

Approved March 2, 1987
Date

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 February 26, 1987 in room 519-S of the Capitol.

All members were present except:

Senator Mulich
Senator Frey
Senator Allen
Committee staff present:

Tom Severn, Research
Chris Courtwright, Research
Don Hayward, Revisor's Office
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

Chairman Kerr called the meeting to order and said that the agenda for the day would be continued committee discussion and possible action on S.B. 186 and S.B. 284.

Chairman Kerr stated that he and his intern, Mike Sterbach, had compiled a summary of the conferees' testimony on the four issues contained in the two bills. (Attachment 1)

COMMITTEE ACTION ON SENATE BILL 284

The first item for committee discussion concerned the question of public hearings. (Attachment 1, Section A) After committee discussion concerning the possible problems of notifying the governing bodies of all taxing districts, Senator Burke made a motion to strike the last half of line 36 and all of lines 37 through 39. Senator Salisbury seconded. The motion carried.

The issue of jurisdiction was discussed by the committee. (Attachment 1, Section B) Senator Karr noted that there had been testimony about the question of whether the county or the city had jurisdiction in the three mile area outside city limits. Revisor Hayward stated that under new section 1 of S.B. 284, the county would have sole jurisdiction.

Senator Karr made a motion to amend so that in the three mile area, joint approval would be required. Senator Parrish seconded. The motion lost.

There was committee discussssion regarding the preservation of existing tax base issue. (Section D, Att. 1) This concept is addressed in S.B. 186. In previous testimony by Ernie Mosher, League of Municipalities, it was pointed out that there could be problems with a strict restriction on not allowing abatements below previous valuation levels. Mr. Mosher had previously suggested an amendment to S.B. 284 which would have been a statement of policy discouraging tax base erosion.

Senator Karr moved to adopt the amendment suggested by Mr. Mosher by providing for a new sub-section c, beginning on line 40 of the bill. (Attachment 2) Senator Salisbury seconded. There was committee discussion indicating that this amendment was vague and that it was unenforceable. The motion was lost.

Committee discussion then proceeded to sections two and three of S.B. 284. Senator Burke made a motion to adopt an amendment proposed by Fred Weaver, Chairman of Board of Tax Appeals, (Attachment 3) for a new sub-section "o" on line 125 of the bill. Senator Hayden seconded. Motion carried.

Senator Karr made a motion to recommend S.B. 284 favorably for passage as amended. Senator Parrish seconded. Motion carried.

No action was taken on S.B. 186.

Senator Hayden made a motion to accept the minutes of the meeting for February 25, 1987. Senator Karr seconded. Motion carried.

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 Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on February 26, 1987.

Chairman Kerr said that the meeting for February 27, 1987 would be cancelled and that the next committee meeting would be Monday, March 2, 1987.

Meeting adjourned.

FRED A. KERR
 SENATOR, THIRTY-THIRD DISTRICT
 BARBER, COMANCHE, HARPER, KINGMAN, KIOWA,
 PRATT, STAFFORD, S. RENO,
 W. SUMNER COUNTIES
 ROUTE 2
 PRATT, KANSAS 67124-9802



TOPEKA

SENATE CHAMBER

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 ENERGY AND NATURAL RESOURCES
 LEGISLATIVE AND CONGRESSIONAL
 APPORTIONMENT
 CHAIRMAN MAJORITY PARTY CAUCUS

February 25, 1987

Compiled by:
 Mike Sterbach &
 Senator Fred Kerr

TAX ABATEMENT RECOMMENDATIONSI. Introduction

The following summary offers an attempt to derive a viable solution that takes into account the concerns of the conferees who have testified before the committee. The recommendations are made to clarify some of the questions raised by conferees in testimony.

II. Issues:A. Question of Public Hearings

1. In favor - Some feel to insure fairness and public awareness, public hearings and printed notices should be required.
2. Opposition - Some feel that such hearings and public notices would deter some prominent businesses from locating in Kansas due to the company's desire for confidentiality.
3. Possible solution - Local governing body considering a request for exemption should publish notice of their consideration. In most cases public hearings would be held, but in those other cases whereby a particular business wishes not to engage in public hearings, the local commission could meet in executive session. At this meeting the company could disclose relevant information privately. (ref. S.B. 284 p. 1, lines 33-39)

B. Question of Jurisdiction

1. According to the bill: in order for a county to exempt property within the city limits, they must have that city's consent. A city has jurisdiction within its corporate boundaries.
2. There was no opposing testimony for this set up.

C. Question of Oversight

1. The bill specifically denotes that the Board of Tax Appeals has oversight authority.
2. The Board of Tax Appeals believes that even without such provisions in S.B. 284, their board still has oversight.

3. The Revisor suggests that the oversight issue should be clarified, one way or the other.
4. Some conferees feel oversight by Board of Tax Appeals will be helpful by providing structure for enactment of the constitutional amendment.
5. Others feel granting oversight to the Board of Tax Appeals would significantly deter any expediency. They feel expediency is crucial; some firms don't want to wait indefinitely for a decision from someone else.

D. Preservance of existing tax base (S.B. 186)

1. Many feel the need to not allow any exemption to any property already on the tax rolls. This would ensure the preservation of the existing tax base.
2. Others support the amendment provided by E.A. Mosher which allows no unreasonable or unnecessary exemption that would lead to unwarranted losses of public revenue.
3. Possible solution
 - a. As a rule, do not grant an exemption to property currently taxed.
 - b. As an exception, a county or city could grant an exemption to property currently taxed if such action would be deemed necessary. Such an exemption should be required to be passed in resolution or ordinance form.

III. Conclusion

The recommendation is to move forward with the concepts in S.B. 284. The bill addresses general policy questions and does not hastily address details. Amendments should be considered which allow some discretion. There are some practical problems associated with S.B. 186. It should not be passed but a general amendment on the issue should be added to S.B. 284 (see E. A. Mosher's suggestion).

POSSIBLE AMENDMENTS TO SB 284

(1) Insert, after line 39, the following:

(c) In granting an exemption for any property from ad valorem taxation pursuant to the provisions of section 13 of article 11 of the Kansas Constitution, the board of county commissioners of any county or the governing body of any city, as the case requires, shall restrict the extent of the exemption granted to existing property to avoid unreasonable and unnecessary losses to the existing assessed valuation, or require the payment of sufficient in lieu charges under the provisions of K.S.A. 12-148 to avoid unreasonable and unnecessary losses of public revenues, to the maximum extent practicable and consistent with the economic development purposes of the constitutional provision.

(2) In line 96, prior to the word "merits", insert "legal and factual".

SUGGESTED AMENDMENTS TO SB 284

(o) The provisions of this section shall apply to property exempted pursuant to the provisions of section 13 of article 11 of the Kansas constitution. The board of tax appeals shall not substitute its judgment for that of the local governing body authorizing the exemption with respect to whether economic development is actually promoted. The board of tax appeals shall review an application for exemption pursuant to the provisions of section 13 of article 11 of the Kansas constitution to determine whether the constitutional requirements for exemption have been met.