

Approved On: _____

Minutes of the House Committee on Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on March 24, 1988 in room 519 South at the Capitol of the State of Kansas.

The following members were absent (excused):

Representatives Leach

Committee staff present:

Tom Severn, Legislative Research
Chris Courtright, Legislative Research
Don Hayward, Reviser of Statutes
Millie Foose, Committee Secretary

Mr. Mason Ashby, of Junction City, discussed SB-284 - An ACT relating to property taxation; prescribing limitations upon the authority of any city or county to grant exemptions therefrom for economic development purposes. He said that many firms want to build a facility, lease it for a time, and then convert it to their own use, but the law as it is now written would not permit this. He suggested an amendment to cover statutory changes -- (a) limited to improvements and (b) a long term lease.

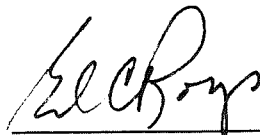
Representative Roe explained a proposed amendment to SB-519 - AN ACT concerning aggregate tax levy limitations; exempting certain mill levies made for library purposes. The proposed amendment would change the tax lid. (Attachment 1) Tom Severn gave an example of a school district based on Valuation, Mill Levy, and Yield for years 1988, 1989 w/o Class, 1989 with Class, 1988 Limit, Current Law, and Authorized. (Attachment 2) Mr. Severn also explained a sheet showing 1987 property values by district. (Attachment 3)

Representative Roe moved, second by Representative Grotewiel, to adopt the amendment but without the section concerning the authorized levies. The motion passed. Representative Snowbarger moved, second by Representative Aylward, to change the tax lid to authorized levies. The motion carried.

Representative Fuller moved, second by Representative Pottorff, to pass SB-519 as amended. The motion passed. Representatives Adam and Spaniol requested that it be recorded that they voted "No".

The minutes of March 23 were approved.

There being no further business, the chairman adjourned the meeting.



Ed C. Rolfs, Chairman

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Taxation

Recommends that Senate Bill No. 519 (As Amended by Senate Committee)

"AN ACT concerning aggregate tax levy limitations; exempting certain mill levies made for library purposes; amending K.S.A. 1987 Supp. 79-5028 and repealing the existing section."

Be amended:

On page 1, after line 20, by inserting six new sections to read as follows:

"Section 1. K.S.A. 1987 Supp. 79-5021 is hereby amended to read as follows: 79-5021. As used in K.S.A. 1985 1987 Supp. 79-5021 to 79-5035, inclusive, and amendments thereto, "taxing subdivision" means every taxing district in the state of Kansas other than the state and "reappraisal year" means the year in which the valuations established under the program of statewide reappraisal are first used as a basis for the levy of taxes.

Sec. 2. K.S.A. 1987 Supp. 79-5022 is hereby amended to read as follows: 79-5022. ~~in--the--year--in--which--the--valuations established--under--the--program--of--statewide--reappraisal--are--used as--a--basis--for--the--levy--of--taxes~~ (a) In the reappraisal year and in each year thereafter, all existing statutory fund mill levy rate and aggregate levy limitations on taxing subdivisions are hereby suspended.

(b) Except as otherwise hereinafter provided in K.S.A. 1987 Supp. 79-5024 to 79-5027, inclusive, and amendments thereto, in the reappraisal year, in such year and in each year thereafter, any taxing subdivision is authorized to levy taxes upon tangible property which in the aggregate produces an amount not in excess of the amount which was authorized to be levied by such taxing subdivision in the next preceding year, but no taxing subdivision

shall certify to the county clerk of the county any tax levies upon tangible property, ~~excluding--taxes--levied--as---special assessments--and~~ excluding levies specified in K.S.A. ~~1985~~ 1987 Supp. 79-5028, and amendments thereto, which in the aggregate will produce an amount in excess of the amount which was authorized to be levied by such taxing subdivision in the next preceding prior year.

(c) In each year after the reappraisal year, the fund levy limits shall be increased by multiplying the authorized dollar amount produced by the levy limit for the year prior to the reappraisal year by the quotient determined by dividing the assessed tangible valuation amount of the current year by the assessed tangible valuation amount of the reappraisal year.

(d) Except for adjustments described in K.S.A. 1987 Supp. 79-5024 to 79-5027, inclusive, and amendments thereto, in each year after the reappraisal year the aggregate levy limit for cities and counties shall be the authorized aggregate levy limit in effect for the year prior to the reappraisal year. All tax levies existing or authorized hereafter by law, except those levies specifically exempt pursuant to K.S.A. 1987 Supp. 79-5028, and amendments thereto, or levy authorizations exempted from the provisions of K.S.A. 1987 Supp. 79-5021 to 79-5027, inclusive, and amendments thereto, or levy authorizations exempted from the provisions of K.S.A. 79-5001 to 79-5016, inclusive, as existing prior to January 1, 1989, shall be subject to the aggregate limit prescribed hereunder.

Sec. 3. K.S.A. 1987 Supp. 79-5023 is hereby amended to read as follows: 79-5023. Whenever any taxing subdivision shall certify ~~aggregate-tangible-property~~ tax levies in excess of that permitted under the provisions of K.S.A. ~~1985~~ 1987 Supp. 79-5021 to 79-5035, inclusive, and amendments thereto, the county clerk shall forthwith adjust the ~~aggregate-amount-of-such-levies-to-the maximum--levy--authorized-under-the-provisions-of-this-act~~ levies to the limitations authorized by law and notify the taxing subdivision certifying the same. ~~it-is-the-intent-of-this-act-to~~

prescribe a limitation, with specified exceptions, upon the aggregate amount which may be levied upon tangible property by each of the several taxing subdivisions of the state and not to prescribe a limitation upon the amount produced by each of the several levies imposed by such taxing subdivisions for their various tax supported funds. It shall be the duty of the governing body of each taxing subdivision to adjust legally authorized levies for separate funds or functions of the taxing subdivision within the aggregate limitation imposed under the provisions of K.S.A. 1985 Supp. 79-5021 to 79-5035, inclusive.

Whenever a county clerk shall disagree with the governing body of a taxing subdivision concerning the maximum amount of the aggregate tangible property tax levies permitted under K.S.A. 1985 1987 Supp. 79-5021 to 79-5035, inclusive, and amendments thereto, for such taxing subdivision, the disagreement may be submitted to the state board of tax appeals by any such the county clerk or by the governing body of such taxing subdivision, and the disagreement shall thereupon be promptly and conclusively determined by the state board of tax appeals.

Sec. 4. K.S.A. 1987 Supp. 79-5024 is hereby amended to read as follows: 79-5024. (a) In the reappraisal year and in each year thereafter, whenever the taxable assessed tangible valuation of any taxing subdivision city or county is increased by new improvements on real estate and by added personal property in the year in which valuations established under the program of statewide reappraisal are used as a basis for the levy of taxes or in any year thereafter, the amount which would be produced by the aggregate tax levy limitation of such taxing subdivision computed in accordance with K.S.A. 1985 Supp. 79-5022 shall be divided by the taxable assessed tangible valuation of such taxing subdivision in the current year, omitting the assessed valuation of such new improvements and added personal property, to derive a levy rate, the amount which would be produced by the aggregate tax levy authorized under K.S.A. 79-5022, and amendments thereto, shall be adjusted to increase the amount authorized in the

proportion that the assessed valuation of the new improvements bears to the total taxable assessed tangible valuation of the city or county excluding the assessed valuation of the new improvements.

(b) In each year after the reappraisal year, whenever the value of personal property increases over such value of the reappraisal year, the aggregate limit for the year prior to the reappraisal year shall be divided by the taxable assessed tangible valuation of the taxing subdivision in the reappraisal year to derive a levy rate. The levy rate so computed shall then be applied to the assessed valuation of such new-improvements-and added personal property,-and-such.

(c) Such taxing--subdivision city or county may then levy the amount permitted under K.S.A. 1985 1987 Supp. 79-5022, and amendments thereto, and in addition thereto the amount produced by the levy on such new improvements and added personal property as provided in this section.

Sec. 5. K.S.A. 1987 Supp. 79-5025 is hereby amended to read as follows: 79-5025. In the event that any territory is added to an existing taxing-subdivision city or county, the amount which would be produced by the aggregate tax levy otherwise authorized under K.S.A. 1985 1987 Supp. 79-5022 and 79-5024, and amendments thereto, shall be adjusted to increase the amount authorized in the proportion that the assessed valuation of the tangible taxable property in the territory added bears to the total taxable assessed tangible valuation of the taxing-subdivision city or county, excluding the property in such added territory.

Sec. 6. K.S.A. 1987 Supp. 79-5026 is hereby amended to read as follows: 79-5026. In the event that any taxable tangible property is excluded from the boundaries of any taxing subdivision city or county, the amount which would be produced by the aggregate tax levy authorized under the provisions of K.S.A. 1985 1987 Supp. 79-5022 and 79-5024, and amendments thereto, shall be adjusted to decrease the amount authorized in the proportion that the assessed valuation of the tangible property

excluded bears to the total taxable assessed valuation of the taxing--subdivision city or county, including such excluded property.";

Also on page 1, in line 21, by striking "Section 1" and inserting "Sec. 7."; in line 38, before "and" by inserting ", health care costs"; by striking all in lines 40 and 41; after line 41, by inserting the following:

"(f) expenses incurred by counties for district court operations under the provisions of K.S.A. 20-348 or 20-349, and amendments thereto,;

(g) special assessments;

(h) expenses for which tax levies are authorized or required under K.S.A. 12-11a01, 12-1617h, 19-262, 19-4004, 19-4011, 19-4102, 19-4443, 71-301 and 72-4424, and amendments thereto;

(i) expenses for which tax levies are authorized or required by law if the act specifically in its provisions exempts such levy from the limitation imposed under the provisions of K.S.A. 1987 Supp. 79-5021 et seq., and amendments thereto; or";

Also, on page 1, in line 42, by striking "(g)" and inserting "(j)";

On page 2, by striking all in line 51; after line 51, by inserting two new sections to read as follows:

"Sec. 8. On and after January 1, 1989, K.S.A. 79-5001 to 79-5010, inclusive, and 79-5012 to 79-5018, inclusive, and K.S.A. 1987 Supp. 79-5011 are hereby repealed.

Sec. 9. K.S.A. 1987 Supp. 79-5021 to 79-5026, inclusive, and 79-5028 are hereby repealed.";

Also, on page 2, in line 52, by striking "3" and inserting "10";

In the title, in line 17, after "ACT" by inserting "relating to property taxation;"; also, in line 17, by striking all after the semicolon; by striking all in lines 18 and 19 and inserting "amending K.S.A. 1987 Supp. 79-5021 to 79-5026, inclusive, and 79-5028 and repealing the existing sections; also repealing

K.S.A. 79-5001 to 79-5010, inclusive, and 79-5012 to 79-5018, inclusive, and K.S.A. 1987 Supp. 79-5011.";

And the bill be passed as amended.

_____ Chairperson

EXAMPLE BEND SCHOOL DISTRICT

	Valuation	Mill Levy	Yield
1988	\$90,000	1.500	\$135,000
1989 w/o Class	\$180,000	1.500	\$270,000
1989 with Cl	\$105,000	1.500	\$157,500
1988 Limit	\$90,000	4.000	\$360,000
Current Law	\$105,000	1.286	\$135,000
Authorized	\$105,000	3.429	\$360,000

When is the \$22,500 a "windfall?"

COUNTY NAME BARTON

1987 PROPERTY VALUES
BY DISTRICT

COUNTY # 005

DISTRICT NAME GREAT BEND

DISTRICT # D0428

Attachment 3

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1987 ASSESSED VALUATION	% OF TOTAL OF COL 1	ESTIMATED MARKET VALUE OF EACH PROPERTY CLASS	% OF TOTAL OF COL 3	ESTIMATED ASSESSED VALUATION AFTER REAPPRAISAL	% OF TOTAL OF COL 5	PROPOSED ASSD VAL- HCR-5018AA	% OF TOTAL OF COL 7
<u>URBAN REAL ESTATE</u>								
1. COMMERCIAL & INDUSTRIAL	10,533,710	11.7	88,817,116	14.5	26,645,135	14.5	26,645,135	25.4
2. VACANT LOTS	510,070	.6	6,650,196	1.1	1,995,059	1.1	798,024	.8
3. ALL OTHER URBAN REAL ESTATE	20,852,220	23.2	228,142,451	37.3	68,442,735	37.3	27,377,094	26.1
4. TOTAL URBAN REAL ESTATE	31,896,000	35.5	323,609,763	53.0	97,082,929	53.0	54,820,253	52.2
<u>RURAL REAL ESTATE</u>								
5. AGRICUL LAND(INCL MIN RES)	3,858,225	4.3	39,946,831	6.5	11,984,050	6.5	3,195,747	3.0
6. AGRICUL IMPROVEMENT	248,450	.3	2,322,282	.4	696,685	.4	278,673	.3
7. HOMESITES & PLANNED SUBDIV	6,348,665	7.1	73,251,939	12.0	21,975,582	12.0	8,790,233	8.4
8. SPOT INDUSTR, COMM, & RECR	2,377,585	2.6	21,902,829	3.6	6,570,849	3.6	6,570,849	6.3
9. TOTAL RURAL REAL ESTATE	12,832,925	14.3	137,423,881	22.5	41,227,166	22.5	18,835,502	18.0
10. TOTAL REAL ESTATE	44,728,925	49.8	461,033,644	75.5	138,310,095	75.5	73,655,755	70.2
<u>TANGIBLE PERS PROPERTY</u>								
11. GAS & OIL(LEASE-HOLD & ROY)	5,165,669	5.8	17,218,897	2.8	5,165,669	2.8	5,165,669	4.9
12. MERCHANTS INVENTORY	7,630,625	8.5	25,435,417	4.2	7,630,625	4.2	0	.0
13. MANUFACTURERS INVENTORY	1,975,580	2.2	6,585,267	1.1	1,975,580	1.1	0	.0
14. LIVESTOCK	179,420	.2	598,067	.1	179,420	.1	0	.0
15. BUSINESS MACHINERY & EQUIP	7,879,455	8.8	26,264,850	4.3	7,879,455	4.3	3,939,728	3.8
16. ALL OTHER TANG PERS PRPTY	6,009,405	6.7	20,031,350	3.3	6,009,405	3.3	6,009,405	5.7
17. TOTAL TANGIBLE PERS PRPTY	28,840,154	32.1	96,133,848	15.7	28,840,154	15.7	15,114,802	14.4
<u>STATE ASSESSED</u>								
18. PUBLIC SERVICE CORPORATION	16,159,297	18.0	53,864,323	8.8	16,159,296	8.8	16,159,297	15.4
19. TOTAL STATE ASSESSED	16,159,297	18.0	53,864,323	8.8	16,159,296	8.8	16,159,297	15.4
20. GRAND TOTAL	89,728,376	100.0	611,031,815	100.0	183,309,545	100.0	104,929,854	100.0