1.4
Oil and Gas(2)	8.7	3.4	8.9
Total - Individuals	<u>48.8</u>	<u>70.6</u>	<u>51.9</u>
<u>Business</u>			
Real Estate	9.7	13.4	16.7
State Assessed	18.9	7.3	18.3
Vehicles	0.1	--	0.1
Personal Property	14.0	5.4	3.8
Aircraft	--	--	.1
Oil and Gas(2)	8.8	3.3	9.0
Total - Business	<u>51.5</u>	<u>29.4</u>	<u>48.0</u>

¹Includes multi-family dwellings and vacant lots divided equally between individuals and business.

²Divided equally between individuals and business.

Source: Based on data from Legislative Research Departments.

TABLE III
 REPRESENTATIVE TAX BURDENS BY PROPERTY CLASS
 (\$ Millions)

	1982 ANNUAL	REAPPRAISED AT 30%	HCR 5009
<u>Real Estate</u>			
Rural	\$ 174.3	\$ 348.1	\$ 219.6
Urban	376.9	529.1	474.2
Total - Real Estate	<u>\$ 551.2</u>	<u>\$ 877.2</u>	<u>\$ 693.8</u>
<u>Personal Property</u>			
Rural	\$ 205.4	\$ 64.3	\$ 156.1
Urban	137.9	46.8	36.3
Total - Personal Property	<u>\$ 343.3</u>	<u>\$ 111.1</u>	<u>\$ 192.4</u>
<u>State Assessed</u>			
Rural	\$ 98.7	\$ 39.5	\$ 105.6
Urban	56.7	21.6	58.1
Total - State Assessed	<u>\$ 155.4</u>	<u>\$ 61.1</u>	<u>\$ 163.7</u>
Total	\$1,049.9	\$1,049.4	\$1,049.9

Source: Table constructed by applying statewide average 1982 tax rate for each class of property to assessed values under reappraisal and HCR 5009 as presented by Legislative Research Department. Total revenues adjusted proportionally to equal 1982 level.

HTD:c/1076/3426



KANSAS ASSOCIATION OF REALTORS®

Executive Offices:
3644 S. W. Burlingame Road
Topeka, Kansas 66611
Telephone 913/267-3610

HOUSE ASSESSMENT AND TAXATION COMMITTEE

The Kansas Association of REALTORS supports HCR 5009 and urges this committee to consider the protection that such a resolution provides to the homeowner of this state. The two concurrent resolutions before this committee, including HCR 5083, provide a much needed protection in order to prevent a shift of taxes due to reappraisal.

Our 7,500 members strongly support the concept of classification of real property before collected reappraisal figures are implemented. We feel classification is the only fair method to insure against a massive financial hardship that would otherwise fall on the homeowner.

The classification amendments before you today provide the answer to what thousands of homeowners statewide are asking this legislature to implement. The Kansas Association of REALTORS urges your support of these resolutions to provide needed protections to the homeowners of this state.

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

February 28, 1984

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

HOUSE ASSESSMENT AND TAXATION COMMITTEE

Presented by

Ronald N. Gaches, General Counsel and
Director of Taxation, KCCI

Thank you Mr. Chairman for this opportunity to present the concerns of the Kansas Chamber of Commerce and Industry regarding proposals to amend the Kansas Constitution to permit classification of property for tax purposes.

The encroachment of de facto classification into our property tax system has resulted in a long-term shift in property tax burden off of residential property and agricultural land and onto business property, particularly business personal property and public utility systems. This shift has taken place because of a complete failure of the state's property reappraisal system. Statutory law that should have triggered reappraisal of real estate was ignored by county and state officials. Home owners and farm land owners received the benefit from lack of compliance in the form of lower taxes.

The Kansas business community is now being asked to accept this discriminatory tax burden that is the result of non-compliance with existing law. Understandably, the business community has been slow to endorse classification proposals that require business taxpayers to so heavily subsidize services for other taxpayers.

The proponents of a constitutional amendment authorizing classification of property spent little time discussing the merits of the existing constitutional mandate for a uniform and equal rate of assessment and taxation. Let's take a few moments to understand the principles behind our existing policy before we dismiss it so casually.

As a standard of fairness and equity, Kansas, and almost all other states, have sought to impose property taxes based on the value of the property. This is by definition an ad valorem tax, meaning that properties have a similar value being located within the same taxing jurisdiction should pay the same tax. Properties having higher values would pay higher taxes. Property having lower values would pay lower taxes. At the time local property taxes were first initiated they were used almost exclusively to provide governmental services to property and property owners; fire protection, police protection, streets, sewers, and the like. The situation remains basically the same today with the addition of the burden imposed to support public education. The premise behind the constitutional mandate is that those who receive the most benefit, those that have the most valuable property, should pay a greater share of the costs of providing services. Property ownership has historically been regarded as a measure of wealth. The presumption has always been that those holding the greatest property wealth have the means to provide greater support for the local services on which they depend.

Classification of property rejects the underlying principles of fairness currently embodied by the constitutional "Uniform and Equal" mandate. Under classification, taxes are imposed irrespective of the taxpayer's ability to pay. Wealth of a taxpayer is not considered in allocating tax burden. The ability of the property to generate income is also ignored. In place of the current mandate, that attempts to distribute the tax burden based on who derives the most benefit from governmental services and ability to pay, classification imposes taxes based on the use of the property or its ownership.

For years, local and state officials ignored or downplayed the significance of not complying with existing property tax law because they understood that non-compliance was beneficial to large blocks of voters. No one wanted to offend those voters by compliance with the law. Our existing problem is not caused by disparities or inequities in the existing constitutional mandate or taxation laws. The problem is how to correct for the miserable job of compliance with our stated tax policy.

Classification of property is not an acceptable solution to the problems of shifting tax burden. In fact classification doesn't even meet the criteria established by the proponents of classification. Yesterday, John Meyers testified on behalf of the Governor saying that the ability to pay would remain the principle criteria for paying taxes under classification as it is under the uniform and equal mandate. That simply is not true. Classification discriminates against and favors different classes of taxpayers regardless of their ability to pay. Those with high incomes and great wealth would be unnecessarily protected against rising residential values just as the low- and fixed-income would be protected. Successful farmers and ranchers, with no major outstanding debt, would be provided the same special status as those struggling to pay for seed and machinery. At the

same time business personal property and real estate would be taxed at higher assessment rates regardless of the profitability of the business. Perhaps the greatest inconsistency lies in valuing public utility property in the highest class, where millions of dollars of property tax burden will get passed on to low-income utility users who can ill-afford those hidden taxes.

Classification doesn't prevent inequities; classification is the source of inequities.

Consider the alternatives to classification of property that could successfully address the problems of shifting tax burden identified by the proponents of classification. Increased residential property taxes on the poor and fixed-income could be addressed by expansion of the Homestead Property Tax Relief Act to provide an exemption for the first \$5,000 of fair market value (\$5,000 is used only for illustration purposes). Such an exemption would provide significant relief for those living in low or moderate priced homes while the rich and well-to-do would receive relatively less relief because they live in more expensive homes. Under this proposal those who have the greatest ability to pay would continue to pay more while those disadvantaged would pay less.

Likewise, the problem of increasing taxes on farm land could be resolved by adoption of use-value of agricultural land. Use-value would permit valuation of land based on its productivity thereby retaining the ability to pay concept in the valuation of ag land.

The debate regarding classification of property is not actually a debate about competing public finance policies. The uniform and equal mandate represents a particular public finance policy. The current classification proposals reflect

little public finance policy; instead they are motivated by political considerations. The political question has become, "what can be done about property tax inequities that will upset the fewest voters?"

Unfortunately, what may be politically acceptable in the short-run may have serious negative implications in the long-run. Business taxpayers are of two classes; those who will remain in Kansas regardless of the tax structure and those who will not. We cannot afford to impose a property tax system that drives business out of the state. Kansans need the jobs provided by firms that are located in Kansas by choice and not just the jobs that will remain regardless of the property tax structure.

The Kansas Chamber of Commerce and Industry urges you to adopt legislation that addresses the problems of shifting tax burden on those with low and fixed incomes while rejecting solutions that eliminate the mandate for uniform and equal rates of assessment and taxation. In the event you do decide to support a classification proposal we urge you to look beyond the simple concept of locking in the current discriminatory de facto classification and support a real compromise in tax policy that addresses the concerns of all taxpayers.

(TF-6) Property Taxation. KACI supports a constitutional requirement for a uniform and equal rate of assessment and taxation as a means of ensuring equal treatment and protection for all taxpayers in the state. Exceptions to the uniform and equal provision are acceptable only when such exceptions assist in the effective and equitable enforcement of tax laws and in the development of a tax system that will enhance the Kansas business climate, or to provide tax relief where judged to be in the best interest of the general public.

- (a) To insure equal protection of the law for all taxpayers revaluation of all property should be initiated immediately.
- (b) A comprehensive program requiring an annual update by the County Appraiser of all property values, adjusted for inflation or deflation, must be implemented. Such a program must be supervised by the appropriate state agency and require county compliance.

(Initiated 1980 - effective through December 1985)



KANSAS INDEPENDENT OIL & GAS ASSOCIATION

500 BROADWAY PLAZA • WICHITA, KANSAS 67202 • (316) 263-7297

February 28, 1984

TO: House Assessment & Taxation Committee

RE: HCR 5009 & HCR 5083 - Classification of Property

Our Association has for years opposed any effort to repeal or amend the uniform and equal provision of the state Constitution. We have a policy position adopted by our membership. A copy is attached.

Philosophically, we believe all property should bear an equal responsibility for the operation of government as all receive police, fire and other governmental services for the protection and enjoyment of that property.

If the uniform and equal provision is repealed, and HCR 5009 or 5083 adopted, all property would be classified and taxed at varying rates, which would be uniform within the class and unequal between classes of property owners. It is true there may be some sentiment to reduce or set at a status quo rate, farm and urban properties because of a present economic atmosphere, despite the dramatic rise in values of housing and farmland throughout Kansas. This sentiment may change as values and income increase or decrease. We also believe the removal of the uniform and equal provision in the present atmosphere would probably be to shift the tax base to properties other than farm and urban properties. In reality, residential and farm property owners would be indirectly paying their taxes on their utility, fuel, transportation and other service bills, because the owners of the higher taxed property would have to pass the taxes, plus a handling fee, to the users of their services.

Businesses in Kansas who are in competition with businesses in states where the tax rate is lower would not be able to compete. Lack of business contributes to unemployment, resulting in reducing funds available for the Kansas economy and government operation.

The partial removal of taxes on part of the real property, especially homes and farms, would remove a good portion of the restraint now in force on government units to be efficient and productive. Government has a tendency to expand beyond its need for services and the taxpayer is the one check and balance that keeps government in check.

We realize the present taxing system under the uniform provision is not equitable. Uniform and equal procedure does give the aggrieved taxpayer a remedy in the courts, which would not be available on that theory if it was repealed.

Overall, and despite some difficulty our industry has experienced in the past, we believe the Kansas oil and gas guide that is being used each year is fair and equitable and does reflect uniform and equal values throughout Kansas. It is fine tuned each year and the tax collections track production prices. Since 1973 the tax collections have risen from \$17 million to \$125 million in 1983. The manual is fair in that it taxes the better properties higher than the marginal wells. It helps prolong reserves and conserves oil and gas. Unlike utilities, we are not able to pass this tax on to consumers-- except that under FERC jurisdiction.

Naturally, we are watching the taxing policies of the State of Kansas carefully -- particularly after the passage of a \$108 million severance tax. The trend we see in the producing counties of relying more and more on the oil and gas for local revenues should be of concern to you. For several years, valuations continued to climb as well as tax collections. In 1983, however, valuations dropped \$32.2 million, but tax collections continued to rise, \$7.6 million, or a total of about \$125 million.

Examples of how this reliance and shift to oil and gas is working is as follows:

BARTON COUNTY

1983 Oil & Gas Taxes	\$5,815,359.72
1973 " " "	803,769.12
Ratio of Taxes to Total Valuation - 1983	31.60%
" " " " " " - 1973	11.37%
Average County-wide Levy - 1981	79.90 mills
" " " " - 1982	69.40 "
" " " " - 1983	83.70 "

ELLIS COUNTY

1983 Oil & Gas Taxes	\$6,607,900.12
1973 " " "	823,283.24
Ratio of Taxes to Total Valuation - 1983	47.67%
" " " " " " - 1973	17.64%
Average County-wide Levy - 1981	70.60 mills
" " " " - 1982	68.10 "
" " " " - 1983	77.60 "

FINNEY COUNTY

1983 Oil & Gas Taxes	\$4,719,976.41
1973 " " "	665,860.85
Ratio of Taxes to Total Valuation - 1983	21.30%
" " " " " " - 1973	12.17%
Average County-wide Levy - 1981	80.50 mills
" " " " - 1982	73.60 "
" " " " - 1983	78.70 "

GREENWOOD COUNTY

1983 Oil & Gas Taxes	\$2,016,582.56
1973 " " "	166,859.61
Ratio of Taxes to Total Valuation - 1983	30.66%
" " " " " " - 1973	6.85%
Average County-wide Levy - 1981	90.20 mills
" " " " - 1982	103.0 "
" " " " - 1983	123.20 "

PRATT COUNTY

1983 Oil & Gas Taxes	\$2,327,254.64
1973 " " "	124,533.34
Ratio of Taxes to Total Valuation - 1983	27.55%
" " " " " " - 1973	4.08%
Average County-wide Levy - 1981	89.80 mills
" " " " - 1982	86.70 "
" " " " - 1983	92.70 "

RUSSELL COUNTY

1983 Oil & Gas Taxes	\$4,941,548.73
1973 Oil & Gas Taxes	657,724.19
Ratio of Taxes to Total Valuation - 1983	58.68%
" " " " " " - 1973	23.39%
Average County-wide Levy - 1981	80.80 mills
" " " " - 1982	76.80 "
" " " " - 1983	82.60 "

WOODSON COUNTY

1983 Oil & Gas Taxes	\$1,142,036.81
1973 Oil & Gas Taxes	55,735.03
Ratio of Taxes to Total Valuation - 1983	35.43%
" " " " " " - 1973	4.39%
Average County-wide Levy - 1981	85.80 mills
" " " " - 1982	82.40 "
" " " " - 1983	93.10 "

A compilation of tax revenues county by county and a three year study of average levies in the counties is attached.

The classification proposals may make for good politics for the present but we believe it can be quite damaging to Kansans and the Kansas economic climate in the future. We support the 1984 legislature in passing SB 275 as it is one of the most serious issues facing Kansas today.

Donald P. Schnacke
Executive Vice President
Kansas Independent Oil & Gas Assn.

Attch: Resolution
Oil & Gas Tax Info
Levies

1983 KIOGA RESOLUTION (CLASSIFICATION OF PROPERTY)

WHEREAS, for years, there have been attempts in the Kansas Legislature to seek the separate classification of property for taxation purposes; and

WHEREAS, each proposal advocates placing state appraised property, including oil and gas properties, throughout Kansas, at the highest classification rate, and properties appraised solely by the counties at lower rates; and

WHEREAS, the difference between state appraised property, including oil and gas properties, and county appraised property is widening, all contrary to the Constitution and laws of the State of Kansas;

THEREFORE BE IT RESOLVED, by the Kansas Independent Oil and Gas Association meeting at its annual convention on August 29, 1983, Wichita, Kansas, that it urges the Governor of Kansas and the leadership of the Kansas Legislature to reject the proposal of classification of property for taxation purposes, to uphold the Constitution and laws of Kansas, and to adopt appraisal procedures which will appraise and tax property uniformly and equally throughout Kansas, with equity, and with gradual impact on all property owners affected.

BE IT FURTHER RESOLVED, that a copy of this resolution be sent to the Governor of Kansas; and the Leadership of the Kansas Legislature.

**STATE TANGIBLE VALUATION & GENERAL PROPERTY TAX SHOWN ON TAX ROLLS &
APPROXIMATE AD VALOREM TAXES ON PRODUCING OIL & GAS INDUSTRY IN KANSAS - 1983**

COUNTIES	TOTAL COUNTY		TOTAL OIL AND GAS			Col. 5/ Col. 2
	(1) TANGIBLE PROPERTY VALUATION	(2) TANGIBLE TAX	(3) TANGIBLE PROPERTY VALUATION	(4) AVG. RURAL LEVY	(5) TANGIBLE TAX	RATIO OF TAXES IN %
ALLEN	63,736,604	6,609,701.51	7,499,060	8.93	669,666.06	10.13
ANDERSON	39,984,266	3,745,771.44	2,981,415	8.58	255,805.41	6.83
ATCHISON	46,873,929	5,858,103.25	----	10.35	----	----
BARBER	69,363,098	5,710,244.94	31,959,830	7.94	2,537,610.50	44.44
BARTON	219,888,488	18,400,615.96	80,768,885	7.20	5,815,359.72	31.60
BOURBON	47,948,523	6,051,673.57	1,866,280	11.02	205,664.06	3.40
BROWN	44,713,744	5,477,199.48	80,905	11.70	9,465.89	.17
BUTLER	202,368,337	19,561,238.39	43,187,880	9.25	3,994,878.90	20.42
CHASE	27,925,556	2,941,322.12	1,507,595	10.11	152,417.85	5.18
CHAUTAUQUA	25,229,459	2,305,409.01	9,270,700	8.69	805,623.83	34.94
CHEROKEE	56,257,583	5,716,227.58	----	9.49	----	----
CHEYENNE	25,735,154	2,572,075.70	2,128,605	9.61	204,558.94	7.95
CLARK	56,986,586	3,364,541.30	30,577,670	5.63	1,721,522.82	51.17
CLAY	38,653,402	4,531,941.09	----	10.77	----	----
CLOUD	50,657,466	6,737,739.17	----	12.14	----	----
COFFEY	276,020,686	11,734,577.10	3,968,540	4.10	162,710.14	1.39
COMANCHE	44,109,929	2,934,064.14	25,444,470	6.33	1,610,634.95	54.89
COWLEY	144,644,564	15,812,876.13	28,040,115	9.74	2,731,107.20	17.27
CRAWFORD	78,953,872	10,275,218.58	352,235	10.21	35,903.19	.35
DECATUR	33,226,365	2,898,181.75	7,798,955	8.39	654,332.32	22.58
DICKINSON	70,353,939	7,600,831.57	757,240	9.77	73,982.35	.97
DONIPHAN	28,998,733	4,087,900.63	----	13.89	----	----
DOUGLAS	195,958,671	23,313,563.58	474,885	10.01	47,535.99	.20
EDWARDS	49,396,674	3,632,016.68	21,483,193	6.65	1,428,632.33	39.33
ELK	22,376,936	2,471,536.04	3,860,615	10.49	404,978.51	16.39
ELLIS	178,596,541	13,862,872.59	98,772,797	6.69	6,607,900.12	47.67

**STATE TANGIBLE VALUATION & GENERAL PROPERTY TAX SHOWN ON TAX ROLLS &
APPROXIMATE AD VALOREM TAXES ON PRODUCING OIL & GAS INDUSTRY IN KANSAS - 1983**

COUNTIES	TOTAL COUNTY		TOTAL OIL AND GAS			Col. 5/ Col. 2
	(1)	(2)	(3)	(4)	(5)	RATIO OF TAXES IN %
	TANGIBLE PROPERTY VALUATION	TANGIBLE TAX	TANGIBLE PROPERTY VALUATION	AVG. RURAL LEVY	TANGIBLE TAX	
ELLSWORTH	60,108,004	4,469,143.64	14,051,265	6.74	947,055.26	21.19
FINNEY	281,524,406	22,161,033.17	66,855,190	7.06	4,719,976.41	21.30
FORD	122,419,273	14,902,654.29	4,932,565	11.45	564,778.69	3.79
FRANKLIN	63,985,667	7,418,168.18	3,859,050	9.80	378,186.90	5.10
GEARY	57,512,678	4,988,639.67	210	7.14	14.99	.0003
GOVE	38,723,335	3,678,824.78	10,034,905	9.04	907,155.41	24.66
GRAHAM	55,189,203	4,896,436.01	34,364,660	8.53	2,931,305.50	59.87
GRANT	175,161,730	7,636,610.11	117,170,380	4.14	4,850,853.73	63.52
GRAY	46,860,504	4,856,954.89	4,219,824	9.66	407,635.00	8.39
GREELEY	38,064,206	2,414,327.45	13,243,320	5.81	769,436.89	31.87
GREENWOOD	53,389,101	6,577,740.31	17,782,915	11.34	2,016,582.56	30.66
HAMILTON	40,115,016	3,025,654.62	17,588,910	7.20	1,266,401.52	41.86
HARPER	72,982,673	6,696,904.70	27,315,200	8.57	2,340,912.64	34.96
HARVEY	111,569,461	12,326,828.28	6,041,615	9.22	557,036.90	4.52
HASKELL	93,619,864	5,178,450.30	57,466,830	5.24	3,011,261.89	58.15
HODGEMAN	40,826,582	3,588,360.17	18,769,670	8.57	1,608,560.72	44.83
JACKSON	31,716,689	3,833,133.42	85,660	11.54	9,885.16	.26
JEFFERSON	41,758,843	4,868,893.80	---	11.18	---	---
JEWELL	28,190,617	3,735,165.52	---	12.70	---	---
JOHNSON	979,921,682	133,332,432.22	1,372,840	11.68	160,347.71	.12
KEARNY	162,363,937	6,391,640.79	124,599,500	3.79	4,722,321.05	73.88
KINGMAN	96,582,653	7,082,587.79	44,684,265	6.79	3,034,061.59	42.84
KIOWA	69,885,721	4,059,695.21	34,663,575	5.58	1,934,227.49	47.64
LABETTE	68,978,505	9,236,493.14	437,390	10.93	47,806.73	.52
LANE	39,737,569	3,165,715.10	17,820,730	7.78	1,386,452.79	43.80
LEAVENWORTH	106,630,315	13,027,969.00	281,175	11.20	31,491.60	.24

**STATE TANGIBLE VALUATION & GENERAL PROPERTY TAX SHOWN ON TAX ROLLS &
APPROXIMATE AD VALOREM TAXES ON PRODUCING OIL & GAS INDUSTRY IN KANSAS - 1983**

COUNTIES	TOTAL COUNTY		TOTAL OIL AND GAS			Col. 5/ Col. 2
	(1) TANGIBLE PROPERTY VALUATION	(2) TANGIBLE TAX	(3) TANGIBLE PROPERTY VALUATION	(4) AVG. RURAL LEVY	(5) TANGIBLE TAX	RATIO OF TAXES IN %
LINCOLN	28,956,291	2,899,497.27	---	9.51	---	---
LINN	116,617,840	7,061,882.56	797,372	5.73	45,689.42	.65
LOGAN	30,367,747	2,557,625.19	4,480,420	7.64	342,304.09	13.38
LYON	110,110,966	12,421,798.40	1,022,020	8.90	90,959.78	.73
MARION	65,390,755	6,633,508.51	12,628,980	9.07	1,145,448.49	17.27
MARSHALL	50,152,168	6,292,765.28	---	11.70	---	---
McPHERSON	163,955,179	14,294,737.53	34,351,225	7.99	2,744,662.88	19.20
MEADE	80,639,687	4,952,654.80	20,500,290	5.56	1,139,816.12	23.01
MIAMI	71,476,263	7,572,392.13	2,576,130	9.43	242,929.06	3.21
MITCHELL	35,731,420	4,229,923.20	---	10.97	---	---
MONTGOMERY	128,837,647	16,196,497.58	8,105,305	10.78	873,751.88	5.39
MORRIS	33,996,661	3,023,121.44	3,308,235	8.38	277,230.09	9.17
MORTON	123,702,455	5,225,414.04	88,643,950	3.98	3,528,029.21	67.52
NEMAHA	48,359,585	5,057,063.95	3,740,465	9.99	373,672.45	7.39
NEOSHO	65,800,390	7,869,890.45	3,256,200	10.43	339,621.66	4.32
NESS	68,718,929	5,330,106.30	34,330,260	7.26	2,492,376.88	46.76
NORTON	30,075,676	3,778,040.96	4,760,590	11.06	526,521.25	13.94
OSAGE	47,480,526	4,974,343.99	49,690	9.95	4,944.16	.10
OSBORNE	34,328,702	3,189,708.47	4,102,135	7.93	325,299.31	10.20
OTTAWA	37,200,207	3,577,840.70	---	9.18	---	---
PAWNEE	54,558,035	4,824,910.77	11,957,830	7.70	920,752.91	19.08
PHILLIPS	52,559,131	4,950,808.78	19,016,445	8.57	1,629,709.34	32.92
POTTAWATOMIE	231,383,017	12,862,697.80	31,555	5.16	1,628.24	.01
PRATT	91,138,044	8,446,859.90	27,541,475	8.45	2,327,254.64	27.55
RAWLINS	30,358,391	3,432,908.33	5,566,640	10.87	605,093.77	17.63
RENO	238,563,060	29,671,529.26	14,712,888	10.66	1,568,393.86	5.29
REPUBLIC	37,713,028	4,321,695.07	---	10.80	---	---

**STATE TANGIBLE VALUATION & GENERAL PROPERTY TAX SHOWN ON TAX ROLLS &
APPROXIMATE AD VALOREM TAXES ON PRODUCING OIL & GAS INDUSTRY IN KANSAS - 1983**

COUNTIES	TOTAL COUNTY		TOTAL OIL AND GAS			Col. 5/ Col. 2
	(1) TANGIBLE PROPERTY VALUATION	(2) TANGIBLE TAX	(3) TANGIBLE PROPERTY VALUATION	(4) AVG. RURAL LEVY	(5) TANGIBLE TAX	RATIO OF TAXES IN %
RICE	99,750,038	7,859,731.98	30,559,616	7.33	2,240,019.85	28.50
RILEY	113,939,886	12,021,070.94	511,285	9.07	46,373.55	.39
ROOKS	98,427,510	5,893,793.42	69,944,929	5.54	3,874,949.07	65.75
RUSH	43,421,992	4,037,964.93	13,001,555	9.03	1,174,040.42	29.08
RUSSELL	101,977,744	8,420,884.73	64,511,080	7.66	4,941,548.73	58.68
SALINE	157,255,599	17,367,117.76	3,058,640	8.30	253,867.12	1.46
SCOTT	37,446,470	3,697,190.98	1,991,315	8.87	176,629.64	4.78
SEDGWICK	1,319,467,541	147,160,575.26	10,319,470	8.83	911,209.20	.62
SEWARD	127,509,371	11,674,585.13	47,560,955	7.96	3,785,852.02	32.43
SHAWNEE	467,777,998	68,528,924.03	---	10.86	---	---
SHERIDAN	27,731,206	3,379,487.84	6,193,959	11.40	706,111.33	20.89
SHERMAN	40,554,781	4,983,911.79	500,920	11.12	55,702.30	1.12
SMITH	29,158,618	3,486,743.89	---	11.12	---	---
STAFFORD	71,079,563	5,313,393.50	36,493,315	6.93	2,528,986.73	47.60
STANTON	60,435,329	3,903,045.47	35,860,325	6.18	2,216,168.09	56.78
STEVENS	212,941,824	6,988,411.49	163,164,940	3.11	5,074,429.63	72.61
SUMNER	98,860,491	12,592,771.36	21,580,685	11.72	2,529,256.28	20.08
THOMAS	53,867,630	6,636,927.84	1,543,551	11.69	180,441.11	2.72
TREGO	57,715,669	3,944,143.62	35,670,692	6.31	2,250,820.67	57.07
WABAUNSEE	31,208,453	3,286,048.99	2,082,390	9.95	207,197.81	6.31
WALLACE	20,212,508	1,900,806.18	259,030	9.14	23,675.34	1.25
WASHINGTON	45,576,790	4,491,066.04	---	9.23	---	---
WICHITA	31,305,455	3,100,850.13	724,595	9.09	65,865.69	2.12
WILSON	46,829,548	4,558,884.04	4,922,090	8.60	427,237.41	9.37
WOODSON	34,632,179	3,223,747.08	13,233,335	8.63	1,142,036.81	35.43
WYANDOTTE	373,451,500	58,084,396.25	---	12.27	---	---
TOTAL	11,027,484,832	\$1,113,944,595.17	1,909,592,286		\$125,092,608.50	

TABLE V - AVERAGE COUNTY LEVIES ON TANGIBLE PROPERTY VALUATIONS

County	1981 Average Rate in Dollars on each one-hundred dollar valuation	1982 Average Rate in Dollars on each one-hundred dollar valuation	1983 Average Rate in Dollars on each one-hundred dollar valuation
Allen	\$ 9.85	\$ 9.47	\$10.37
Anderson	8.47	8.16	9.37
Atchison	11.16	11.39	12.50
Barber	7.62	7.15	8.23
Barton	7.99	6.94	8.37
Bourbon	11.99	12.19	12.62
Brown	10.51	10.86	12.25
Butler	8.60	8.96	9.67
Chase	9.91	9.84	10.53
Chautauqua	8.42	8.32	9.14
Cherokee	9.38	9.68	10.16
Cheyenne	7.45	8.39	9.99
Clark	6.05	6.00	5.90
Clay	10.64	10.83	11.72
Cloud	11.34	11.71	13.30
Coffey	4.94	4.19	4.25
Comanche	6.57	6.43	6.65
Cowley	9.46	9.97	10.93
Crawford	12.02	12.33	13.01
Decatur	7.95	7.48	8.72
Dickinson	10.35	10.18	10.80
Doniphan	12.61	12.75	14.10
Douglas	11.23	11.09	11.90
Edwards	6.63	6.12	7.35
Elk	9.13	9.97	11.05
Ellis	7.06	6.81	7.76
Ellsworth	6.48	6.55	7.44
Finney	8.05	7.36	7.87
Ford	10.73	10.93	12.17
Franklin	11.22	11.24	11.60
Geary	9.07	7.93	8.67
Gove	8.32	8.21	9.50
Graham	7.59	7.96	8.87
Grant	4.17	4.39	4.36
Gray	8.21	8.68	10.36
Greeley	5.77	5.89	6.34
Greenwood	9.02	10.30	12.32
Hamilton	6.47	7.09	7.54
Harper	8.40	8.96	7.54
Harvey	10.56	10.36	11.05
Haskell	5.54	5.49	5.53
Hodgeman	8.24	7.81	8.79
Jackson	10.91	11.64	12.09
Jefferson	10.31	10.94	11.66
Jewell	9.62	10.98	13.25
Johnson	12.34	12.27	13.61
Kearny	3.91	4.17	3.94
Kingman	7.03	6.93	7.33
Kiowa	5.45	5.36	5.81
Lafayette	12.63	13.44	13.39
Lane	7.75	8.09	7.96
Leavenworth	12.36	12.50	12.22

TABLE V - (Continued)

County	1981 Average Rate in Dollars on each one-hundred dollar valuation	1982 Average Rate in Dollars on each one-hundred dollar valuation	1983 Average Rate in Dollars on each one-hundred dollar valuation
Lincoln	\$ 8.97	\$ 8.93	\$10.01
Linn	5.34	5.53	6.06
Logan	8.52	7.97	8.42
Lyon	10.75	10.68	11.28
Murion	9.99	9.70	10.14
Marshall	10.98	10.54	12.54
McPherson	8.76	8.40	8.72
Meade	6.61	6.10	6.14
Miami	9.83	9.97	10.59
Mitchell	11.18	10.88	11.83
Montgomery	11.59	11.57	12.57
Morris	8.81	8.22	8.89
Morton	4.32	3.94	4.22
Nemaha	9.50	9.51	10.46
Neosho	10.55	11.80	11.96
Ness	6.89	6.79	7.76
Norton	10.13	10.25	12.56
Osage	9.23	9.45	10.48
Osborne	8.73	8.04	9.29
Ottawa	9.05	9.21	9.62
Pawnee	7.87	7.97	8.84
Phillips	8.02	8.04	9.42
Pottawatomie	5.83	5.32	5.56
Pratt	8.98	8.67	9.27
Rawlins	9.35	9.79	11.31
Reno	10.76	10.47	12.44
Republic	10.30	9.87	11.46
Rice	7.33	6.97	7.88
Riley	10.84	10.06	10.55
Rooks	5.86	5.69	5.99
Rush	8.81	9.27	9.30
Russell	8.08	7.68	8.26
Saline	11.26	10.62	11.04
Scott	8.95	8.07	9.87
Sedgwick	10.66	10.16	11.15
Seward	7.77	8.67	9.16
Shawnee	14.41	13.88	14.65
Sheridan	9.69	10.04	12.19
Sherman	10.80	10.60	12.29
Smith	9.72	10.23	11.96
Stafford	6.62	6.35	7.48
Stanton	5.02	5.53	6.46
Stevens	3.09	3.14	3.28
Sumner	10.84	11.26	12.74
Thomas	10.39	9.73	12.32
Trego	7.09	7.05	6.83
Wabaunsee	10.26	9.84	10.53
Wallace	7.83	7.69	9.40
Washington	8.93	8.71	9.85
Wichita	6.93	7.27	9.91
Wilson	9.25	9.03	9.74
Woodson	8.58	8.24	9.31
Wyandotte	14.41	14.93	15.55
Average State Rate	9.46	9.28	10.10

KANSAS

County

Platform

Kansas Association of Counties, Inc.

EXHIBIT VI

2/28/84

Kansas Association of Counties

Serving Kansas Counties

Suite D, 112 West Seventh Street, Topeka, Kansas 66603

Phone 913 233-2271

1983 - 1984

OFFICIAL STATEMENT OF POLICY

This Statement of Policy was adopted by conference action at the annual Kansas Association of Counties meeting in Wichita on the 15th day of November, 1983. It is the means through which the counties of Kansas make known their common aims and purposes and move together for the improvement of local government.

This Statement of Policy represents the foundation upon which the counties will build their 1984 State Legislative Program. It does not attempt to set forth the counties position on many of the specific bills which may be considered by the Legislature during the coming session. However, it does set forth basic principles and policies which will serve as a guide for action by legislative committees and county officials.

.....A platform for building better county government in Kansas.....

MEMBERS OF THE BOARD:

Elected Board:

Ralph Unger, Decatur County Commissioner, President
Gayle Landoll, Marshall County Clerk, Vice-President
Tom Scott, Sedgwick County Commissioner
Paul Weidner, Haskell County Commissioner
Beverly Bradley, Douglas County Commissioner
Dan Harden, Riley County Engineer

Association Presidents:

Donald Gordon, Douglas County Appraiser
Larry E. Scheller, Leavenworth County Clerk
Keith Devenney, Geary County Commissioner
Cloyce Randall, Gove-Trego County Engineer
Carol Bickford, Jackson County Register of Deeds
Betty McBride, Cherokee County Treasurer

Staff:

Fred D. Allen, Executive Secretary
Rosemary O'Neil, Administrative Assistant
Christie Carney, Secretary

We commend the Legislature for its courage in taking positive action in facing the financial needs of our state and local highway systems and express our sincere appreciation. We offer full dedication and cooperation in your further efforts to serve our constituents/tax-payers with research information, public relations and good will. We request that you give consideration to the following in your 1984 deliberations.

1. FINANCE AND TAXATION - To improve the financial status of counties and to provide relief to the property taxpayer, we recommend the following--
 - (a) We support the home rule local option tax lid approach, whereby the elected board can adjust the state-imposed tax lid according to local conditions, subject to voter petition for a referendum.
 - (b) We support an expansion of the state-local revenue sharing plan and recommend that this fund be annually financed by the use of two and one-half percent of the total state income tax revenue and one and one-half percent of the total state sales tax revenue. Current formulas relative to distribution should not be changed.
 - (c) Local governments should be exempt from the payment of the motor fuels tax.
 - (d) Because the special bridge fund is being called upon to finance increasing numbers of bridge replacements, we urge the Legislature to remove this fund from the aggregate tax lid.
2. COURTS - We support the activities of the Judicial Council in its study of the effects of court unification and request further review of statutes relating to court fines and fees. Additional funding is needed at the county level to finance the DUI laws, the proposed separate detention facilities for juveniles, and other increasing court costs.
3. DEBT LIMITATIONS - The debt limitations for counties as provided in K.S.A. 10-301 et seq no longer parallel the needs at the county level and are frequently by-passed by special legislation. We request a legislative review and update of these statutes.
4. MULTI-BANK HOLDING COMPANIES - We oppose legislation authorizing multi-bank holding companies.
5. EXEMPTIONS - We object to the granting of the farm machinery and business aircraft exemption and oppose any other exemptions that further erode the ad valorem tax base and recommend a study of existing exemptions in an attempt to arrive at a uniform and equitable method of taxation. We support a "sunset" concept on all existing exemptions and oppose the passage of legislation without the opportunity for public input at committee hearings.

6. STATEWIDE REAPPRAISAL - We strongly urge counties to continue efforts to maintain property values at an equalized level with state assessed property and generally oppose a reappraisal directed and administered by the state.
7. COMPUTERIZED ASSESSMENT ROLLS - We encourage county use of computerized equipment but oppose the installation, usage and control of a centralized state computer system of assessment rolls.
8. COUNTY BOARD OF EQUALIZATION - We oppose the erosion of the role of the county governing board as a board of equalization.
9. STATE MANDATES - We strongly oppose the imposition of additional mandatory functions or activities, on local governments by the state unless the state also provides funds other than ad valorem taxes to finance such functions.
10. SPECIAL BENEFIT DISTRICTS - Existing statutes relating to benefit district improvements in counties are so diverse and fragmented that more than one can apply to the same situation. We therefore request that the general improvement assessment laws presently governing incorporated cities be expanded to cover counties as well and the existing laws now applicable to counties be repealed.
11. CHALLENGES OF SPECIAL ASSESSMENTS - Pursuant to the Kansas Supreme Court's decision in the Dutoit Case, we request legislation setting the time limit for legal challenges of special assessments under the Federal Civil Rights Act to not more than six months following determination of the assessments.
12. ANNEXATION - We request that all annexations be approved by the county commissioners as well as the City Governing Board, unless written request is made for annexation by land owner or owners.
13. COUNTY VEHICLE REGISTRATION - We request legislation allowing counties to purchase vehicle registration and license tags which are non-renewable and nontransferrable for county vehicles.
14. CODIFICATION OF STATUTES - We request the initiation of a general ongoing program for the codification and clarification of outdated and obsolete statutes including revenue sources relating to townships, cemetery districts and drainage districts.
15. COUNTY RECORDS - We support revision of the statutes governing the retention and disposal of county government records to provide more appropriate requirements for specific types of records.
16. MENTAL HEALTH - We urgently request and recommend that the state aid for community mental health centers be increased to the extent authorized by the 1974 Legislature in K.S.A. 65-4401 et seq.
17. SALE OF COUNTY PROPERTY - We support removal of the requirement in K.S.A. 19-211 that a special election be held prior to sale of County property valued at more than \$100,00.

18. EXTENSION COUNCIL BUDGETS - K.S.A. 2-610 should be amended to provide for the approval of the Extension Council Budget by a majority of the County Governing Board and a study made of existing statutes relating to the date of the budget approval and its expenditure.
19. COMMUNITY COLLEGE TUITION PAYMENTS - We request to pay tuition only on verified completion of prescribed courses in our community colleges.
20. RETIREMENT BENEFITS - Whereas current home rule authority exists to provide for county law enforcement and fire department personnel to be covered by the Kansas Police and Firemen's Retirement System we oppose all state mandates for this change in retirement coverage.
21. 911 EMERGENCY COMMUNICATIONS - We request an amendment to K.S.A. 12-5302 (b) to allow for the expenditure of the exchange access charge for any services relating to emergency communications.
22. DOG LICENSES - We request an amendment to K.S.A. 19-2230 authorizing the county governing board to set the licensing fees for dogs.

SOUTHWESTERN BELL TELEPHONE COMPANY

before the

HOUSE ASSESSMENT & TAXATION COMMITTEE

February 28, 1984

Southwestern Bell remains opposed to a classified system of property tax. Historically, utility property is placed in the highest assessment category contributing to increased taxes and increased utility rates. The higher rates adversely effect the poor and elderly, many of whom live on fixed income.

When utilities are taxed at a rate higher than other properties the illusion of a utility tax is created, when in fact the utility consumer is the final taxpayer.

A uniform property tax is a proper part of a balanced tax system and plays an important role in maintaining a sound and responsive local government. The company remains opposed to any property tax classification system because of its illusionary and regressive characteristics.

STATEMENT
ON BEHALF OF
THE ELECTRIC COMPANIES ASSOCIATION OF KANSAS
BEFORE THE HOUSE ASSESSMENT AND TAXATION COMMITTEE
FEBRUARY 28, 1984

The attached statement is submitted for your information
and for inclusion in the Committee record.

The Electric Companies Association is a trade association with membership consisting of the six investor-owned electric utilities serving Kansas. They are: The Kansas Power & Light Company, Kansas City Power & Light Company, Kansas Gas and Electric Company, The Empire District Electric Company, Western Power Division of Centel and Southwestern Public Service Company.

D. WAYNE ZIMMERMAN

STATEMENT
ON BEHALF OF
THE ELECTRIC COMPANIES ASSOCIATION OF KANSAS
D. WAYNE ZIMMERMAN, DIRECTOR
BEFORE THE HOUSE ASSESSMENT AND TAXATION COMMITTEE
FEBRUARY 28, 1984

Mr. Chairman and Members of the Committee:

The Electric Companies Association of Kansas opposes HCR 5009 and 5083, proposals to classify property for tax purposes.

This issue has been discussed by legislative committees numerous times in the recent past. For that reason, we only briefly review the key points of our position.

State assessed utility property is now being taxed at the rate the law says it should be taxed.

But more important, we, as public utilities, really don't pay these taxes. We simply collect them from our customers, through the rates they pay for our service, and pass these taxes on to the various governmental units.

It is also important to remember that as regulated utilities we would not receive a windfall as the result of any shift in the property tax burden. Any savings would be passed on to our customers.

It has been pointed out many times that states which have adopted a classification system do not necessarily solve their problems but rather create new ones such as battles over who should be classified at what rates.

Some argue classification would simply maintain the "status quo". But, it has been made clear there would be shifts within each class. HCR 5009 itself guarantees the "status quo" would not be maintained by phasing out inventory taxes. And there is nothing in HCR 5009 or HCR 5083 to guarantee we won't be back in here in 10 or so years facing this same problem because reappraisals were not kept up to date.

We continue to believe the Kansas Constitution's provision for a uniform and equal rate of taxation is the most fair and equitable method of property taxation. We would urge this committee to again consider a phase-in "Arkansas Plan" approach coupled with appropriate relief to those who truly need it through homestead and/or circuit breaker programs. This, we feel, would maintain the integrity of uniform and equal taxation with no additional burden on those who really cannot bear the burden.

Thank you.

D. WAYNE ZIMMERMAN, DIRECTOR

TESTIMONY BEFORE
HOUSE ASSESSMENT AND TAXATION
FEBRUARY 28, 1984
BY
JANET STUBBS
HOME BUILDER ASSOCIATION OF KANSAS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

CONSISTENT WITH OUR BRIEF WRITTEN STATEMENT TO THIS COMMITTEE ON FEBRUARY 14, SUPPORTING SB 275, THE HOME BUILDERS ASSOCIATION OF KANSAS CONTINUES TO OPPOSE PASSAGE OF A CLASSIFICATION RESOLUTION PRIOR TO STATEWIDE REAPPRAISAL OF REAL PROPERTY. WE BELIEVE DATA COLLECTED THROUGH REAPPRAISAL WILL ENABLE THE LEGISLATURE TO MAKE DECISIONS REGARDING CLASSIFICATION BASED UPON ACTUAL, RATHER THAN PROJECTED VALUES.
HBAK OPPOSES PASSAGE OF EITHER HCR 5009 OR HCR 5083 AT THIS TIME.