

Approved January 19, 1988  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Fred Kerr at  
Chairperson

11:00 a.m./p.m. on January 14, 1988 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:

Chairman Kerr called the meeting to order and welcomed the committee to the 1988 legislative session.

The Chairman stated that the agenda for the day would be to:

1. Review and take possible negative action on bills held over from 1987 that are no longer needed.
2. Review summary of bills referred to the committee.
3. Possible introductions of bills.
4. Discuss schedule of upcoming days.

Tom Severn of the Research Department gave a summary of the bills held over from 1987. (Attachment 1)

Senator Thiessen made a motion to recommend S.B. 43 adversely. Senator Hayden seconded. Motion carried.

Senator Allen made a motion to recommend S.B. 164 adversely. Senator Mulich seconded. Motion carried.

Senator Allen made a motion to recommend S.B. 165 adversely. Senator Mulich seconded. Motion carried.

Senator Thiessen made a motion to recommend S.B. 168 adversely. Senator Hayden seconded. Motion carried.

Senator Hayden made a motion to recommend S.B. 299 adversely. Senator Mulich seconded. Motion carried.

Tom Severn summarized the new bills referred to the committee. (Att. 2)

Chairman Kerr called the committee's attention to a possible introduction of a new bill. (Att. 3) He explained that this bill would specifically forgive the YMCA back taxes for the years prior and including 1985. He said it would not speak to 1986 or years thereafter.

There was some discussion about the ramifications of such a bill. Don Hayward of the Revisor's office stated that this bill would not have any effect with regard to the determination of future cases. All this bill would do is abate back taxes, with no prospective effect.

Senator Salisbury made the motion that the committee introduce the bill. (Att. 3) Senator Parrish seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 519-S Statehouse, at 11:00 a.m./~~p.m.~~ on January 14, 1988

There was committee discussion concerning introduction of a bill that would exempt property tax regarding church property. The bill would allow a church to sell religious materials and retain it's property tax exemption.

Senator Salisbury made a motion to introduce the bill. Senator Parrish seconded. Motion carried.

Senator Frey made a motion to introduce the bill which contains the Governor's Tax Reform proposals. Senator Burke seconded. Motion carried.

Chariman Kerr outlined the committee schedule for the upcoming week.

Meeting adjourned.

# Senate Assessment & Taxation

1-14-88

Dana Fennell	Div. of Budget	Topeka
Rebecca Rice	Auctioneers & Advertisers	Topeka
Ken Peterson	KS Petroleum Council	Topeka
Mark Truell	AP	Topeka
Gerrey Fay	Johnson County	Atlatla
Glen Steppat	McBride & Associates	Topeka
Shelley Sutton	Ks. Engineering Soc.	Topeka
Tom Whitaker	Ks. Motor Carriers	Topeka
Bernard Koch	Wichita Chamber	Wichita
Rich McFee	K.L.A.	Topeka
Sandi Nelson	Ppty. Val.	Topeka
Paul Mills	Kov's (Spec)	Topeka
Robert Caudron	Med Cont & Hosp	Topeka
Don Schnack	KIOGA	Topeka

## SENATE BILL LIST

Bill No	Date Intro. to Com	Principal Sponsor	Synopsis
43	12/16	Thiessen	<u>Property Tax</u> This bill would restrict the use of trending factors in appraising personal property. Changes in the way the trending factors are derived have greatly diminished complaints about their use. Classification will require the use of depreciated original retail cost in place of fair market value.
65	1/23	EcoDevo	<u>Income Tax</u> This bill would repeal provisions which allow extra income tax credits under the Job Expansion and Investment Credit Act of 1976 for activities located in Enterprise zones.
71	1/23	EcoDevo	<u>Sales Tax</u> This bill would exempt all sales of manufacturing machinery and equipment. Similar or identical to a recommendation of the Governor's Task Force on Tax Reform.
75	1/23	A & T	<u>Sales Tax</u> This bill would define "consumables" for use in servicing and drilling oil wells. The Special Committee on Assessment and Taxation recommended that this issue be addressed by the Department of Revenue through regulations.
77	1/23	A & T	<u>Property Tax</u> This bill would repeal the Motor Vehicle Dealers Stamp Tax (K.S.A. 79-1016 <u>et seq.</u> ) Motor vehicles were exempted from inventory tax and made subject to this tax in 1978, as permitted by a 1974 amendment to Art. 11, Sec. 1 of the <u>Kansas Constitution</u> , permitting the separate classification and taxation of motor vehicles, at the request of the Kansas Motor Car Dealers Assn.
118	1/30	Strick	<u>Income Tax</u> This bill would exempt social security benefits from Kansas individual income tax. This exemption was not part of the recommendation of the Governor's Task Force on Tax Reform.
135	2/3	Hayden	<u>Property Tax (reappraisal)</u> This bill would change the current definition of a "parcel of real property", thus increasing the reimbursement of counties with a preponderance of large parcels.
164	2.5	A & T	<u>Sales Tax</u> Imposes a penalty for willful failure to file a sales tax return.
165	2.5	A & T	<u>Administration</u> This bill would grant authority to the Secretary of Revenue to compromise taxes due.
168	2.6	Yost	<u>Income Tax</u> This bill would define income under

old IRS code, thus eliminating much but not all of the "windfall."

- 186 2.9 A & T Property Tax This bill would limit exemptions for economic development to increases in assessed valuation. Requested by Kansas Association of School Boards.
- 219 2.12 Johnston Income Tax This bill would allow an extra personal exemption for taxpayers over 65 or blind. This had been allowed, by conformity, prior to enactment of the federal Tax Reform Act of 1986. Under that law, however, there is no additional personal exemption. That provision has been replaced at the federal level by a higher standard deduction for such taxpayers, but Kansas does not conform to the current federal standard deduction amounts.
- 220 2.11 Johnston Income Tax This bill would conform filing requirements under the Kansas individual income tax to those in the federal law. Because federal personal exemption and standard deduction amounts exceed the Kansas amounts, many Kansas taxpayers will be required to file Kansas returns even though they are not required to file federal income tax returns.
- 229 2.11 Parrish Income Tax This bill would create a checkoff for the Kansas Foundation for Partnerships in Education.
- 242 2.12 A & T Property Tax This bill would exempt the property of YMCAs and YWCAs from the property tax.
- 299 2.20 A & T Income Tax This bill would exempt interest from Kansas local General Obligation (GO) bond issues from Kansas individual income tax. An identical bill (1988 S.B. 454) has been recommended by the Special Committee on Assessment and Taxation.
- 313 2.24 A & T Grain Tax This bill would exempt grain dealers from the grain tax (K.S.A. 79-3901 et. seq.) and would exempt grain in the hands of dealers, whether or not owned by them, from property tax.
- 330 2.24 A & T IRB Informational Filing This bill would require cities and counties to include the amount of taxes paid in the previous year when making their IRB informational filing with the State Board of Tax Appeals.
- 362 3.5 F&SA Property Tax This bill would exempt convents from the property tax. The term "parsonages" has been construed to exclude convents.

2002	12.18	Rolfs	<u>Property Tax</u> This bill would allow incidental use of hospitals for a nonexempt purpose without making the property taxable.
2283	2.11	Bryant	<u>Property Tax</u> This bill would allow counties to abate penalties for late filings of personal property renditions due to excusable neglect.
2509	2.25	LocoGovt	<u>Local Sales Tax</u> Revenue Bonds could be payable from local sales tax proceeds. Major provisions enacted as part of 1987 S.B. 407.
2543	2.26	H Tax	<u>Income Tax</u> Tax Equity and Simplification Act.
2552	3.05	H Tax	<u>Administration</u> This bill would make certain corporate officers personally liable for the payment of excise taxes. This provision would parallel existing law for sales taxes.

NEW SENATE BILLS

Bill No	Date Intro. to Com	Principal Sponsor	Synopsis
446	1.7	Allen	<u>Sales Tax</u> This bill exempts purchases of property used in compliance with requirements of the federal Conservation Reserve Program (CRP). The Department of Revenue has ruled that such purchases are taxable under current law.
450	12.16	Spec A&T	<u>Kansas Real Estate Transfer Information Act.</u> This bill would make public certain information about real estate transfers and require additional information to be provided on the certificate of value. This legislation was requested by the Division of Property Valuation (PVD) and introduced without recommendation by the Special Committee.
451	12.16	Spec A&T	<u>Property Tax Administration</u> This bill mandates certain procedures for dismissal and reinstatement of County Appraisers by either PVD or the Board of Tax Appeals. This legislation was requested PVD and introduced without recommendation by the Special Committee.
452	12.16	Spec A&T	<u>Assessment-Sales Ratio Study</u> This bill would make changes in the assessment-sales ratio law to accommodate to reappraisal and classification and to the use of computers by county officials. This legislation was requested by PVD and introduced without recommendation by the Special Committee.
453	12.16	Spec A&T	<u>Property Tax</u> This bill would exempt "all live animals, fowl and fish" as livestock, and would relieve from initial filing requirements before the State Board of Tax Appeals inventories, household goods and personal effects, hay, silage and livestock. This legislation was requested by PVD and introduced without recommendation by the Special Committee.
454	12.16	Spec A&T	<u>Income Tax</u> This bill would exempt from Kansas individual income tax interest from all Kansas state and local general obligation (GO) bonds. Similar to 1987 S.B. 299. Recommended following interim study--Proposal No. 10.
468	12.28	Norvell	<u>Sales Tax</u> This bill exempts purchases of property used in compliance with requirements of the federal Conservation Reserve Program (CRP). The Department of Revenue has ruled that such purchases are taxable under current law.
473	12.22	Jt.	<u>Income Tax Credits</u> This bill would accelerate the

Eco  
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income tax credits allowed for investment in Kansas Venture Capital, Inc., certified Kansas venture capital companies, and certified local seed capital pools by allowing the credits to be received entirely in the first year rather than spread over four years. The condition that credits could not exceed liability will continue to apply.



\_\_\_\_\_ BILL NO. \_\_\_\_\_

By

AN ACT relating to property taxation; voiding certain provisions of an order issued by the state board of tax appeals concerning the exemption of property of the Topeka Young Men's Christian Association.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The provisions of the order on rehearing issued on September 9, 1987, by the state board of tax appeals in the matter of the application of the Young Men's Christian Association for exemption of its property from ad valorem taxation in Shawnee county which places the subject property on the roll of taxable property for the taxable years commencing after December 31, 1977, and ending prior to January 1, 1986, are hereby declared null and void, and such Young Men's Christian Association shall not be liable for any tax, interest or penalty levied against its property for such taxable years.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.