

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator August "Gus" Bogina at
Chairperson

11:00 a.m./p.m./ on February 25, 1986 in room 123-S of the Capitol.

All members were present except:
Senators Gaines, Harder and Johnston

Committee staff present:
Research Department: Ed Ahrens, Julian Efird, Alan Conroy
Revisor's Office: Norman Furse
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:
Harley Duncan, Secretary of Revenue

SB 481 - Appropriations FY 1987, KPERS and Department of Revenue
SB 584 - Appropriations FY 1986, KPERS and Department of Revenue

SB 584 - Section 7 - Kansas Public Employees Retirement System (KPERS)

There were no questions following Senator Talkington's presentation of the subcommittee report for the FY 1986 supplemental appropriations.

SB 481 - Section 2 - Kansas Public Employees Retirement System (KPERS)

Senator Talkington presented the subcommittee report for this section, and answered questions from committee members. In commenting on Recommendation No. 3, he noted that the final decision on the rate of the employer retirement contribution will not be made until sometime in March.

Following presentation of Recommendation No. 4, Senator Talkington stated that, until such time as the Governor's recommendations are acted upon, the subcommittee felt it necessary to abide by current law and restore funds to the budget.

SB 584 - Section 5 - Department of Revenue

Following his review of the subcommittee report on this section, Senator Talkington stated that the proposal mentioned in Recommendation No. 3 is pending in the Joint Committee on State Building Construction. He added that, if that committee gives it an affirmative recommendation, the subcommittee suggests concurring with that recommendation.

SB 481 - Section 3 - Department of Revenue

In connection with Senate Subcommittee Recommendation No. 3, Senator Talkington stated that additional employees are needed to reduce the length of time drivers' license applicants must wait in line.

There were questions concerning the need for expenditure for a larger driver license examining station in Johnson County. It was explained to the committee that the station is now located in a building owned by the Department of Transportation; and that space is needed by the DOT. According to Mr. Duncan, no rent is being paid to that Department at this time; hence, the need for additional funds.

Senator Talkington commented on the subcommittee's recommendation No. 8. He explained that there is available space in the State Office Building which must be paid for by either the Department of Administration or a state agency. In this instance, the Department of Administration has assigned all the space to the Department of Revenue. Senator Talkington said the subcommittee felt that 1500 or 1600 square feet could be reserved for expansion of the Department of Revenue, and the rest should remain the responsibility of the Department of Administration until it is permanently assigned.

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.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 11:00 a.m./p.m. on February 25, 1986

SB 481 - Section 3 - Department of Revenue - Continued

Senator Feleciano stated that he had asked Secretary Duncan for information regarding the elimination of 6.0 FTE positions noted in Recommendation No. 11. Mr. Duncan distributed copies of a memorandum dated February 24, 1986 (See Attachment A). He then said the deletion of the positions in question causes his department some concern. He explained in detail the work of the six positions in question. He said the functions of these positions need to be carried out, regardless of where they are being done. He noted that these positions were included in the Governor's basic budget.

Senator Talkington stated that the subcommittee felt there was a lack of information concerning the six positions; therefore, the decision was made to delete them. He said he had not seen where the six positions are needed.

There were numerous questions concerning the positions deleted by the subcommittee in Recommendation No. 11. Senator Talkington indicated that he felt the Secretary had shown some justification for reinstating some of the positions. He then made a motion to amend the subcommittee report to recommend that four of the six positions be restored; and to suggest that Mr. Duncan continue to compile information showing the need for all positions, so that he can appeal to the House committee when the bill is considered in that body. The motion was seconded by Senator Feleciano and carried by voice vote.

At this point, Senator Werts asked if there is a late estimate on the total cost of reappraisal. Senator Talkington answered that the estimate continues to be \$50 million. He said the subcommittee felt that \$8 million (recommendation No. 1) could provide almost one-sixth of that amount; and that the state could provide that amount for a total of three years, thus providing nearly one-half of the \$50 million total. Senator Bogina added that the subcommittee has asked the staff and the Agency to attempt to develop the actual costs of reappraisal.

Motion was made by Senator Talkington and seconded by Senator Doyen to adopt the subcommittee reports for FY 1986 and FY 1987 for KPERS and the subcommittee reports for FY 1986, and FY 1987 as amended for the Department of Revenue. The motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator Doyen to report SB 481 as amended favorably for passage. The motion carried by roll call vote.

INTRODUCTION OF BILLS

Senator Bogina presented two bills for which he had received requests to have introduced by the Committee. Conceptually, the bills would (1) provide for construction and equipping of an animal health research facility at the University of Kansas Medical Center; and (2) provide for a statewide reappraisal cost-sharing fund.

Motion was made by Senator Doyen and seconded by Senator Winter to introduce the two bills presented by the Chairman. The motion carried by voice vote.

The meeting was adjourned by the Chairman.



KANSAS DEPARTMENT OF REVENUE
Division of Property Valuation
State Office Building · Topeka, Kansas 66612-1585

M E M O R A N D U M

TO: Harley Duncan, Secretary
Department of Reveue

FROM: Victor W. Miller, Director
Division of Property Valuation

DATE: February 24, 1986

SUBJECT: Request for information regarding Local Assistance
Bureau

This memorandum is in response to your request for information relating to the duties and responsibilities of the Local Assistance Bureau. The reorganization of the Division of Property Valuation to accommodate the reappraisal function transferred those positions previously assigned to the Real Estate Section to the Reappraisal Bureau. The remaining functions are in no way related to reappraisal or to state appraisals, (the other bureau within the Division) but must, by statute be performed.

The Local Assistance Bureau is responsible for preparing guides for determining market value for all personal property, which includes oil and gas, all motor vehicles as well as business equipment, etc. In addition, this Bureau is responsible for the development and publication of the annual Assessment/Sales Ratio Study. The final general duty involves working with county clerks and county treasurers to assure proper accounting techniques are followed to allow for a legal levy determination.

This Bureau is presently understaffed to perform all the multi-faceted duties assigned to it in the most efficient manner. It would certainly be impossible to assign those duties to other areas of the Division.

At the present time approximately \$3.5 billion dollars of the total assessed valuation in Kansas is personal property. This represents 40% of the total locally assessed property. Without the guides prepared and prescribed by this Bureau and the general supervision provided by this Bureau there would be no uniformity among the counties, or possibly even within a single county, in the methods used to value and tax personal property.

S. W. Miller 2/25/86

Harley Duncan
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Although there is currently a classification proposal that, if passed, would change the methodology of valuing certain types of personal property January 1, 1989, it remains to be determined what impact that change would have on the valuation process. Unless personal property is totally exempt there will be values or costs to be derived, forms to be prescribed, administrative questions to be addressed, and K.S.A. 79-5100 vehicles to be valued and taxed. There is no other place in this Division to transfer these duties even if the amendment passes and certainly not now.

The Assessment/Sales Ratio Study is assigned to this Bureau to retain a check and balance system. The ratio study and the statistics developed within the study are designed to measure the relative level of assessment and the uniformity of assessment. This study then becomes the only method by which to evaluate the appraisal process. To have this function performed by those whose work it is to appraise would place its credibility in jeopardy.

The responsibility for overseeing the work of the county clerks and treasurers must be assigned to persons who can devote their full attention to this function. The present field staff in the Reappraisal Bureau are assigned to work only with the county appraisers in mapping and the appraisal of real property and will have little, if any contact with other county offices. It is extremely important that constant contact be maintained with the clerks, register of deeds, and treasurers if the full scope of ad valorem taxation is to be administered according to law. The reappraisal field staff is not trained to perform these duties and constraints on their time would not allow for an addition of this magnitude.

Determining the value of motor vehicles which are taxed under the provisions of K.S.A. 79-5100 "tax and tags" is an ongoing process which requires constant contact with manufactures, distributors and dealers to determine the proper classification for every make and model of vehicle which could possibly be registered in Kansas. In addition to the constant research required to obtain and/or develop these values there is a very high volume of questions from county officials and taxpayers, both oral and written, requesting values, explanation of values, and explanation of the application of the law. Responsibilities of this function are expanding with the advent of the VIPS application.

Harley Duncan
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Due to the present time constraint this memorandum has touched on only the major categories of duties and responsibilities assigned to this Bureau. The personnel assigned to this Bureau always have more to do than they can get done. It would be impossible to assign the duties performed by this Bureau to any other current Bureau within this Division.

VWM:cb