

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./p.m. on Tuesday, February 11, 1986 in room 519-S of the Capitol.

All members were present except:  
Senator Bob Frey (Excused)

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:  
Senator Dan Thiessen  
Harley Duncan, Department of Revenue  
Alan Alderson, Western Retail Implement and Hardware Association  
Fred Weaver, Board of Tax Appeals  
Bev Bradley, Kansas Association of Counties

Senator Mulich moved that the minutes of the February 10, 1986 meeting be approved. Senator Karr seconded the motion, and the motion carried.

S.B. 519 - Notice to taxpayer of tax lien filing

Senator Dan Thiessen explained that this bill would require that when the state files a lien against property for delinquent taxes, the taxpayer must be notified by certified mail. Senator Montgomery suggested that it might be desirable to specify a date certain, for instance, that the lien would become effective ten days after receipt by the taxpayer.

Harley Duncan said that the Department feels the current law provides sufficient notice to taxpayers. He advised that a delinquency tax letter is sent to the taxpayer by regular mail. If the taxpayer does not respond within 10 days, a field representative attempts to contact the taxpayer. If there is no response within 60 days, the tax warrant is issued. Mr. Duncan told the Committee that approximately 9,000 or 10,000 tax warrants were issued last year. He said it has been his experience that certified mail from the Department of Revenue is often unclaimed; and that if they don't have the correct address for a taxpayer, the Department is not going to be able to locate the individual whether notice is sent by regular or certified mail.

The Committee considered several bills which have been previously heard.

S.B. 472 - Procedure utilized in valuing merchant's inventory for property tax purposes

Alan Alderson presented an amendment (Attachment 1) which would require a merchant to file with the appraiser and the Board of Tax Appeals whatever documentation the Board by rules and regulations requires to verify that all of the inventory has been listed and, in addition, whatever documentation the Board deems necessary to verify the percentage of reduction. The amendment also provides that the taxpayer still has the right to protest regardless of whether or not the expedited procedure is used. In response to Senator Karr's question whether or not the bill would apply to items other than farm implements, Mr. Alderson said he does not envision other merchants using the procedure even though they may obtain such reductions now if they follow the proper procedure.

Fred Weaver spoke in support of the amendment. He noted that the appeal procedure is presently available -- the bill would simply eliminate the hearing requirement.

Bev Bradley said her concerns are still that the counties' tax base will be further eroded.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,  
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~<sup>XX</sup> on February 11, 1986.

Senator Thiessen moved that the conceptual amendment be adopted (see Attachment 1). Senator Parrish seconded the motion, and the motion carried. Senator Burke moved that the bill, as amended, be recommended favorably for passage. Senator Mulich seconded the motion, and the motion carried.

S.B. 462 - Appointment of advisory hearing panels to hear taxpayer appeals from valuations obtained from program of statewide reappraisal

After discussion, Senator Burke moved that the bill be recommended favorably for passage. Senator Mulich seconded the motion. Senator Hayden made a substitute motion that the bill be amended to provide that the Director of Property Valuation Division will promulgate regulations establishing guidelines for the establishment of such advisory panels. Senator Burke seconded the motion, and the substitute motion carried. Chairman Kerr said that the bill will be given further consideration after the Committee has had an opportunity to study the amendment.

S.B. 407 - Mortgage registration fees; exemption of previously taxed amount;  
Re Proposal No. 9

After discussion, Senator Burke moved that the language on lines 47-48 be reinserted in the bill. Senator Karr seconded the motion, and the motion carried. Chairman Kerr advised that the bill would receive further consideration after the Committee receives clarification concerning the effect of the amendment.

Meeting adjourned.



**PROPOSED AMENDMENT TO SB 472**

BY: ALAN F. ALDERSON, WESTERN RETAIL IMPLEMENT AND HARDWARE ASSOCIATION

Following line 50, by inserting a new subsection as follows:

"(c) Every merchant who, pursuant to subsection (a), makes and delivers a statement showing the fair market value in money of property held as inventory in which the amount reportable for federal income tax purposes has been reduced pursuant to subsection (b) shall, at the time of filing said statement with the county appraiser, file with said appraiser and the State Board of Tax Appeals, copies of all documents as the State Board of Tax Appeals, by rules and regulations adopted for that purpose, shall require in order to verify that the full amount and valuation of such merchant's inventory has been included thereon and that the reduction is supported by appropriate documentation from the manufacturer. Prior to the time for the payment of taxes on said inventory, the State Board of Tax Appeals shall issue an appropriate order approving or disapproving the allowance of reductions calculated pursuant to subsection (b). Any merchant who is aggrieved by such order may file a protest in the manner prescribed by K.S.A. 79-2005 et seq., and amendments thereto."

2/11/86 Sen. Tax  
Attachment 1