

Approved Wednesday, March 29, 1989  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen at  
Chairperson

11:00 a.m./p.m. on Wednesday, March 22, 1989 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Revisor's Office  
Chris Courtwright, Research Department  
Tom Severn, Research Department  
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

John Koepke, Executive Director, KS Association of School Boards  
Paul Fleener, Director of Public Affairs, KS Farm Bureau  
Mary Ellen Conlee, KS Association for Small Business  
Bud Grant, Vice President, KS Chamber of Commerce and Industry  
John T. Torbert, Executive Director, KS Association of Counties

Chairman Dan Thiessen called the meeting to order and said today we will hear Opponents on SCR1611 and SCR1617.

SCR1611: A PROPOSITION to amend section 1 of article 11 of the constitution of the state of Kansas, relating to the taxation of property.

SCR1617: A PROPOSITION to amend section 1 of article 11 of the constitution of the state of Kansas, relating to the taxation of property.

The Chairman said the conferees could speak on both bills as they testify, and he called upon John W. Koepke, Executive Director, KS Association of School Boards.

John Koepke said he was testifying to SCR1611 today, and was also representing KS National Education Association and United School Administrators. He said, they worked diligently with the legislature and the people of KS to enact this amendment in 1986, and it was approved in a public vote. School districts levy nearly half of the property taxes in this state, and any assertions about taxes on any parcel of property are unjustified until the outcome of decisions on school finance are completed.

He said, they also have strong objection to the provisions in SCR1611 which would leave the determination of classification percentages to the yearly action of the legislature. They asked, that the committee report SCR1611 adversely. (ATTACHMENT 1)

Senator Martin told Mr. Koepke, that he respected his position, but basically there is a difference in terms of how you view the solutions on this particular problem. Senator Martin said, he thought, the Association of School Boards has taken the position, that we need to solve this through school finance, with the inclusion of \$100M of state aid to help take care of the problem, but some of us think, it's much broader than that, and runs much deeper, as was evident with some of the testimony, particularity on the commercial industrial sectors. He said, he understood, their feelings, that perhaps your edgy on SCR1611 changing each and every year, but after the impacts are known this November, and proved we will have sufficient tax increases in commercial, industrial and other properties, would you be willing to support some kind of opening up the constitution amendment, after the facts are known?

John Koepke said at this point, I can't directly answer that, because we haven't addressed the issue, but certainly, if there are just locations that need to be addressed, we are open within the principles we worked on in 1986, to do so, but our position is, if the constitution is re-opened, then everything is re-opened, and the whole issue back on the table.

Chairman Thiessen recognized Paul E. Fleener, Director of Public Affairs, for KS Farm Bureau.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Wednesday, March 22, 1989

Paul Fleener said, the KS Farm Bureau is opposed to both, SCR1611 and SCR1617. He said, the SCR1611 approach - i.e., leave classification decisions, assessment rate decisions, exemption decisions to the Legislature, was properly rejected in 1985, and should be rejected now, because it would create a "Minnesota System" in Kansas, a system fraught with limitless classification arrived at by several political pressures.

Mr. Fleener moved on to SCR1617 and said change of value notices have gone forward for every type of property that is on the ad valorem tax rolls. He said, these certainly are legitimate reasons to appeal some of those values, and he said, if 80% to 90% of the properties in this state have not been appealed then we conclude that something has been done right in the reappraisal process.

Mr. Fleener said now is not the time for a moratorium. (ATTACHMENT 2)

After committee discussion, The Chairman called upon Mike Beam, Executive Secretary Cow-Calf/ Stocker Division, KS Livestock Association.

Mike Beam said the KS Livestock Association is opposed to any resolution which would modify the classification system for property taxation. He said, the voters overwhelmingly passed the amendment which gives homeowners a 12% assessment rate, which is the lowest in any class. He said, they believe that this classification system needs a chance to work, and we believe that the time to consider any changes in the property tax system, will be during the 1990 legislative session. (ATTACHMENT 3)

Chairman Thiessen recognized Mary Ellen Conlee, KS Association for Small Business.

Mary Ellen Conlee said the organization she represents is made up of small manufacturers, and they have several members who service the manufacturers. The Board of Directors have voted to oppose any delay in the implementation in the appraisal of property in KS. She said, admittedly, some of the new appraised values are incorrect but procedures are available to review and correct these mistakes. (ATTACHMENT 4)

Chairman Thiessen called upon Bud Grant, Vice President, KS Chamber of Commerce and Industry.

Bud Grant said in 1985 the KS legislature passed the resolution calling for a vote to the people to amend the constitution to establish a system of classification of property for tax purposes. He said, with a long established system of defacto clasification in place, and with the assessed value of homes statewide averaging about 8%, as opposed to the 30%, the constitutional amendment became mandatory. He said, today, four years later, after a vote of support for classification by the voting public, there are those telling you that Kansas should undo all that has been done.

He said, KCCI believes, very strongly that we should move ahead with the process, and KCCI urges that the committee reject these resolutions. (ATTACHMENT 5)

The Chairman recognized John T. Torbert, Executive Director, KS Association of Counties.

John T. Torbert said KAC is opposed to these constitutional amendments. He said, last year there was extensive discussion of HB2702 which revised the hearings and appeals process. At that time, the number that was given to you many times in terms of how many appeals to expect was about 10%. He said, his understanding from PVD is that this number appears to be very realistic at this point. From that perspective, it would appear that the reappraisal is functioning exactly as the "experts" said it would.

He said, the decision you have to make is, are we better off letting the system take affect as planned, and approved by the people, or in putting the whole thing off and all the uncertainty that it would cause. He urged the committee to find out what we have and what exactly it will do before setting about to change it. (ATTACHMENT 6)

After committee discussion on the bills, The Chairman asked for a motion on the minutes of March 20, 1989.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Wednesday, March 22, 1989.

Senator Langworthy moved to adopt the minutes of March 20, 1989, seconded by Senator Petty. The motion carried.

The meeting adjourned at 11:50 a.m.

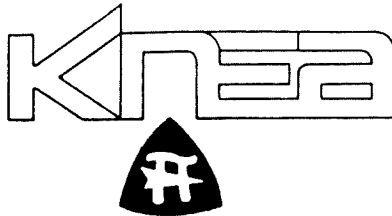
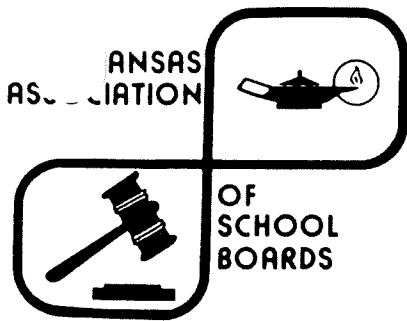
\* A member requested that the tape from the meeting be part of the minutes to be turned into Legislative Service's at the end of the session, for permanent record.

GUEST LIST

COMMITTEE: SENATE ASSESSMENT AND TAXATION

DATE: WEDNESDAY, 3-22-89

NAME	ADDRESS	ORGANIZATION
JOHN KOEPKE	TOPEKA	KABS
DVD COBURN	"	KCCI
ED BEUSKE	TOPEKA	KCOO
Edward Malyg	"	"
MIKE BEAM	TOPEKA	Ks. Livestock Assn.
Mary Ellen Orlice	Wichita	Ks. Assoc. for Small Business
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Rick Farris	Edson	
Jim Deibert	Colby	
Mike Germann	Wichita	Boeing Military Airplane
Robert Lewis	Independence	AOC
Island Smith	Wichita	WIBA
Jim McBride	Topeka	Observer
Ruth Wilkin	Topeka	LWV
Don Safert	Olathe	City of Olathe
Kevin Kretzschmar	TOPEKA	Ks. Logging Assn
ELDON THORMAN	CLAY CENTER	Hotels
Joe Lieber	Topeka	Ks. Co-op Council
JANET STUBBS	"	HBAK
Simllay	"	KBA
JEFF SONNICH	TOPEKA	KLSI
Dave Frell	"	Budget
Pat Mch	"	DOB
JOHN TORBERT	"	KAC



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Testimony on SCR 1611  
before the  
Senate Assessment and Taxation Committee

by  
John W. Koepke, Executive Director  
Kansas Association of School Boards  
on behalf of the

Kansas Association of School Boards  
Kansas-National Education Association  
United School Administrators  
March 22, 1989

Mr. Chairman and members of the Committee, we appreciate the opportunity to express the views of the organizations noted above on this matter of vital interest to them. You may remember that the education community was a strong advocate of the constitutional amendment regarding classification of property. We worked diligently with the Kansas Legislature and the people of Kansas to enact this amendment. It was approved in 1986 by an overwhelming margin in a public vote.

We also believe that there have been many uninformed statements that have been made about the implementation of the present constitutional provision regarding classification. Even though statewide valuation figures are just now becoming available, there has been much speculation about how individual taxpayers will be affected. Since school districts levy nearly half the property taxes in this state,

any assertions about taxes on any parcel of property are unjustified until the outcome of decisions on school finance legislation are completed.

We also have strong objection to the provisions of SCR 1611 which would leave the determination of classification percentages to the yearly action of the legislature. Our support for the present classification provision and that of many others was tied to the provision which established those percentages in the Constitution. We believed then and we believe now that was a wise decision.

Much planning and work has occurred since 1986 in preparation for the implementation of that amendment in 1989. Nothing has happened since to convince us that we should not proceed with its implementation this year. The compromises which led to the 1986 amendment were carefully worked out and we see no useful purpose to be gained by revisiting those issues. We believe it is time to proceed with the implementation of the amendment.

Contrary to many stories that have appeared in the media, school district general fund budgets are not affected by the legislation limiting other units of government to the same dollar amount collected from property taxes in the year of implementation of classification and reappraisal. We believe that the legislature should accept the will of the people as they expressed it in their vote in 1986 and get on with the business of completing the implementation of that amendment. We would therefore ask that you report SCR 1611 adversely and I would be happy to answer any questions about our position.



# PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON ASSESSMENT AND TAXATION

RE: S.C.R. 1611 and S.C.R. 1617 - propositions to amend  
Article 11, Section 1 of the Finance and Taxation Article  
of the Kansas Constitution

March 22, 1989  
Topeka, Kansas

Presented by:  
Paul E. Fleener, Director  
Public Affairs Division  
Kansas Farm Bureau

**Mr. Chairman and Members of the Committee:**

My name is Paul E. Fleener. I am the Director of Public Affairs for Kansas Farm Bureau. We appreciate the opportunity to appear before your Committee today. We have incorporated comments in this statement on both of the resolutions which are up before hearing today. **We oppose both S.C.R. 1611 and S.C.R. 1617.**

First, a few comments on S.C.R. 1611. Mr. Chairman, the proposal embodied in S.C.R. 1611 was examined and found wanting - found to be without merit - in 1985 when the Legislature was giving seriously consideration to the shaping of a Constitutional Amendment on property taxation. The S.C.R. 1611 approach - i.e., leave classification decisions, assessment rate decisions, exemption decisions to the Legislature - was properly rejected in 1985. The proposal was rejected then, and should be rejected now, because it would create a "Minnesota System" in Kansas, a system fraught with limitless classification arrived at by annual political pressures.

Attachment 2  
Senate Assessment and Taxation  
Wednesday, March 22, 1989

Moving on to S.C.R. 1617, a proposal to delay implementation of the statewide reappraisal: as we told your counterparts who serve on the House Committee on Taxation, in our testimony yesterday on S.C.R. 5013, we certainly understand the frustration level. Change of value notices have gone forward for every type of property that is on the ad valorem tax roles. There certainly are legitimate reasons to appeal **some of those new values**. We have had calls concerning valuations of some types of agricultural land. We have had calls expressing concern about the valuation on improvements on some farms. We have had calls concerning the valuation of commercial property up and down mainstreet and across Kansas. Those calls have been a few voices in the wilderness. To be sure **those voices need to be heard**. More importantly, those voices need to be **listened to** and the concerns raised need to be addressed FULLY, COMPLETELY, and with compassion and understanding.

Almost everyone knew what to expect when the Legislature, working closely with then-Governor John Carlin in 1985, crafted the Legislation (S.B. 164) mandating statewide reappraisal, and shaping the classes for a **limited classification** amendment to the Kansas Constitution to be submitted to the voters of Kansas November, 1986. The desire then - and we believe the same desire exists today - was to **protect homeowners and farmland**. The objective was to maintain, as nearly as possible, the status quo. Now, almost everyone knew that would not be entirely possible because some properties were overvalued, some tremendously



undervalued. Some properties, it was estimated, would remain approximately where they were. All of those expectations and estimates have apparently come to pass following the mandated statewide reappraisal.

Mr. Chairman, as a state we have invested \$65 million in the reappraisal that began July 1, 1985. We knew going in that if the voters approved - in November, 1986 - the constitutional amendment for limited classification, we were seeking - and then-Governor Carlin and the Legislature were seeking - to **protect homeowners and farmland** from massive shifts and huge increases in values. We were doing several things at that time ... doing them with our eyes open and for good and valid reasons. We were taking **from the tax rolls** the valuation of inventories of merchants, of inventories of manufacturers. We were taking **from the tax rolls** the valuation of livestock in Kansas. The determination was made in the legislative process to do those things that would bring about a balance and a sense of fairness, and a property tax system that was administerable. The inventory taxes and the livestock taxes had been described as unadministerable.

We have found, listening to presentations before legislative committees this year ... presentations made by the Property Valuation Division of the Department of Revenue ... that there is a sincere and wholehearted desire on the part of PVD to make this reappraisal work and work well. PVD wants the appeals process to work and to work well. **PVD has said there indeed can be a lengthening of the time for some of the appeals or other special**

situations to accomodate the relatively small number of properties that are, in fact, being appealed.

If 80 percent to 90 percent of the properties in this state have not been appealed then we must conclude that **something has been done right** in the reappraisal process.

We suggest to you, Mr. Chairman and Members of the Committee, **now is not the time for a moratorium.** It may well be the time for a proper appeal and for the proper treatment of that appeal. Perhaps there should be a lengthening of the process for individual parcels where appeal is necessary and valid. We believe **it is not time** to throw out the \$65 million investment in reappraisal. We believe the computer assisted mass appraisal was done well with but a few aberrations.

We appreciate the opportunity to express our views before your committee Mr. Chairman. We suggest that other procedures, other legislation may be appropriate to assist in appeals and the hearing of those appeals. There may well be warranted some adjustments to valuations that have gone through the appeal process. But we do believe it is time to move forward in utilization of the newly-determined values. Local units of government rely (still too heavily) on the property tax. But they must know what the values are.

Thank you for the opportunity to make comments to your committee on the two resolutions before you.



ATT

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Owns and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

STATEMENT  
OF THE  
KANSAS LIVESTOCK ASSOCIATION  
TO THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION  
SENATOR DAN THIESSEN, CHAIRMAN  
WITH RESPECT TO  
SCR 1611  
SCR 1617  
SUBMITTED BY  
MIKE BEAM, Executive Secretary, Cow-Calf/Stocker Division  
March 22, 1989

The Kansas Livestock Association is opposed to any resolution which would modify the classification system for property taxation.

Nearly everyone knew that when Kansas finally reappraised real estate there would be a lot of confusion and controversy. We realize that it's only natural to fear that a big tax hike will result if property values increase. That's not necessarily so, but some have concluded that if only the new property tax system which classifies property tax assessment rates could be repealed or delayed, the possibility of a tax increase would evaporate. That's definitely not so!

Why? First, I believe a quick review of how we got here is in order.

Because property values were outdated, the "old" Kansas tax system had become unconstitutional. The courts were on the brink of ordering the state to reappraise all property. Several cases were working their way through the court system. Governor Carlin refused to sign a reappraisal bill unless the constitution was amended to safeguard against the huge tax increases on homes and farms. Caught between the proverbial "rock and a hard spot", the Kansas legislature acted as responsibly as it could under the circumstances by sending to the voters a proposal to amend the Kansas constitution to classify property tax assessments at various rates. The voters overwhelmingly passed the amendment which gives homeowners a 12% assessment rate, which is the lowest of any class. A number of compromises and trade-offs were necessary to achieve legislative agreement on the entire classification package. Agriculture was successful in obtaining use value appraisal for ag land. A provision to exempt livestock and farm machinery was also included. Concessions were also made to business by allowing a depreciation schedule on business equipment and by exempting all business inventories. In a nutshell, classification was designed in an attempt to protect homeowners and agriculture from the huge tax increases they would have received if reappraisal had occurred under the old tax system. Business realized they would have tax increases on their real property under classification, but felt they had cut the best deal they were likely to get.

Let's don't forget assessment rates were written into the constitution for a specific purpose. That purpose was to keep them from becoming a political football every legislative session.

It's understandable that any class about to receive a tax increase will complain. We do have an appreciation for their problem. I believe everyone closely associated with passage of the classification amendment

realized there would be some level of problems with reappraisal. It would be impossible to completely overhaul the entire property tax system without them. However, we believe that this classification system needs a chance to work. School and county government budgets won't be set until later this year. Following that, the mill levy will be determined. Only then will we really know what share of the total tax load will be borne by each property class. Increases in school budgets will be governed by the budget limitations determined annually by legislature. County governments are restricted from raising anymore tax dollars in the first year after reappraisal than they could the year prior. Admittedly, they can raise it from a different tax mix, but there is some degree of protection.

Therefore, we believe that the time to consider any changes in the property tax system will be during the 1990 session after we've actually determined the amount of tax borne by each property class. Realtors, business groups, and agriculture should all remember that if this issue is revisited now, we'll be back to square one in making the compromises and trade-offs that were necessary in order to craft the type of fragile compromise which resulted in the classification amendment. In other words, many groups may end up even worse off.

Similarly, if the legislature could change the assessment rates each time they meet it could get mighty uncomfortable for a lot of legislators and representative groups as well. On the other hand if there are problems that are serious enough, the constitutional amendment process could be undertaken again to fix classification. I respectfully request that you not pass a constitutional amendment (SCR 1611 and 1617), and that you'll agree that we should "stay the course".



KANSAS ASSOCIATION  
FOR  
SMALL BUSINESS

RYCON BUILDING • 532 N. Broadway • Wichita, Kansas 67214

A-2-4  
3-22-89

DATE: MARCH 22, 1989

TO: SENATE ASSESSMENT AND TAXATION COMMITTEE

FROM: MARY ELLEN CONLEE, EXECUTIVE DIRECTOR

REF: SCR 1611 AND SCR 1617

Mr. Chairman and members of the committee, I am Mary Ellen Conlee representing the Kansas Association for Small Business. Our association is made up of approximately 200 small businesses in the Sedgwick and Johnson County areas. The majority of these business are manufacturers and companies who serve the manufacturing sector.

The Board of Directors has voted to oppose any delay in the implementation of reappraisal and classification. While taxes on commercial and industrial buildings have increased, it is anticipated that overall taxes will be lowered because of the elimination of inventory taxes and the reduction of appraisals on machinery and equipment.

Reappraisal and classification came about because of severe inequities in the appraisal of property in Kansas. Some of those who had not been paying equitable taxes under the antiquated system, are now very unhappy about new appraised values. Admittedly, some of the new appraised values are incorrect but procedures are available to review and correct those mistakes.

One category of business which will experience significant increases in property taxes are owners of commercial and industrial buildings. There has been an attempt to rally small business owners in support of delaying or changing reappraisal and classification because of these increases. Higher taxes will of course result in increased rents for tenants. But, as taxes are only a part of the landlord's cost of doing business, those increases should not be excessive.

Two questions need to be asked of impacted taxpayers. 1) Would you sell your property for its appraised value? 2) What percentage is property tax in your cost of doing business?

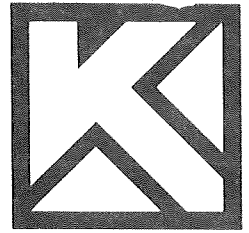
In addition, as a result of classification, businesses should experience a reduction in personal property taxes for equipment such as computers, telephone systems, and copy machines. Personal property tax appraisals will not be available to taxpayers until late summer. We feel that it is premature to adjust or delay reappraisal and classification based on incomplete data.

The legislators and the voters supported implementation of reappraisal and classification. The system was developed to balance the needs and interests of many components of the Kansas economy - home owners, manufacturers, service businesses, and farmers. The Kansas Association for Small Business believes the system is fair and should be implemented on schedule.

# LEGISLATIVE TESTIMONY

## Kansas Chamber of Commerce and Industry

500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the  
Kansas State Chamber  
of Commerce,  
Associated Industries  
of Kansas,  
Kansas Retail Council

SCR 1611 & SCR 1617

March 22, 1989

### KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the  
Senate Committee on Assessment and Taxation

by  
Bud Grant  
Vice President

Mr. Chairman and members of the Committee:

My name is Bud Grant and I appreciate the opportunity to present comments to you today on behalf of the Kansas Chamber of Commerce and Industry.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.



When the 1985 Kansas Legislature passed the resolution calling for a vote of the people to amend the constitution to establish a system of classification of property for tax purposes, it did so for one reason and one reason only, i.e., the courts were about to force the imposition of the uniform and equal provisions of the constitution. With a long established system of defacto classification in place, and with the assessed value of homes statewide averaging about 8%, as opposed to the required 30%, the constitutional amendment became mandatory.

Once the legislature decided to order statewide reappraisal, develop a system of property classification, and ask Kansas voters to place that system in the State Constitution, the Kansas business community joined with the legislature and many of the groups testifying here today in framing the constitutional amendment.

Now reappraisal is virtually complete. The numbers are available. It's now time to complete the appeal process, determine the various assessed valuations, establish mill levies, and identify that area or those areas, if any, that need special attention.

Today, four years later, after an overwhelming vote of support for classification by the voting public, there are those who are telling you that Kansas undo all that has been done. This has been determined without benefit of knowing mill levies and without knowing what direction the legislature will give to the largest user of property taxes in the state, the local school boards.

KCCI believes very strongly that we should move ahead with the process. For those legislators who believe either of these resolutions offer a better alternative, then I urge you to consider the following questions:

1. What effect would a two to three-year delay have on the new property values the state and local units of government spent close to \$70 million to acquire?

2. Would the courts force the state to use the reappraised values, shifting to homeowners much of the property tax load from other classes of property?
3. How many firms did the Department of Commerce successfully attract to the state and have now located here based on an inventory tax exemption in 1989?
4. Would not placing the classification system in the statutes, rather than the constitution, subject them to annual debate and possible change?
5. Is the public willing to spend another \$1 to \$1 1/2 million on a special election to delay implementing a program it just spent \$70 million to complete, with no planned change at the end of the delay?

These are just a few of the questions Mr. Chairman and committee members. I am sure there is a longer list dealing with the questions surrounding the effects of a delay on school finance and the school finance formula.

KCCI urges that the Committee reject these resolutions, that the process be completed, and when inequities appears, that we work together, as we have in the past, to correct those inequities.

Thank you for the opportunity of appearing before you today.



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"Service to County Government"

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Wabaunsee County Commissioner  
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**Executive Director**  
John T. Torbert

Testimony

March 22, 1989

To; Senate Assessment and Taxation Committee

From; John T. Torbert  
Executive Director

Subjects; S.C.R. 1611  
S.C.R. 1617

The Kansas Association of Counties is opposed to these constitutional amendments or any constitutional amendments that would have the impact of either delaying the implementation of reappraisal and classification or of making the subject of classification one that would be subject to legislative revision. The reasons for this opposition are numerous.

First of all, I think it is important to note that reappraisal is working about as well, even better in many areas, than was predicted when this whole effort was really nothing more than an abstract concept. For example, last year, in this committee, there was extensive discussion of HB 2702 which revised the hearings and appeals process. At that time, the number that was given to you many times in terms of how many appeals to expect was about 10%. My understanding from PVD is that this number appears to be very realistic at this point- perhaps even a little bit high on a statewide basis. From that perspective, it would appear that the reappraisal effort is functioning exactly as the "experts" said it would. Ladies and gentlemen, the sky is not falling.

Secondly, I would urge the committee to remember and understand that when the system was implemented, it was not implemented with the idea that we would ever go back to the old system. We are not maintaining dual records here. Once that value is changed and plugged into the computer,

the old value is gone. There is nothing to go back to. It is not as simple as passing a law and saying- just use old values for two more years. I've talked with counties that expressed serious reservations as to their ability to undo what has been done. Some feel that we have reached the point of no return. Passing laws and implementing laws are two very different subjects. Be mindful that any decision on your part to change the system at this time will cause us considerable problems and end up with a worse result than if you stayed the course.

Third, I would remind the committee that cities and counties are in the midst of a two year reappraisal budget freeze now that was solely predicated on the fact of reappraisal implementation this year. The way that budgets were put together for this calendar year and will be put together for next year was dramatically changed because of reappraisal and your fears that, without a budget freeze, we would collect a huge unbudgeted windfall because of new higher values. Many of you were on this committee last year when SB 519 received extensive discussion before being passed into law. What do you say to those cities and counties now- Never mind, we changed our minds.

Fourth, in excess of \$70 million has been spent statewide to put this system in place. As you know, half those funds have been local funds. These costs just represent the direct costs and in no way come even close to reflecting what the total costs have been. Are you willing to ignore that investment of time and money and say at this point- Never mind, we've changed our minds. I realize that you are not talking about doing away with the system totally but once you start down the road of delaying the system, future delays will be easier and easier. Before long, we'll have a court imposed system instead of a legislatively controlled system. I don't think anyone wants that result.

Fifth, what public purpose is really served by delay. Everyone has ideas as to what alternatives may be proposed if a delay is successful but nobody really knows what will happen. If we are going to start using this system in two years, what not now? If we are going to start using another system, will it be better or simply different? Are we delaying for the sake of delaying? I would submit to you that on balance, we would stand to lose much more with a delay than would be gained. In trying to solve a perceived problem, other real problems would be created.

I would also remind the committee that the people did vote for this system. You may say that people were not aware of the potential results when they voted for the amendment. That is the nature of the electoral system however. We never know what the result will be, either positive or negative, of any vote that we cast for a person

or issue. Do we really want to say that we are going to amend the constitution twice before we even have a good idea of what the result of all this is going to be? And what if other groups or individuals don't like the impact of a new system? Do we alter course again? Where does the process end?

I would also urge the legislature not to make the classification system subject to legislative change. You might want to remember that when the amendment was put in the constitution, one of the reasons was so that it would not be subject to continual legislative second guessing. If you want to guarantee yourselves longer sessions and a lot of headaches and heartache, make yourself vulnerable to all the special interest groups in this state who would jockey for a classification advantage each year.

We know that the system is not perfect. Nobody ever said that it would be. It was assembled by humans and humans do make mistakes. We have the processes in place to correct those mistakes though. Your foresight saw to that. If you look at the fact that we've gone through the first statewide reappraisal in more than two decades, we have a product that is standing up to the scrutiny very well.

I have respect and admiration for those who have appeared before the committee to seek redress of their grievances. The beauty of the political system is that it allows a multitude of voices and opinions to be heard. The question you have to answer though is that on balance, are we better off letting the system take affect as planned and approved by the people, or in putting the whole thing off and all the uncertainty that would cause. I think that if you examine the issue logically and dispassionately that you would come to the conclusion that we are better off staying on the course that has been charted. Lets find out what we have and what exactly it will do before we set about to change it.

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