

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at  
Chairperson

11:00 a.m. ~~xxx~~ on Tuesday, April 9, 1985 in room 519-S of the Capitol.

All members were present ~~xxxx~~:

Committee staff present:

Tom Severn, Research Department  
Melinda Hanson, Research Department  
Don Hayward, Revisor's Office  
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee: None

Senator Thiessen moved that the minutes of the April 2 and 8 meetings be approved. Senator Karr seconded the motion, and the motion carried.

H.C.R. 5018 - Constitutional amendment; classification of property for purposes of taxation

A graph illustrating a general picture of H.C.R. 5018 as passed by the House was distributed to the Committee (Attachment 1).

A proposed amendment to H.C.R. 5018 (Attachment 2) was discussed by the Committee. Chairman Kerr explained that the amendment would provide that commercial and industrial machinery and equipment be assessed at 12%. The amendment would also provide that ag land be assessed at 30% of use value and that line 117 be amended to specifically include farm machinery and equipment as being exempted. Senator Parrish questioned whether the amendment would broaden the current farm machinery exemption. Staff said that this would probably be the case.

Senator Thiessen moved that the amendment to H.C.R. 5018 (Attachment 2) be adopted. Senator Montgomery seconded the motion.

The Committee discussed the problem of having a clear definition of farm, farm machinery, etc. Chairman Kerr advised that information from the Department of Revenue seems to show that machinery with a short life would be taxed considerably higher than it is now under the House version of H.C.R. 5018. The Chairman also commented that there were complaints from some counties that the House version of the bill did not provide an ongoing tax on machinery and equipment for its length of life. He said that the business community expressed strong opposition to a higher tax on machinery and equipment at the same time that large taxes on their real estate would be occurring. Chairman Kerr pointed out that the amendment (Attachment 2) seems to answer both complaints in that it allows for accelerated depreciation, but that equipment with a long life will be on the tax roll as long as it is in use

The motion to adopt the amendment carried.

Senator Frey expressed concern that current methods of appraisal, such as trending formulas, might be eliminated because of the phrase "uniform and equal basis of valuation and rate of taxation" on line 54 and 55 of H.C.R. 5018. Staff said that this language should serve as a benchmark for arriving at fair market value. Staff pointed out that this phrase could not be changed since the resolution provides for different assessment rates. Chairman Kerr explained that the purpose behind the change relating to assessment of ag land was concern that some future legislature might be tempted to use market value if the price of ag land should increase substantially.

Senator Thiessen moved that H.C.R. 5018, as amended, be recommended favorably for adoption. Senator Salisbury seconded the motion, and the motion carried 8-3.

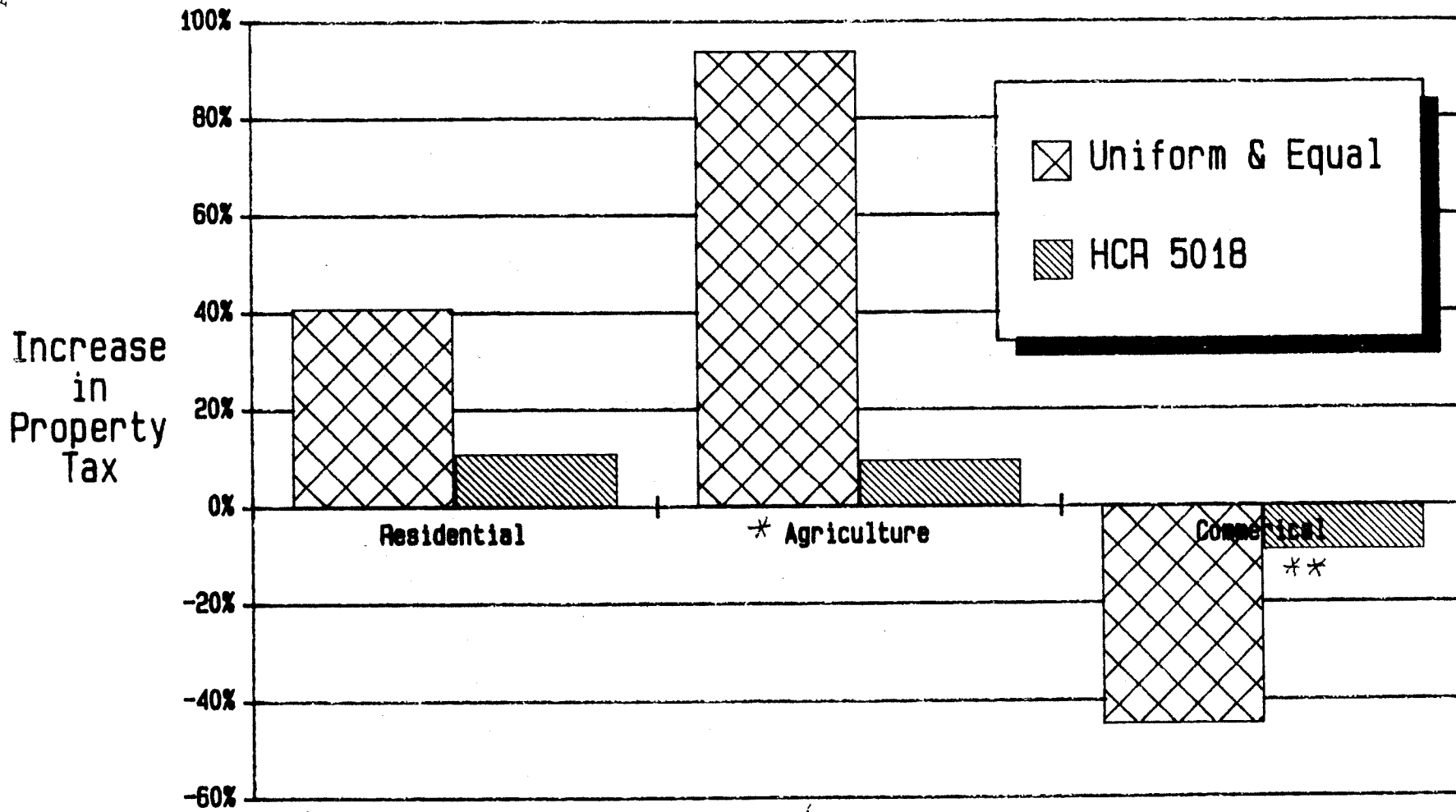
Meeting adjourned.

ASSESSMENT AND TAXATION

OBSERVERS  
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
4/9/85	CHARLES BELT	WICHITA	CHAMBER OF COMMERCE
	KICK ENEHOLD	<del>TOPEKA</del> TOPEKA	DTAT
	Ray D. Shenkel	Shawnee	K.C.P.C.
	MARSHA HUTCHINSON	HUTCHINSON	KG 70A
	Gene Sager	Hays	Western Retail Assoc.
	BOB BRADLEY	HANDSOME	KS Assoc Counties
	James Kastner	TOPEKA	Ks Food Dealers
	Walter Dunn	✓	EKOGA
	DWAYNE ZIMMERMAN	TOPEKA	THE ELECTRIC CO'S ASSOC. OF KS.
	<del>Janet Sturbs</del>	"	KMHI
	JANET STURBS	"	NBAK
	RON CALBERT	NEWTON	U.J.U.
	Roger BARR	TOPEKA	B.A.C.
	Leroy Jones	Overland Park	B.L.E.
	MIKE BEAM	TOPEKA	Ks. LUSTK. Assn.
	Clay Wheeler	Topeka	Leg. Policy Group
	DAN R. M'GEE	GREAT BEND	WESTERN POWER
	JOE DWIGAN	K.C.	KCPDL
	Robert Calender	Ottawa	M. (Int. Orgs)
	Lane E. Thumbugh	TULSA, okla	MAPCO -
	FREVA POTTER	TOPEKA	NORTHERN NAT. GAS
	John Blythe	Manhattan	Ks Farm Bureau
	TOM TUNNELL	HUTCHINSON	Ks GRAIN & FEED DLRS Assn.
	Mary E. Trucking Co's	Topeka	Kansas Motor Carriers Assn.
	Mary Ellen Corlee	Wichita	Ks. Small Business Trust
	Jacque Oakes	Topeka	KASB
	<del>Sup. Lindsey Langworthy</del>		
	Art Hildebrand	Topeka	Kans. R.R. Assn.
	Steiniger	"	Senate
	Shelby Smith	wichita	SLANSON
	Randy Burleson	Colombus	Empire District Electric
	BOB GRANT	TOPEKA	KCC

### Uniform & Equal vs. Classification



\* Agriculture includes rural residences

\*\* Commercial includes all income producing

Source - Rep. Potts' Office

Proposed Amendment to HCR 5018  
(As Amended by House Committee of the Whole)

On page 2, in line 64, by striking "five" and inserting "four"; in line 74, by striking "is" and inserting "shall be"; by striking all in line 79; in line 81 by striking "(D)" and inserting "(C)"; in line 83 by striking "(E)" and inserting "(D)"; in line 89, by striking five and inserting "six";

On page 3, after line 104, by inserting the following:

"(E) Commercial and industrial machinery  
and equipment..... 12%";

in line 106, by striking "(E)" and inserting "(F)"; in line 107, by striking "which"; by striking all in lines 108 and 109; in line 110, by striking "its economic life"; in line 117, after the second comma by inserting "farm machinery and equipment,"; in line 129 before "merchant's" by inserting "farm machinery and equipment,"; by striking all in lines 131 to 139, inclusive, and inserting the following:

"A vote for the proposition would provide that land devoted to agricultural use would be valued on the basis of its agricultural income or agricultural productivity and would be assessed at 30% of the value so obtained, that all residential property, vacant lots and commercial and industrial machinery would be assessed at 12% of its fair market value and that all other property would be assessed at 30% of its fair market value. Also, certain categories of personal property would be exempted from property taxation."