

Approved March 26, 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 March 25, 1987 in room 519-S of the Capitol.

All members were present except:

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:

Senator Francisco
Marla Howard, Public Affairs Officer, Wichita
Willie Martin, Sedgewick Co. Board of Commissioners
Marion R. Johnson McPherson Co.
Charles Clark - Pres. Ks. Appraisers Assoc.
Gerry Ray, Johnson County

Chairman Kerr called the meeting to order and said the agenda for the day was to first have hearings on House Bill 2243 and 2338.

HOUSE BILL 2243

Senator Francisco explained H.B. 2243 and testified in support of it. He said that H.B. 2243, as amended, would allow cities and counties issuing revenue bonds to charge origination fees that would be used for local economic development purposes. Such fees would not be deemed as payment in lieu of taxes and could not be used to pay any administrative costs of the cities or counties. He said that the Wichita Legislative Delegation supports H.B. 2243.

Marla Howard testified in support of H.B. 2243. (Attachment 1) She stated that the city of Wichita wishes to express its support to give cities and counties the authority to levy an origination fee on I.R.B.'s to fund local economic development activities.

She stated that the city of Wichita has been one of the primary issuers of I.R.B.'s in the state. With reduced local resources, including the loss of federal revenue sharing, funding reductions for education, and potential loss of state revenue sharing, ad valorem tax and highway funds, the city is looking for alternatives to fund economic development programs without adding to property taxes.

She stated that the League of Kansas Municipalities was not able to be present but they sent word of their support for the bill.

In response to a question, Marla Howard said that the only concern she has received from businesses is that they would like to see a maximum amount set such as was in the bill when it was first introduced in the House of Representatives.

HOUSE BILL 2338

Senator Francisco expressed support of the bill. He stated that the Wichita Legislative Delegation had requested introduction of the bill.

Willie Martin testified in favor of H.B. 2338. (Attachment 2) She said that appointment of advisory hearing panels will help ensure equitable and adequate review of the appeals. It also provides guidelines governing the composition and duties of such panels. She urged passage of the bill.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m.~~a~~^p.m. on March 25, 1987

Darold Main testified in support of H.B. 2338. (Attachment 3) He stated that when the bill was heard in the House Local Government Committee, that he did request that Shawnee County be included. The House Committee did amend Shawnee County into the bill along with several other counties. Since they expect approximately 1,500 appeals the first year, which would be overwhelming for the county board to handle, he urged passage of H.B. 2338.

Marion Johnson testified in support of H.B. 2338. He said that McPherson County requested to be included in the bill. He expressed support for the concept of H.B. 2338 as it allows for the establishment of an advisory hearing panels to advise the County Board of Equilization on appeals by taxpayers resulting from the state-wide reappraisal program. (Attachment 4)

Charlie Clark testified in support of H.B. 2338. (Attachment 5) He said he felt the bill should be state wide in its application so that any county could appoint such an advisory panel. He encouraged the committee to amend the bill back to the original law with reference to the Property Valuation Department establishing guidelines for panel members.

Gerry Ray testified and said that last year's bill, allowing Johnson Co. to appoint such an advisory panel was requested by Johnson Co. She said that they supported the state-wide application of the bill. She expressed concern about some proposed amendments. She felt it would be wrong to request volunteers to attend training since the full time staff was not even required to do so. She encouraged the committee to keep the law as close as possible as that of last year.

COMMITTEE DISCUSSION ON H.B. 2243

Senator Frey offered a motion to reinstate the language stricken by the House Committee on lines 29-31 referring to the formula and limit for the fee. Senator Karr seconded. Motion carried.

Senator Mulich made a motion to favorably pass H.B. 2243. Senator Montgomery seconded. Motion carried.

COMMITTEE DISCUSSION ON H.B. 2338

Senator Frey made a motion to amend the bill to provide that any county be allowed to appoint an Advisory Panel as described in the law. Senator Salisbury seconded. Motion carried.

Senator Frey moved to strike the language starting at line 119 through 129 and to reinsert the language in lines 116 to 118. Senator Salisbury seconded. Motion carried.

Senator Burke made a motion to amend on line 106 by adding the words "or panels" to clarify that the Board of County Commissioners may appoint more than one panel. Senator Mulich seconded. Motion carried.

Senator Mulich moved that H.B. 2338 be recommended favorably for passage as amended. Senator Karr seconded. Motion carried.

Senator Hayden made the motion to accept the minutes of March 24, 1987 meeting. Senator Salisbury seconded. Motion carried.

Meeting adjourned.

THE CITY OF WICHITA

PUBLIC AFFAIRS OFFICE
CITY HALL — THIRTEENTH FLOOR
455 NORTH MAIN STREET
WICHITA, KANSAS 67202
(316) 268-4351

March 25, 1987

TO: CHAIRMAN KERR AND MEMBERS OF THE SENATE
ASSESSMENT AND TAXATION COMMITTEE

FROM: Marla J. Howard, Public Affairs Officer

RE: House Bill 2243, Economic Development Revenue Bonds.

Chairman Kerr and Members of the Committee:

The City of Wichita wishes to express its' support for House Bill 2243 to give cities and counties the authority to levy an origination fee on industrial revenue bond issues to fund local economic development activities.

With recent federal tax reform legislation, industrial revenue bonds may not be the inducement they once were to encourage business/industry development and expansion. Nevertheless, there will continue to be use of this bonding vehicle in the future.

The City of Wichita has been one of the primary issuers of IRBs in the state. Since 1963, the City has closed 243 IRB issues, including refundings, totaling \$1,281,463,500. Significant staff time has been required to work with applicants in developing their bonding proposals. Some fee income has been received to offset part, but not all, of the administrative costs of issuance.

The City currently directly allocates approximately \$200,000 annually for economic development activities. With reduced local resources, including the loss of federal revenue sharing, funding reductions for education, and the potential loss of some State revenue sharing, ad valorem tax and highway funds, the City is looking for alternatives to fund economic development programs without adding to the property tax burden.

—Sen. A & T
3/25/87

Att. 1

Economic development is obviously important to Wichita and its surrounding environment and State legislators have clearly demonstrated their concern for improving economic development throughout the State. In Sedgwick County, a Long-Range Planning Task Force was created through the efforts of private business, the Chamber of Commerce, City of Wichita and Sedgwick County, and, with the assistance of a consultant, developed a long-range action plan for our area that was publicly presented earlier this week. In view of our economy and the activities of this task force, the City believes that economic development related services and activities should be expanded, not reduced. House Bill 2243 allows local governments to levy a surcharge fee on each industrial revenue bond issue, in addition to costs of administering the issue, to help finance local economic development activities. As included in lines 33 and 34 of this bill, it is not our intent that the funds be used for administrative costs, but rather that they be used to fund specific locally supported programs such as employment training. We will be looking very closely at the programs recommended by the Long Range Planning Task Force for possible funding.

Attached is a list of all City of Wichita IRB issues closed in 1986 and the amount of fees - almost \$85,000 - that would have been levied under the fee formula that Wichita currently proposes to use: 1/4 of one percent on the first million dollars issued and 1/8 of one percent on each additional million dollars issued.

IRBs benefit the applicant by providing financing at a lower rate of interest. With the "savings" accruing to the industry, it seems appropriate that qualifying business/industry return something to the community toward other economic development programs.

The City of Wichita respectfully requests your favorable consideration of House Bill 2243. Thank you.

CITY OF WICHITA
INDUSTRIAL REVENUE BOND ISSUES - 1986
AND RESULTING FEE AMOUNT

NAME OF RECIPIENT	AMOUNT OF ISSUE	FEE
Executive Manor	\$2,200,000	\$ 4,000
Executive Manor	8,435,000	11,793.75
Friends University	4,850,000	7,312.5
A.S.I, Inc.	1,000,000	2,500
Rent-A-Center	9,000,000	12,500
Jayhawk II	945,000	2,362.5
Masterbilt Motors	525,000	1,312.5
Fidelity Savings	7,300,000	10,375
Bradford Real Estate	710,000	1,775
C-K Properties	320,000	800
Big Oak Investments	800,000	2,000
Boeing	67,000,000	25,000*
Multimedia	<u>1,500,000</u>	<u>3,125</u>
TOTALS:	\$104,585,000	\$84,856.25

Fee is based on 1/4 of 1% for the first million dollars issued and 1/8 of 1% for each additional million issued, with the exception of the Boeing issue which is based on \$25,000 maximum.



SEDGWICK COUNTY, KANSAS

INTERGOVERNMENTAL COORDINATOR

WILLIE MARTIN

COUNTY COURTHOUSE • SUITE 315 • WICHITA KANSAS 67203-3759 • TELEPHONE (316) 268-7552

March 25, 1987

TO: SENATE ASSESSMENT and TAXATION COMMITTEE

**Re: House Bill 2338
ADVISORY HEARING PANELS**

**From: Willie Martin, Intergovernmental Coordinator
Sedgwick County**

Mr. Chairman and Members of the Committee, I am Willie Martin representing the Sedgwick County Board of Commissioners.

K.S.A. 1985 Supp. 79-1602 was amended in the 1986 session to grant the Board of Johnson County Commissioners authority to appoint one or more advisory hearing panels to assist in handling taxpayer appeals concerning valuations of real property made during the statewide reappraisal process. The advisory panel would then present its recommendations to the County Board for final determination.

Extending this option to Sedgwick County would be advantageous to both the taxpayers and the Commissioners. There are approximately 164,239 parcels of property in Sedgwick County. If only 8% of the valuations were appealed, 13,000 appeals and hearings would result. Without assistance, it would be impossible for the Commission to handle such a volume with reasonable expediency or provide adequate review.

We believe that the appointment of advisory hearing panels will help ensure equitable and adequate review of the appeals. House Bill 2338 further amends K.S.A. 1985 Supp. 79-1602 to prescribe guidelines governing the composition and duties of such panels.

I respectfully request that you recommend House Bill 2338 favorably.

Sen. A & T
—3/25/87

Att. 2

INTERGOVERNMENTAL

PHONE
295-4196

COOPERATION

DAROLD D. MAIN
COORDINATOR

COUNTY COURTHOUSE
ROOM B-25
TOPEKA, KANSAS 66603

COUNCIL

March 24, 1987

TO: Members of the Senate Committee on Assessment and Taxation
RE: HB 2338

Dear Chairman Kerr and Members of the Committee:

I am Darold Main, Shawnee County Intergovernmental Coordinator, appearing here on behalf of the Shawnee County Commission on HB 2338.

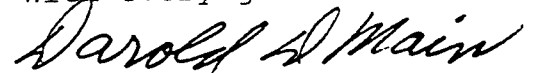
When this bill came up for hearing in the House Local Government Committee, we requested that Shawnee County be included. The House Committee did amend us into the bill, which we greatly appreciate.

Our reason for desiring to be included stems largely from the anticipation of a large amount of property tax appeals being filed, once reappraisal is implemented. Our appraiser anticipates we will receive approximately 1,500 appeals the first year, which would be almost overwhelming for the county board to handle, given the statutory time limits for such hearings.

We believe the qualifications for the advisory hearing panels should be adequate, and have no quarrel with them.

We respectfully request your favorable consideration of HB 2338.

With every good wish,



Darold D. Main

DDM:Dr



McPHERSON COUNTY

TESTIMONY BEFORE THE SENATE ASSESSMENT AND TAXATION COMMITTEE

**BY
MARION R. JOHNSON, MCPHERSON COUNTY APPRAISER
ON BEHALF OF THE
BOARD OF MCPHERSON COUNTY COMMISSIONERS
MARCH 25, 1987**

The state-wide reappraisal program now underway in Kansas will undoubtedly result in a number of appeals of the new property valuations by property owners across the state. While we are unable to determine the exact number of appeals, it is anticipated that the number will overwhelm the resources of the County Boards of Equalizations and make it difficult for the boards to provide timely hearings of the appeals.

McPherson County supports the concept of House Bill 2338, when it calls for the establishment of advisory hearing panels to advise the County Board of Equalization on appeals by taxpayers resulting from the state-wide reappraisal program. We also support the proposed composition of the board as outlined in the bill.

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However, we would recommend that HB 2338 be amended to give every County Board of Equalization in the state, the authority to appoint an advisory hearing panel. We feel these panels will be a valuable resource and tool for each County Board of Equalization, as it handles the numerous appeals that are certain to occur because of reappraisal. By having both a Board of Equalization and an advisory hearing panel, every taxpayer would be assured of having their appeal handled in a timely fashion.

Also, by amending the bill at this time to include all counties it would preempt the legislature from next year, having to amend the law yet again to allow additional counties to establish these advisory hearing panels.

However, if the committee does not feel that it is appropriate, at this time, to amend the bill and allow all the counties to appoint the panels, McPherson County would then ask that HB 2338 be amended to give us the authority to appoint advisory panels.

Thank you for your time and consideration on this matter.

March 25, 1987

Fred Kerr, Chairman
Senate Assessment and Taxation

Senator Kerr and members of the Assessment and Taxation Committee

I would like to thank you for the opportunity to address the committee on a very serious matter.

HB 2338 is a very important concept which requires a great deal of thought to assure the taxpayers of Kansas a fair and expeditious appeal procedure.

1. The legislation in 1986 created a situation which would allow the County to remove itself from any statutory restraints by using the Home Rule Statutes.

Mike Hiem of Legislation Research has been asked to explain in a better way the possibilities which were created when the law was passed last year.

The concept, if good, should be able to be used by all counties which would choose this method.

2. Another possible method which could be used is a Hearing Officer, described in another portion of this statute.

The Hearing Officer would be a professional which would listen to the taxpayers evidence and the procedures used by the County Appraiser or his employee to arrive at market value, and make a recommendation to the Board of Equalization much in the same manner as a Hearing Panel would.

The advantages would be in the need to use less people to resolve disputes in value and they could have more officers to complete the job more expeditiously.

3. Several of the recommendations would allow smaller counties to appoint three (3) member hearing panels.
4. The referral to political parties should be removed. The Legislature of Kansas has for several years tried to remove the political overtones from taxation.

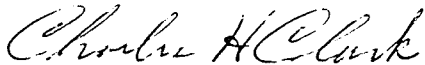
5. The Reappraisal Advisory Committee recommended that educational training would create more understanding on the part of County Boards and Panel Members concerning Kansas ad valorem tax policy.
6. The use of Panel Members or Hearing Officers over an extended period of time would surely require some form of payment for the great deal of time and expenses which will be necessary.

The Senate should also consider the fact that more appeals will exist each year with the updating requirements in the Reappraisal Bill.

7. The language which was struck from line 0116 thru line 0118 removes the only state supervisory control which existed to assure uniform treatment for taxpayers throughout the state.

I would like to thank the committee for its time.

Respectfully,



Charles H. Clark, C.K.A.
Elk-Greenwood District Appraiser
President, Kansas County Appraisers Association