

Approved Wednesday, April 5, 1989
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

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

11:00 a.m./~~p.m.~~ on Wednesday, March 29, 1989 in room 519-S of the Capitol.

All members were present except:

Senator James Francisco (excused)

Committee staff present:

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

Conferees appearing before the committee:

Ron Grant, Taxation Division, Department of Revenue
Ernie Mosher, League of KS Municipalities

Chairman Dan Thiessen called the meeting to order and told the committee members, they had minutes in front of them, dated March 21 and 22, and he would ask for a motion at the end of the meeting. He then turned attention to HB2524, and asked Tom Severn if he would brief the committee on the bill.

HB2524: would postpone the effective date for the commencement of most county or city transient guest tax until the first day of the calendar quarter following a waiting period of 30 days after receipt by the Department of Revenue of the resolution or ordinance authorizing the levy.

For transient guest taxes levied under K.S.A. 12-1693, which applies to Sedgwick County, the tax would be postponed until 30 days after approval at a primary or general election or 60 days after approval at a special election.

Any agency providing convention and tourism promotion services with the proceeds of any transient guest tax revenues would be required to provide an accounting of the expenditure of such funds.

Tom Severn said HB2524 addresses the administration of transient and guest tax, and particularly the imposition and initiation of the tax. He explained the concepts of the bill and, he said, there was also a House committee amendment that requires, that any agency providing convention or tourism promotion services, submit data for an audit. He said, the amendment came out of Lawrence, where the tax proceeds had been going to the Chamber of Commerce for tourism and convention services, but no audit had been done of the expenditures of those funds.

The Chairman recognized Ron Grant, Taxation Division, Department of Revenue.

Ron Grant said he was here today, appearing for John R. Luttjohann, Director of taxation, department of revenue, and he would briefly go over Mr. Luttjohann written testimony regarding HB2524. He said, HB2524 would add new language to the transient and gas tax acts, which would state the earliest time in which a transient guest tax could become effective. For counties with a population in excess of 30,000 or cities located within such counties, the effective date would be the first day of the calendar quarter following a waiting period of 30 days after a primary or general election, or 60 days after any other election authorizing the tax. For all other counties and cities would become effective the first day of the calendar quarter following 30 days after the Department of Revenue receives notice of the resolution or ordinance authorizing the tax. The legislation would take effect 7-1-89. (ATTACHMENT 1)

The Chairman recognized Ernie Mosher, League of Kansas Municipalities.

Ernie Mosher said the new amendment by the House Committee, is similar to the legislation that came out of this committee a few years ago. It establishes a similar

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time frame for levying of local sales taxes. He proposed an amendment to HB2524 on line 123 by inserting the word "private" between the words "Any and entity" and inserting "in excess of \$25,000" between the words "funds and are" and on line 129, striking "standards" and line 130 striking "and procedures" and inserting "principles". (ATTACHMENT 2)

After committee discussion, The Chairman concluded hearings on HB2524 and asked the committee's pleasure on the bill.

Senator Martin made a motion to amend HB2524, by inserting on line 123 the word "private" after the word "Any" and before the word "entity", and insert "in excess of \$25,000" after the words "funds" and before the word "are", and striking in line 129 the word "standards" and striking in line 130 the words "and procedures" and inserting "principles", seconded by Senator Petty. The motion carried.

Senator Martin, made a motion to favorable pass HB2524 as amended, seconded by Senator Petty. The motion carried.

The Chairman turned attention to HB2535.

HB2535:would extend the amount of time taxpayers have to request an informal hearing regarding their new reappraised values from 18 to 21 days after the date their valuation notice was mailed.

The bill would also extend from April 1 to May 1 the deadline for informal hearings and from April 15 to May 15 the deadline for the county appraiser's final determination regarding any informal hearing.

Chris Courtwright briefed the committee on HB2535, and he said, the bill basically extends the amount of time, taxpayers have to request and informal hearing regarding their new reappraised values, extending the days from 18 to 21 days, after the valuation notice was mailed. That particular change, shouldn't effect too many people. A more significant change in the bill with respect to appeals, with the property tax calendar that was set up last year by 1988 HB2702, extend from April 1, to May 1st, the deadline for informal hearings to be completed, and then from April 15, to May 15th, the deadline, the county appraiser has to send back to the taxpayer the result of their informal hearing. The May 15th date, is also the deadline for all formal hearings before hearing officers or panels are to be complete.

The Chairman said he had spoken with the Department of Revenue regarding the additional cost, and where the additional funds would come from, and the Department is supposed to get back with him, so he said, we would not take action on the bill today, and he asked Chris Courtwright to brief the committee on HB2534.

HB2534:would

1. remove grain from initial filing requirements with the Board of Tax Appeals for a property tax exemption;
2. establish that all property leased to the state or any municipality or political subdivision by any private entity not be considered to be used exclusively by the governmental entity for purposes of qualifying for a property tax exemption under K.S.A. 1988 Supp. 79-201a Second;
3. add a requirement to the humanitarian services property tax exemption enacted in 1988 that the property be owned (as well as operated by) the not-for-profit corporation; and
4. stipulate that interest be waived during the pendency of a request for exemption to the Board of Tax Appeals.

Chris Courtwright said the original HB2534 would simply have removed grain from the filing requirement of property tax exemption with the board of tax appeals. Prior to 1989 we imposed in lieu of property tax on grain, which we repealed with 1988 HB2724 last session to sort of coincide with the constitutional exemption for

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inventories, and again, it is not without precedence to remove something from filing requirements, because last year, we removed livestock, and merchants and manufacturers inventory from initial filing requirements, before the board of tax appeals. Several amendments were placed on the bill, in the tax committee. Chris read and explained these amendments to the committee.

The Chairman said he understood, these amendments were made after hearings were held in the House, and asked the committee for questions and discussion on the bill.

The Chairman said he would not ask for action on the bill, at this time.

The Chairman turned attention to SCR1611, and after the committee discussed the bill;

Senator Fred Kerr moved to report SCR1611 adversely, seconded by Senator Frahm
The committee had discussion on the bill and on the motion made by Senator Fred Kerr.

Senator Karr said he would present to the committee, for discussion, the idea of amending the bill to allow some flexibility of range, in a couple of areas, some range in the industrial commercial property, and range in the utility property, or state assessed property, that would allow the legislature to remove and fine-tune those two areas. He said, he would like to see a way, as to not get involved in major renovations to the classification amendment, but somehow to take a couple target areas, and establish a range.

There was additional committee discussion and The Chairman recognized Senator Karr.

Senator Karr made a substitute motion to report SCR1611 to interim study, seconded by Senator Martin. The motion failed.

The Chairman, said we were back to the original motion, and called for the committee's vote. The motion carried.

Senator Martin called for a division on the above motion.

Chairman Thiessen called for a show of hands on the above motion. The division count was 7 in favor, and 2 opposed.

The Chairman turned attention to SCR1617.

SB1617:A PROPOSITION to amend section 1 of article 11 of the constitution of the state of Kansas, relating to the taxation of property.

Senator Fred Kerr moved to report SCR1617 adversely, seconded by Senator Langworthy.
The motion carried.

Senator Langworthy moved to adopt the minutes of March 21 and March 22, seconded by Senator Frahm. The motion carried.

The Chairman adjourned the meeting at 12:09 p.m.




KANSAS DEPARTMENT OF REVENUE

Division of Taxation

Robert B. Docking State Office Building
Topeka, Kansas 66625-0001

MEMORANDUM

**TO: THE HONORABLE DAN THIESSEN, CHAIRMAN
SENATE COMMITTEE ON ASSESSMENT AND TAXATION**

FROM: JOHN R. LUTTJOHANN 
DIRECTOR OF TAXATION

DATE: March 29, 1989

RE: House Bill 2524

I appreciate the opportunity to appear before you today on House Bill 2524.

As introduced, this bill would add new language to the transient guest tax acts (K.S.A. 12-1693 and 12-1697) which would state the earliest time at which a transient guest tax could become effective. For counties with a population in excess of 300,000 or cities located within such counties, the effective date would be the first day of the calendar quarter following a waiting period of 30 days after a primary or general election, or 60 days after any other election authorizing the tax.

Transient guest taxes for all other counties and cities would become effective the first day of the calendar quarter following 30 days after the Department of Revenue receives notice of the resolution or ordinance authorizing the tax.

The bill was amended in the House Taxation Committee to include a requirement that recipients of transient guest tax funds make an accounting of their expenditures to the units of governments who provided the funds to them.

This legislation would take effect July 1, 1989.

The Department has requested the procedural changes herein since numerous cities and counties which have enacted transient guest taxes have not notified the Department until after or very near to the time at which the transient guest taxes were to become effective. These changes would make it clear when the transient guest taxes could become effective so the cities and counties would provide ample lead time to the Department, and we in turn could provide notice and forms to affected businesses.

There would be no negative fiscal or administrative impact associated with these amendments.

I would be happy to respond to any questions which you may have.

HB 2524—Am.

private

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in excess of \$25,000

119 *thorized to be levied pursuant to this section shall commence on the*
120 *first day of the calendar quarter next following the 30th day after*
121 *the date of the receipt by the department of revenue of the resolution*
122 *or ordinance authorizing the levy of such tax.*

123 **New Sec. 3. Any entity to which funds are provided for con-**
124 **vention and tourism promotion purposes from moneys received pur-**
125 **suant to K.S.A. 12-1693 or K.S.A. 12-1697, and amendments**
126 **thereto, or pursuant to any charter ordinance or resolution which**
127 **imposes a transient guest tax, shall provide to the city or county,**
128 **as the case requires, an accounting of the expenditures of such**
129 **funds in accordance with generally accepted accounting standards**
130 **and procedures.** *principles.*

131 **Sec. 3 4. K.S.A. 12-1693 and 12-1697 are hereby repealed.**

132 **Sec. 4 5. This act shall take effect and be in force from and after**
133 **its publication in the statute book.**