

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION

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

11:00 a.m./~~p.m.~~ on March 21, 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:

Tom Tunnell, Ks. Grain & Feed Assoc.
Wilbur Leonard, Committee of Ks. Farm Organization
Joe Lieber, Ks. Coop Council
Ivan Wyatt, Ks. Farmers Union
Secretary Harley Duncan, Dept. of Revenue

HOUSE BILL 2724

Chairman Kerr called the meeting to order and said hearings would be held on House Bills 2724 and 2744.

Tom Tunnell testified. (Att. 1 & 2) He said that in 1987 an average of \$7,938.76 per county was collected through grain inventory tax. The tax is applied to producers and handlers of grain. Warehousemen pay the assessments on every bushel they handle, whether they own the grain or not. H.B. 2724 would repeal the grain tax, effective January 1, 1989, to coincide with the removal of other inventory taxes, for both warehousemen and producers. He asked for favorable recommendation of H.B. 2724.

Wilbur Leonard testified. (Att. 3) He stated that in the tax world of today the thrust is on sales, income and excise taxes. As other inventory taxes are phased out, it is only logical that the grain tax be added to the list. He said this bill, in its present form, abolishes the tax in its entirety, both to the producers and the dealers. He felt that if the tax is entirely eliminated, the shortfall resulting from it will be made up, generally, by the same persons who would have paid the grain tax.

Joe Lieber testified. (Att. 4) He stated that he felt the "occupation tax" could be classified as a "double tax" because it is paid every time grain is handled. This tax is actually paid by the producer because any cost to the grain handler is going to be passed to them. With the removal of the "inventory tax" due to classification it would be consistent to state policy to repeal the "grain occupation" tax. He said the Kansas Cooperative Council feels that the tax should be repealed for both grain dealers and producers.

Rod Bentley was not present at the meeting, but sent written testimony for the committee's information. (Att. 5)

Ivan Wyatt testified. (Att. 6) He stated that the Farmers Union opposes the narrowing of the tax base by exempting "grain dealers", especially at a time when local units of government are finding it hard to maintain funding of county roads and bridges. He stated that we are now seeing more of the state's "grain dealers" becoming foreign owned or owned by multi-national corporations who are more concerned with the profits. He urged an amendment to change language on line 39 striking "commission merchants and brokers who do not physically handle the grain are not included in this definition." He said that since these people profit from these operations just as "grain dealers" and producers do, there is no logical reason why they should be exempt from registration and taxation.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION,
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~^{XX} on March 21, 1988.

HOUSE BILL 2744

Secretary Duncan testified. (Att. 7) He stated that this bill was requested by the Department of Revenue in response to an internal reorganization. He stated that with the exception of New Section 4 the bill does not broaden the powers of the Department. New Section 4 will provide the Department a means of assisting taxpayers who may not have the ability to pay their delinquent taxes, penalty and interest in one payment. The new section grants the Department the authority to work with taxpayers in paying delinquent taxes through arranged payment plans. He stated that the remainder of the amendments in H.B. 2744 deal with authority currently granted to the Department.

HOUSE BILL 2702

Chairman Kerr asked for continued deliberation on H.B. 2702. Attachments 8 & 9 were handed out to the committee again. They are the same as were used in discussion on H.B. 2702 on March 18. Chairman Kerr suggested that the committee adopt amendments outlined in attachments 8 & 9 and that lines 439 through 446 be stricken from the bill.

Chairman Kerr also suggested that lines 13 and 15 of the amendment (att. 9) read, "taxpayer or the taxpayers agent." There was considerable committee discussion regarding the "informal hearings" on the county appraiser level, and the fact that some taxpayers would not want to bother with this step, but go directly to the BOTTA with their appeal.

Bill Waters, counsel for PVD, explained that they felt if a taxpayer understands why an appraisal was arrived at, it will satisfy many cases at that level. This might be a meeting that an understanding or agreement may be arrived at without the taxpayer having the expense of hiring an attorney and going to the Board of Tax Appeals. Because of lack of time for committee action, the meeting was adjourned.

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
12/21/88	J. Davidson	Topeka	BoTA
	K. FARAR	"	"
	H. Duncan	Topeka	Budget
"	MARK BURGART	"	"
	D. Ferrell	"	Budget
	Jeff Fockett	Topeka	St. Francis-Wichita
	Chris Wilson	Topeka	K&FA
	Tom Tunnell	Topeka	Ks Grain & Feed Ass'n
	Joe Licker	Topeka	Ks Co-op Council
	Ruth Walker	Topeka	Girl Scouts
	JOHN H. HOLMGREN	Topeka	CATHOLIC HEADQUARTERS ASSN.
	Janet Martinick	Silver Lake	St. Ann's Press Office
	Lori Otis	Topeka	"
	Jack McKee	Topeka	Kansas South. Co.
	Paul E. Fleener	Manhattan	Kansas Farm Bureau Kansas Legislative Policy Group
	Alan Steppat	TOPEKA	
	Ivan W. Wyatt	Manhattan	Ks Farmers Union
	PAT BARNES	Topeka	Ks. Motor Car Dealers Ass'n
	BOB BRADLEY	Topeka	Ks Assoc. of Counties
	Pat McDonald	Topeka	County Club PVD
	Rim Madson		
	Bill Waters	Topeka	PVD
	John Blythe	Manhattan	KFB
	Jimmie B. Bunde	Topeka	observer



KANSAS GRAIN & FEED DEALERS

Association

816 S.W. TYLER ST., P.O. BOX 2429

A/C 913-234-0461

TOPEKA, KANSAS 66601-2429

STATEMENT OF THE
KANSAS GRAIN AND FEED ASSOCIATION
TO THE SENATE ASSESSMENT AND TAXATION COMMITTEE
SENATOR FRED KERR, CHAIRMAN
REGARDING H.B. 2724
MARCH 21, 1988

Mr. Chairman and Members of the Committee, I am Tom R. Tunnell, Executive Vice President of the Kansas Grain and Feed Association (KGFA). Our approximately 1200 members constitute the state's grain warehouse, transportation, processing, and merchandising industry. We have requested HB 2724, which would remove the grain "occupation tax in lieu of property tax".

This tax was enacted by the Legislature in 1941, as a means of assessing grain warehousemen and producers in lieu of inventory tax. With the removal of inventory taxes through the classification process, we believe it is consistent with state policy to remove this tax.

It was county appraisers who first suggested the repeal of the grain tax, not only because it is consistent with state policy to do so, but also because the law is difficult to administer and the revenue collected does not appear to merit the effort expended. County appraisers have termed



this tax a "tax on honesty".

In 1987, \$833,570.26 (or an average of \$7,938.76 per county) was collected through the grain in lieu of inventory tax. This means that 1.58 billion bushels were taxed at the rate of $\frac{1}{2}$ mil per bushel. While there are only about 800 million bushels produced annually in the state, the grain tax is applied every time a bushel changes hands. Warehousemen pay the assessment on every bushel they handle, whether they own the grain or not. H.B. 2724 would repeal the grain tax, effective January 1, 1989, to coincide with the removal of other inventory taxes, for both warehousemen and producers.

The grain industry in Kansas, because as commercial property we are taxed at 30% of appraised value, will pay significantly higher property taxes through classification and reappraisal. It is the expressed philosophy of the Legislature and the voters in the process to increase the share of the pie paid by commercial and industrial property and to eliminate inventory taxes. Therefore, we respectfully ask that you favorably recommend HB 2724.

Thank you for the opportunity to bring this issue before you.

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GRAIN HANDLERS TAX

County	Tax
Allen	701.67
Anderson	2,667.26
Atchison	33,098.24
Barber	9,198.70
Barton	9,019.12
Bourbon	1,037.61
Brown	9,754.33
Butler	2,478.80
Chase	690.24
Chautauqua	93.59
Cherokee	2,768.66
Cheyenne	7,395.12
Clark	2,477.52
Clay	8,180.98
Cloud	7,522.03
Coffey	2,278.47
Comanche	2,535.14
Cowley	11,969.02
Crawford	5,897.30
Decatur	5,345.90
Dickinson	14,185.39
Doniphan	5,625.81
Douglas	3,275.13
Edwards	7,752.54
Elk	162.87
Ellis	3,548.60
Ellsworth	3,562.41
Finney	12,763.69
Ford	11,655.25
Franklin	2,496.81
Geary	1,426.92
Gove	5,212.53
Graham	3,359.67
Grant	9,510.05
Gray	16,841.57
Greeley	5,396.92
Greenwood	615.85
Hamilton	5,685.62
Harper	8,082.34
Harvey	11,157.09
Haskell	16,111.99
Hodgeman	3,626.06
Jackson	1,975.20
Jefferson	2,767.13
Jewell	6,947.06
Johnson	513.89
Kearny	5,647.87
Kingman	7,035.00
Kiowa	6,651.24
Labette	2,823.68
Lane	4,275.34
Leavenworth	2,725.00

Lincoln	3,764.32
Linn	2,216.42
Logan	5,313.60
Lyon	11,508.57
Marion	8,835.43
Marshall	13,316.48
McPherson	12,162.60
Meade	9,982.93
Miami	2,582.24
Mitchell	9,248.66
Montgomery	1,818.46
Morris	2,223.36
Morton	6,094.59
Nemaha	7,803.90
Neosho	1,123.82
Ness	4,424.62
Norton	5,224.12
Osage	4,425.34
Osborne	4,836.44
Ottawa	4,615.51
Pawnee	7,791.71
Phillips	4,700.33
Pottawatomie	4,695.26
Pratt	11,158.74
Rawlins	6,030.14
Reno	38,128.54
Republic	11,573.80
Rice	9,470.14
Riley	1,905.97
Rooks	4,294.92
Rush	5,421.00
Russell	4,255.22
Saline	28,374.98
Scott	5,005.75
Sedgwick	40,227.50
Seward	5,502.38
Shawnee	21,444.69
Sheridan	6,552.79
Sherman	13,647.92
Smith	7,989.50
Stafford	10,324.00
Stanton	10,420.26
Stevens	11,882.46
Sumner	12,404.40
Thomas	15,899.31
Trego	2,459.45
Wabaunsee	1,458.45
Wallace	6,374.42
Washington	10,981.60
Wichita	12,007.62
Wilson	10,235.21
Woodson	1,624.12
Wyandotte	49,280.05

833,570.26

Committee of . . .

Kansas Farm Organizations

Wilbur G. Leonard
Legislative Agent
109 West 9th Street
Suite 304
Topeka, Kansas 66612
(913) 234-9016

TESTIMONY IN SUPPORT OF HOUSE BILL NO. 2724

BEFORE THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

March 21, 1988

Mr. Chairman and Members of the Committee:

I am Wilbur Leonard, appearing for the Committee of Kansas Farm Organizations. We appreciate this opportunity to present the views of our members with respect to House Bill No. 2724.

In 1941, when the legislature created the grain tax, all personal property owned by individuals was subject to the personal property tax. The only exemptions were wearing apparel and a per family deduction of \$200 valuation. This statute, providing for a levy of one-half mill per bushel on both the producer and the grain dealer set to rest the controversy over imposing an ad valorem tax on grain stored, both on the farm and in the hands of dealers.

Although there was some question concerning the constitutionality of affording special treatment to a class of personal property it appears that the issue was never judicially determined. There are probably several cogent reasons why the law was not challenged:

- 1) It solved the difficult problem of policing the grain in storage, both on and off the farms;
- 2) It represented a relatively small part of the personal property taxes assessed against the agricultural community; and
- 3) More significantly, it was a practical solution.

Only one amendment has been made to this tax act in almost a half century. In 1945 a base fee of 50¢ per taxpayer was established with the one-half mill per bushel levy made applicable to all grain over

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1,000 bushels harvested by a single taxpayer. In those days, when first class postage was 3¢ per ounce the 50¢ charge was more significant than it is today. As a matter of comparison, the Senate, earlier this month, passed a bill which would set the voluntary assessment for the support of the soybean commission at 20 mills per bushel, or 20 times the tax on the producer and dealer combined.

We're in another tax world today, where the thrust is on sales, income and excise taxes, and the citizenry has directed the legislature to implement a classification system. As other inventory taxes are phased out, it is only logical that the grain tax be added to the list. This bill, in its present form, abolishes the tax in its entirety, both as to the producers and the dealers. It is an inefficient tax, the record keeping expense is not justified by the amount collected, and it has been described by some assessors as a small penalty on honesty.

The bottom line is that if we eliminate the tax entirely the shortfall resulting therefrom, except in the more populous counties, will be made up, generally, by the same persons who would have paid the grain tax.

We urge the Committee to report the bill favorably for passage, thereby recommending the repeal of the grain tax, effective January 1, 1989, consistent with the date other inventory taxes are being eliminated.

MEMBERS OF THE COMMITTEE OF KANSAS FARM ORGANIZATIONS

ASSOCIATED MILK PRODUCERS

KANSAS AGRI-WOMEN

KANSAS ASSOCIATION OF SOIL CONSERVATION DISTRICTS

KANSAS ASSOCIATION OF WHEAT GROWERS

KANSAS COOPERATIVE COUNCIL

KANSAS CORN GROWERS ASSOCIATION

KANSAS ELECTRIC COOPERATIVES

KANSAS ETHANOL ASSOCIATION

KANSAS FARM BUREAU

KANSAS FERTILIZER & CHEMICAL INSTITUTE, INC.

KANSAS GRAIN & FEED DEALERS ASSOCIATION

KANSAS LIVESTOCK ASSOCIATION

KANSAS MEAT PROCESSORS ASSOCIATION

KANSAS PORK PRODUCERS COUNCIL

KANSAS RURAL WATER DISTRICT ASSOCIATION

KANSAS SEED DEALERS ASSOCIATION

KANSAS SOYBEAN ASSOCIATION

KANSAS STATE GRANGE

MID-AMERICA DAIRYMEN

KANSAS VETERINARY MEDICAL ASSOCIATION

KANSAS WATER WELL ASSOCIATION

Testimony on HB 2724
Senate Assessment and Taxation Committee
March 21, 1988
Prepared by Joe Lieber
Kansas Cooperative Council

Mr. Chairman and members of the committee, I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council has a membership of nearly 200 cooperatives who have as their members nearly 200,000 Kansas farmers and ranchers.

It is our understanding that the "grain occupation tax" was originally passed in lieu of an "inventory tax."

The "occupation tax" could be classified as a "double tax" because it is paid every time the grain is handled. This tax is actually paid by the producer because any cost to the grain handler is going to be passed to them.

With the removal of the "inventory tax" due to classification it would be consistent to state policy to repeal the "grain occupation tax."

The Kansas Cooperative Council feels that the tax should be repealed for both grain dealers and producers.

Thank you.



KANSAS ASSOCIATION OF WHEAT GROWERS
"ONE STRONG VOICE FOR WHEAT"

TESTIMONY

Senate Committee on Assessment and Taxation
Senator Fred Kerr, Chairman

HB-2724

The Kansas Association of Wheat Growers agrees with our friends in the grain storage industry, that repeal of the ad valorem tax on grain, which is often referred to as an "in-lieu-of-inventory tax." is appropriate at this time. We feel that the repeal of the harvest privilege tax, which is part of the same legislation, should also be repealed. HB 2724, as it passed the House, does both.

In the case of the grain elevator, to repeal this inventory tax would place them back on the same level as other businesses who have been exempted from inventory property taxes. We also understand the changes brought about by reappraisal will transfer this tax liability to other aspects of the grain elevator's business, so they will still be paying the tax to the county, and probably paying a higher rate.

In the case of the producer, the harvest privilege tax has been referred to as a tax on honesty. The counties have to depend on the farmers to tell them how much grain they have produced, and then tax them accordingly. In most cases, the amounts due don't even justify the postage and handling to mail the bill.

We contacted assessors offices in Reno and Finney Counties prior to the hearing in the House Taxation Committee. Both are heavy wheat producing counties. The Reno County assessor told us that she was not only unopposed to repeal of this tax, but felt it to be a waste of time, and hardly worth the postage. She also noted that with livestock and farm machinery exempt, it would be difficult to collect the tax.

Bob Thompson at the Finney County Assessor's office voiced the same sentiments. When told of our attempt to have HB 2724 exempt the producer in addition to the elevator, he said, "More power to you! I'm with you all the way." He said it is a wasted law with no way to administrate it. He added that the paper work is too expensive when one considers that the tax bills are often only \$1.50 or less. He mentioned having discussed the issue with several other assessors, and noted that they were all in agreement.

To save more phone calls, we asked him to name some others who shared his opinion. He remembered two where the assessor had retired, but mentioned Ford, Ness and Gray counties as having current assessors who agreed that the law is a waste of time.

With Reno, Finney, Ford, Ness and Gray, even though only five counties, a great deal of wheat producing land is represented. We are confident that the majority, if not all counties would support HB 2724.

We urge the committee to report HB 2724 favorable for passage in its current form.

STATEMENT
OF
IVAN WYATT, PRESIDENT
KANSAS FARMERS UNION, MCPHERSON, KANSAS

BEFORE

THE SENATE COMMITTEE ON TAXATION

ON

HOUSE BILL NO. 2724
GRAIN DEALERS TAX EXEMPTION

MARCH 21, 1988

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.
WE RISE AS OPPONENTS OF HB-2724.

FARMERS UNION OPPOSES THE NARROWING OF THE TAX BASE, BY
EXEMPTING "GRAIN DEALERS; ESPECIALLY AT THIS TIME WHEN LOCAL
UNITS OF GOVERNMENT ARE FINDING IT VERY DIFFICULT TO MAINTAIN
FUNDING OF COUNTY ROADS AND BRIDGES SERVING RURAL COMMUNITIES
AND BUSINESSES INCLUDING "GRAIN DEALERS".

THE "GRAIN DEALERS" MAY ARGUE THAT THE COST OF THE TAX
ON THE GRAIN THEY OWN, HANDLE, TRANSPORT, ETC., IS PASSED ON
TO THE FARMER AS AN ADDED EXPENSE AND THEREFORE SHOULD BE
EXEMPTED. I DOUBT IF THE GRAIN PRODUCER WOULD EVER
EXPERIENCE ANY REAL BENEFIT FROM THIS EXEMPTION. SECONDLY,
IF THIS PROPERTY IS EXEMPTED FROM TAXATION, IT WILL ONLY MEAN
FARMERS WILL HAVE TO PICK UP THE ADDED COST OF THIS EXEMPTION
IN AN INCREASE IN PROPERTY TAX. - THAT IS A CERTAINTY!

IN THESE CHANGING TIMES, WE ARE SEEING MORE OF THE
STATE'S "GRAIN DEALERS" BECOMING FOREIGN OWNED OR OWNED BY
MULTI-NATIONAL CORPORATIONS CONCERNED MORE WITH THEIR
CORPORATE BOTTOM LINE PROFIT, THAN DEDICATION TO THE

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Att. 6

MAINTENANCE OF LOCAL COUNTY SERVICES AND NEEDS.

IN THE CASE OF THE CO-OP'S, THEY ARE FARMER OWNED. IT SHOULD MAKE LITTLE DIFFERENCE WHETHER THE TAX IS PAID BY THE CO-OP, OR THE FARMER PAY IT DIRECTLY IN INCREASED LOCAL TAXES. THEREFORE, THIS EXEMPTION WOULD GIVE AN ADVANTAGE TO THE FOREIGN OR MULTI-NATIONAL "GRAIN DEALERS", AT THE EXPENSE OF LOCAL UNITS OF GOVERNMENT, THE LOCALLY OWNED ELEVATOR AND CITIZENS OF THE COUNTY.

CALLING THIS A "PRIVILEGE OF HARVESTING" TAX GIVES IT A VERY DISTASTEFUL CONNOTATION. HOWEVER, IT IS EITHER A PRODUCTION TAX OR PROPERTY TAX. OWNED GRAIN HAS ALWAYS BEEN TAXED AS PROPERTY. AGAIN ANY TAX EXEMPTION SIMPLY SHIFTS THE BURDEN TO OTHER PROPERTY. THEREFORE, WE OPPOSE THIS BILL IN TOTAL, INCLUDING THE REPEAL OF SECTION 79-3903, WHICH WOULD REPEAL THE REGISTRATION OF GRAIN DEALERS OPERATING IN THE COUNTY.

IN THESE UNSETTLED TIMES, WITH PROBLEMS OF "GRAIN DEALER" FAILURES AND FRAUDULENT ACTIVITIES, IT IS IMPORTANT FARMERS AND PRODUCERS HAVE READY ACCESS TO THIS INFORMATION AT THE COUNTY LEVEL, ON "GRAIN DEALERS" DOING BUSINESS IN THEIR COUNTY.

ONE CHANGE THAT WE URGE IS IN THE LANGUAGE ON LINE ³⁹~~37~~;
STRIKE "COMMISSION MERCHANTS AND BROKERS WHO DO NOT PHYSICALLY HANDLE THE GRAIN ARE NOT INCLUDED IN THIS DEFINITION". SINCE THESE PEOPLE PROFIT FROM THESE OPERATIONS JUST AS "GRAIN DEALERS" AND PRODUCERS DO, AND SINCE MANY OF THEM HANDLE PRODUCERS FUNDS, THERE CAN BE NO LOGICAL REASON WHY THEY SHOULD BE EXEMPT FROM REGISTRATION AND TAXATION.

THANK YOU.

KANSAS DEPARTMENT OF REVENUE
Office of the Secretary
Robert B. Docking State Office Building
Topeka, Kansas 66612-1588

To: The Honorable Fred A. Kerr, Chairman
Senate Committee on Assessment and Taxation

From: Harley T. Duncan
Secretary, Department of Revenue

Date: March 21, 1988

RE: HB 2744 - Powers of the Secretary, Payment Plans.

House Bill 2744 is requested by the Department of Revenue in response to the reorganization of the Department and the creation of the Division of Collections. With the exception of New Section 4 of K.S.A 79-3235 (page 5), this legislation does not broaden the powers of the Department of Revenue.

New Section 4 will provide the Department a means of assisting taxpayers who may not have the ability to pay their delinquent taxes, penalty and interest in one payment. New Section 4 grants the Department the authority to work with taxpayers in paying delinquent taxes through arranged payment plans. The Department believes that the judicious use of payment plans will benefit the taxpayer in satisfying their obligation to the state and will also assist the Department by providing a tool to collect those dollars.

The remainder of the amendments in HB2744 deal with authority currently granted to the Department of Revenue. These powers, the ability to "waive or reduce" penalties associated with delinquent taxes, the ability to effect a compromise in tax owed and the ability to issue tax warrants, are currently given only to the Director of Taxation. It is the request of the Department of Revenue that these statutes be amended to read that the powers are those of the "secretary or the secretary's designee". With the reorganization of the Department and the creation of the Division of Collections, it is the position of the Department that these powers should also be available to the Director of Collections. The administration of this authority, however, should be the responsibility of the Secretary of the agency. Therefore we request that the statutes be amended.

Thank you for the opportunity to present the Department of Revenue's position on HB2744.

General Information (913) 296-3909
Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381
Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081
Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077

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Att. 7

HOUSE BILL 2702 CHANGES

Underlined wording is to be inserted.
{Bracketed wording} is to be deleted.

*K.S.A. 79-1448

Line 33 . . .to the county appraiser within 15 days of receipt of valuation notice.

The change is necessary to specify the exact time a property owner has to file the initial appeal to the county appraiser. Without this change, the informal hearing process will not work.

Line 37 . . . property in question. The county appraiser may extend the time in which the taxpayer may informally appeal from the classification or appraisal of the taxpayer's property for just and adequate reasons.

This language will provide for those taxpayers who are unable to comply within the 15 day timeframe and it will preserve the intent of House Bill 2702.

Lines 37 & 38 In no event shall an informal meeting regarding real property be scheduled to take place after April 1 nor a final determination be given by the property appraiser after April 15 in the year in which valuations

Amended to exclude personal property appeals from the April 1 deadline in the year of reappraisal and requires the county appraiser to notify all property owners of his determination by April 15. This change also allows informal personal property hearings to go until May 1, which is the current deadline.

Lines 55 & 56 {All such appeals shall be heard by the board de novo.} Each step in the county's established informal and formal appeal process must be completed before the taxpayer may appeal to the next level except as prescribed in K.S.A. 79-1609.

Deletion: All formal hearings should be on the record; the statutes clearly provide for this. However, to have a de novo hearing at each county level causes duplication of time and effort. In addition, it creates an atmosphere in which the county can never be adequately prepared to present its case because the property owner has no restriction on the evidence which may be presented.

Insert: Added to insure that property owners follow all of the steps in the counties' established informal and formal appeals process. K.S.A. 79-1609 addresses the procedure to be followed upon payment under protest.

Line 201 . . . equalization {and all appeals shall be heard de novo}.

See Line 55-56 deletion for explanation.

*K.S.A. 79-1606

Line 318 . . . within 15 days of the date that a notice of change in value or final determination was mailed by the county appraiser, hearing officer or panel or board of equalization . .

Amended to stipulate that the property owner or county appraiser has 15 days from notice of change in value or notice of final determination to appeal to the next level. By inserting county appraiser, clarification is given to the timeframe the property owner has to file an appeal at all levels.

Line 345 Disposition of the appeal shall be mailed by the county clerk to the taxpayer and county appraiser within five days after the determination.

"County appraiser" was added so that the appraiser has the same appeal rights as the property owner if there is a disagreement with a determination of the hearing panel or BOE. Adding "county clerk" clarifies the duty of who is to notify the parties involved.

*K.S.A. 79-1610

Line 450 . . . mailed to the taxpayer and county appraiser within five days after the date . . .

This provides that the county appraiser also be notified of the BOE decision so that, in the event of a disagreement over a value or classification, a timely appeal may be filed with the State Board of Tax Appeals.

00001 Sec. _____. K.S.A. 1987 Supp. 79-2005 is amended as follows:

00002

00003 (a) Any taxpayer, before protesting the payment of such taxpayer's taxes,
00004 shall be required, either at the time of paying such taxes, or, if the whole
00005 or part of the taxes are paid prior to December 20, no later than December
00006 20, to file a written statement with the county treasurer, on forms approved
00007 by the director of property valuation and provided by the county treasurer,
00008 clearly stating the grounds on which the whole or any part of such taxes are
00009 protested and citing any law, statute or facts on which such taxpayer relies
00010 in protesting the whole or any part of such taxes. *The county treasurer*
00011 *shall forward a copy of the written statement of protest to the county*
00012 *appraiser who shall within 15 days of the receipt thereof, schedule an*
00013 *informal meeting with the taxpayer with reference to the property in*
00014 *question. The county appraiser shall review the appraisal of the taxpayer's*
00015 *property with the taxpayer and shall within 5 days thereof, notify the*
00016 *taxpayer of the results of the informal meeting.*

00017 (b) If the grounds of such protest shall be that the valuation or
00018 assessment of the property upon which the taxes so protested are levied is
00019 illegal or void, such statement shall further state the exact amount of
00020 valuation or assessment which the taxpayer admits to be valid and the exact
00021 portion of such taxes which is being protested.

00022 (c) If the grounds of such protest shall be that any tax levy, or any
00023 part thereof, is illegal, such statement shall further state the exact
00024 portion of such tax which is being protested.

00025 (d) Upon the filing of a written statement of protest, the grounds of
00026 which shall be that any tax levied, or any part thereof, is illegal, the
00027 county treasurer shall mail a copy of such protest to the governing body of
00028 the taxing district making the levy being protested.

00029 (e) ~~Within 30 days after filing the written statement of protest,~~
00030 *Within 30 days after notification of the results of the informal meeting,*
00031 the protesting taxpayer must file an application for refund with the state
00032 board of tax appeals and provided by the county treasurer, together with a
00033 copy of the written statement of protest.

00034 (f) Upon receipt of the application for refund, the board shall docket
00035 the same and notify the taxpayer and the county treasurer of such fact. In
00036 addition thereto if the grounds of such protest is that the valuation or
00037 assessment of the property is illegal or void the board shall notify the
00038 county appraiser thereof.

00039 (g) After examination of the application for refund, the board shall fix
00040 a time and place for hearing, unless waived by the interested parties in
00041 writing, and shall notify the taxpayer and the county treasurer of the time
00042 and place so fixed. The county treasurer shall then notify the clerk,
00043 secretary or presiding officer of the governing body of any taxing district
00044 affected by such application for refund, of the time and place for hearing.
00045 In addition thereto if the grounds of such protest is that the valuation or
00046 assessment of the property is illegal or void the board shall notify the
00047 county appraiser thereof.

00048 (h) In the event of a hearing, the same shall be originally set not later
00049 than 90 days after the filing of the application with the board. In all
00050 instances where the board sets a request for hearing and requires the
00051 representation of the county by its attorney or counselor at such hearing,
00052 the county shall be represented by its county attorney or counselor.

00053 (i) When a determination is made as to the merits of an application for
00054 refund, the board shall enter its order thereon and give notice of the same
00055 to the taxpayer, county treasurer, county appraiser and county attorney or
00056 county counselor by mailing to each a certified copy of its order. The
00057 county treasurer shall notify all affected taxing districts of the amount by
00058 which tax revenues will be reduced as a result of a refund. The date of an

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00059 order, for purposes of filing an appeal to the district court, shall be the
00060 date of the certification.

00061 (j) If a protesting taxpayer fails to file such application for refund
00062 with the board within the time limit prescribed, such protest shall become
00063 null and void and of no effect whatsoever.

00064 (k) In the event the board orders that a refund be made and no appeal is
00065 taken from such order, the county treasurer shall, as soon thereafter as
00066 reasonably practicable, refund to the taxpayer such protested taxes from tax
00067 moneys collected but not distributed. Upon making such refund, the county
00068 treasurer shall charge the fund or funds having received such protested
00069 taxes.

00070 (l) Whenever, by reason of the refund of taxes from any fund, it will be
00071 impossible to pay for the imperative functions of such fund for the current
00072 budget year, the governing body of the taxing district affected shall issue
00073 no-fund warrants in an amount necessary to pay such refund. Such warrants
00074 shall conform to the requirements prescribed by K.S.A. 79-2940, and
00075 amendments thereto, except they shall not bear the notation required by such
00076 section and may be issued without the approval of the state board of tax
00077 appeals. The governing body of such taxing district shall make a tax levy
00078 at the time fixed for the certification of tax levies to the county clerk
00079 next following the issuance of such warrants sufficient to pay such warrants
00080 and the interest thereon. all such tax levies shall be in addition to all
00081 other levies authorized or limited by law and the tax levy limitations
00082 imposed by article 19 of chapter 79 of the Kansas Statutes Annotated, and
00083 amendments thereto, and K.S.A. 79-5001 to 79-5016, inclusive, and amendments
00084 thereto, shall not apply to such levies.

00085 (m) The county treasurer shall disburse to the proper funds all portions
00086 of taxes paid under protest and shall maintain a record of all portions of
00087 such taxes which are so protested and shall notify the governing body of the
00088 taxing district levying such taxes thereof and the director of accounts and
00089 reports if any tax protested was levied by the state.

00090 (n) This statute shall not apply to the valuation and assessment of
00091 property assessed by the director of property valuation and it shall not be
00092 necessary for any owner of state assessed property, who has an appeal
00093 pending before the board of tax appeals, to protest the payment of taxes
00094 under this statute solely for the purpose of protecting the right of refund
00095 of taxes paid under protest should that owner be successful in that appeal.

00096

00097 Delete Sec. 11 from HB2702 {As Amended by House Committee of the whole}.