

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./~~xxx~~ on Wednesday, March 14, 1990 in room 313-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:

Mary Ellen Simon, League of Women Voters of KS  
Karen France, Dir. Governmental Affairs of KS Association of Realtors

Chairman Thiessen called the meeting to order at 11:15 a.m. and said we will hear from opponents on SCR1640 today and he recognized Mary Ellen Simon.

SCR1640:A PROPOSITION to amend article 11 of the constitution of the state of Kansas, relating to taxation.

Mary Ellen Simon, League of Women Voters of Kansas said she was a lonely act when she spoke before the House Committee.

She said, the League adopted standards of equity, adequacy, ease of administration, and consistency with state economic goals as standards for a state tax system, and they believe that SCR1640 does not meet the standard of equity since the ability to pay should be the primary basis for distributing the tax burden. SCR1640 would give tax relief to those most able to pay and penalize middle and low income families, particularly with the current tax on food in place, also on the grounds that it is not good policy to include percentage rates in the Constitution, such items should be handled statutorily by the Legislature.

She asked the committee to vote against SCR1640. (ATTACHMENT 1)

After committee discussion on the tax load, food and low income with Ms. Simon, The Chairman recognized Karen France.

Karen France, Director, Governmental Affairs of KS Association of Realtors said they feel that if the legislature presents a proposal such as this to the people to vote on, it is an indication of a true intent to reduce the reliance on property taxes for the funding of schools.

However, they strongly feel that any such attempt should be backed up by a constitutional amendment which places permanent caps on property taxes, or it should not be done at all. Without a constitutional cap on property taxes, when budgets get lean in later years, the schools will not only utilize these new sales tax revenues, but will also go back to increasing property taxes to fund budgets and start the vicious cycle again.

She said, while this bill provides for the means to fund school budgets in a way other than property tax, they believe it should be coupled with a constitutional cap on all property taxes, in order to give the real relief and reform that people are asking for. (ATTACHMENT 2) Ms. France said her handout stated SCR1637 instead of SCR1640, and she apologized for that.

A committee member asked Ms. France is she had a figure on caps that she would be able to support, and she said they would have to help people who got hit the hardest with assessment and taxation.

After more committee discussion The Chairman recognized Senator Fred Kerr.

Senator Fred Kerr asked Ms. France how many members were on her Executive Committee she speaks of across the state and asked if she could get a list of the members for this committee? Ms France told the Senator there are 13 members and she would be glad to get a list for the committee.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 313-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Wednesday, March 14, 1990

Chairman Thiessen concluded hearings on SCR1640 and told the committee members they have several Proposals before them and asked if any member has questions they would like to ask Staff, on any we have heard and may be looking at later.

Senator Fred Kerr said he had spoken with staff regarding comparisons regarding sales tax in other States', and found that Kansas is relatively high in property tax and lower than average in sales tax, but the comparison charts were about 3 years old and he said, if there is more recent information available regarding comparison with other States' and also the rates which would include average and local added together, would be helpful.

Tom Severn said it might be possible to get more recent information than what they have at this point. He said, he thought the figures Senator Kerr has is fiscal '87 data, and on computation of all 50 States', he thought the most recent we could get would be fiscal '88.

With respect to local rates, he said, he is skeptical that any reasonable effort would be fruitful, because of the variety of rates that are affecting some of the other State's, for instance, in Colorado there are transportation districts with local sales tax, and there are Denver local sales taxes.

Senator Lee said she has an article from the February '90 Money Market Magazine that compares State by State income tax, sales tax, inheritance tax and property tax which she would be more than happy to share with the committee. It has sales tax in Denver at 8% and she knows in Denver it is up to 10%, and she said she will bring it to the committee tomorrow and share with the members.

Senator Martin asked if staff could get figures for the committee on inventories of surrounding States' and how they are treating inventories?

Senator Fred Kerr said there was some progressive action this morning by the House Tax Committee, and asked Tom Severn if he would comment on that?

Tom Severn said the House Tax Committee recommended HCR5052 with an amendment which would have removed livestock, which would leave livestock continuing to be exempt and would have restored farm out buildings to 30%, where they are now. It just retains current status on those two types of property. (ATTACHMENT 3)

Chairman Thiessen adjourned the meeting at 11:58 a.m.



# LWVK LEAGUE OF WOMEN VOTERS OF KANSAS

March 14, 1990

Senate Assessment and Taxation Committee  
Sen. Dan Thiessen, Chairman

I am Mary Ella Simon speaking for the League of Women Voters in opposition to SCR 1640.

State Finance has been of continuing interest and study for the League since 1936. In 1976, the League adopted standards of equity, adequacy, ease of administration, and consistency with state economic goals as standards for a state tax system.

We believe that SCR 1640 does not meet the standard of equity since the ability to pay should be the primary basis for distributing the tax burden. SCR 1640 would give tax relief to those most able to pay and penalize middle and low income families, particularly with the current tax on food in place.

We also oppose SCR 1640 on the grounds that it is not good policy to include percentage rates in the Constitution. Such items should be handled statutorily by the Legislature.

We would suggest that in this year of the Citizens Tax Revolt, a Constitutional amendment to increase the state sales tax doesn't have a chance of passing. As our duly elected legislators, you have the responsibility for revising the tax structure in the most equitable way, i.e. the unpopular income tax.

We ask the committee to vote against SCR 1640. Thank you.





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TO: THE SENATE ASSESSMENT AND TAXATION COMMITTEE  
FROM: KAREN FRANCE, DIRECTOR, GOVERNMENTAL AFFAIRS  
DATE: MARCH 13, 1990  
SUBJECT: SCR 1637

Thank you for this opportunity to testify. On behalf of the Kansas Association of REALTORS®, I appear today not to support or oppose the concepts which SCR 1637 proposes. We believe that, if the legislature presents a proposal such as this to the people to vote on, it is an indication of a true intent to reduce the reliance on property taxes for the funding of schools.

However, we strongly feel that any such attempt should be backed up by a constitutional amendment which places permanent caps on property taxes, or it should not be done at all. Without a constitutional cap on property taxes, when budgets get lean in later years, the schools will not only utilize these new sales tax revenues, but will also go back to increasing property taxes to fund budgets and start the vicious cycle again.

We also feel that the cap should be extended to all property taxes and alternative means found to fund cities and counties, whether it is in the form of additional sales taxes or other revenues from the state, such as this proposal or whether it by giving other options to the local units.

The people want to be able to understand their property tax bill and they want to be able to know, with some amount of certainty, what their tax bill will be from year to year so they can budget appropriately.

Senate Assessment and Taxation Committee  
Wednesday, March 14, 1990 ATTACHMENT 2

While this bill provides for the means to fund school budgets in a way other than property tax, we believe it should be coupled with a constitutional cap on all property taxes, in order to give the real relief and reform that people are asking for.

I will be happy to answer any questions.

STATEWIDE

ASSESSED VALUATION

REVENUE  
3/12/90  
4:47 PM

	1988 ASSESSED VALUATION	% OF TOTAL	1989 ASSESSED VALUATION	% OF TOTAL	HCR 5039 YEAR 1 VANCRUM	% OF TOTAL	HCR 5039 YEAR 5 VANCRUM	% OF TOTAL	HCR 5043 REARDON	% OF TOTAL	HCR 5048 BARKIS	% OF TOTAL	HCR 5052 HOUSE COMMITTEE	% OF TOTAL
<b>URBAN REAL ESTATE</b>														
RESIDENTIAL	2,525,973,245	22%	3,981,353,262	28%	3,623,031,468	27%	3,623,031,468	28%	2,698,232,453	22%	2,698,232,453	23%	3,317,794,385	25%
VACANT LOTS	48,591,731	0%	134,867,310	1%	134,867,310	1%	134,867,310	1%	112,389,425	1%	112,389,425	1%	112,389,425	1%
ALL OTHER	1,096,236,787	10%	2,723,425,400	19%	1,801,091,998	13%	1,801,091,998	14%	1,717,627,372	14%	1,717,627,372	14%	1,801,091,998	13%
AGRICULTURAL	0	0%	10,200,830	0%	10,200,830	0%	10,200,830	0%	10,200,830	0%	10,200,830	0%	10,200,830	0%
<b>TOTAL URBAN REAL ESTATE</b>	<b>3,670,801,763</b>	<b>32%</b>	<b>6,845,846,802</b>	<b>49%</b>	<b>5,569,191,606</b>	<b>41%</b>	<b>5,569,191,606</b>	<b>44%</b>	<b>4,538,450,080</b>	<b>36%</b>	<b>4,538,450,080</b>	<b>38%</b>	<b>5,241,476,638</b>	<b>39%</b>
<b>RURAL REAL ESTATE</b>														
RESIDENTIAL	327,560,661	3%	772,546,734	5%	703,017,528	5%	703,017,528	6%	523,568,378	4%	523,568,378	4%	643,788,945	5%
VACANT LOTS	0	0%	24,288,467	0%	24,288,467	0%	24,288,467	0%	20,240,389	0%	20,240,389	0%	20,240,389	0%
ALL OTHER	155,361,002	1%	513,114,190	4%	291,448,860	2%	291,448,860	2%	323,614,143	3%	275,723,486	2%	339,339,518	3%
AGRICULTURAL	1,670,996,180	15%	1,492,178,304	11%	1,492,178,304	11%	1,492,178,304	12%	1,492,178,304	12%	1,492,178,304	13%	1,492,178,304	11%
<b>TOTAL RURAL REAL ESTATE</b>	<b>2,153,917,843</b>	<b>19%</b>	<b>2,802,127,695</b>	<b>20%</b>	<b>2,510,933,159</b>	<b>19%</b>	<b>2,510,933,159</b>	<b>20%</b>	<b>2,359,601,214</b>	<b>19%</b>	<b>2,311,710,557</b>	<b>20%</b>	<b>2,495,547,156</b>	<b>19%</b>
<b>TOTAL URBAN &amp; RURAL REAL ESTATE</b>														
RESIDENTIAL	2,853,533,906	25%	4,753,899,996	34%	4,326,048,996	32%	4,326,048,996	34%	3,221,800,830	26%	3,221,800,830	27%	3,961,583,330	29%
VACANT LOTS	48,591,731	0%	159,155,777	1%	159,155,777	1%	159,155,777	1%	132,629,814	1%	132,629,814	1%	132,629,814	1%
ALL OTHER	1,251,597,789	11%	3,236,539,590	23%	2,092,540,858	16%	2,092,540,858	16%	2,041,241,516	16%	1,993,350,858	17%	2,140,431,516	16%
AGRICULTURAL	1,670,996,180	15%	1,502,379,134	11%	1,502,379,134	11%	1,502,379,134	12%	1,502,379,134	12%	1,502,379,134	13%	1,502,379,134	11%
<b>TOTAL REAL ESTATE</b>	<b>5,824,719,606</b>	<b>51%</b>	<b>9,651,974,497</b>	<b>68%</b>	<b>8,080,124,765</b>	<b>60%</b>	<b>8,080,124,765</b>	<b>63%</b>	<b>6,898,051,294</b>	<b>55%</b>	<b>6,850,160,636</b>	<b>58%</b>	<b>7,737,023,794</b>	<b>58%</b>
<b>URBAN PERSONAL PROPERTY</b>														
GAS AND OIL	4,982,014	0%	3,151,358	0%	3,151,358	0%	3,151,358	0%	3,151,358	0%	3,151,358	0%	3,151,358	0%
BUSINESS MACH. & EQUIP.	607,622,421	5%	485,403,871	3%	606,754,839	5%	606,754,839	5%	728,105,807	6%	728,105,807	6%	728,105,807	5%
ALL OTHER PERSONAL	45,017,639	0%	63,845,117	0%	63,845,117	0%	63,845,117	1%	63,845,117	1%	63,845,117	1%	63,845,117	0%
MOBILE HOMES	17,462,598	0%	32,401,155	0%	32,401,155	0%	32,401,155	0%	27,000,963	0%	27,000,963	0%	27,000,963	0%
MOTOR VEHICLES	134,294,340	1%	43,027,174	0%	43,027,174	0%	43,027,174	0%	43,027,174	0%	43,027,174	0%	43,027,174	0%
MERCHANTS INVENTORY	330,797,995	3%	0	0%	275,402,738	2%	0	0%	300,483,286	3%	100,896,547	1%	110,161,095	1%
MANUFACTURERS INVENTORY	206,704,935	2%	0	0%	174,345,603	1%	0	0%	209,214,723	2%	63,873,255	1%	174,345,603	1%
LIVESTOCK	560,591	0%	0	0%	551,450	0%	0	0%	0	0%	202,032	0%	551,450	0%
<b>TOTAL URBAN PERSONAL PROPERTY</b>	<b>1,349,442,533</b>	<b>12%</b>	<b>627,828,673</b>	<b>4%</b>	<b>1,199,479,441</b>	<b>9%</b>	<b>749,179,643</b>	<b>6%</b>	<b>1,404,828,427</b>	<b>11%</b>	<b>1,030,102,252</b>	<b>9%</b>	<b>1,150,188,573</b>	<b>9%</b>
<b>RURAL PERSONAL PROPERTY</b>														
GAS AND OIL	1,130,236,656	10%	1,189,462,079	8%	1,189,462,079	9%	1,189,462,079	9%	1,189,462,079	10%	1,189,462,079	10%	1,189,462,079	9%
BUSINESS MACH. & EQUIP.	246,806,322	2%	202,962,057	1%	253,702,571	2%	304,443,086	2%	304,443,086	2%	253,702,571	2%	304,443,086	2%
ALL OTHER PERSONAL	13,406,588	0%	35,676,014	0%	35,676,014	0%	35,676,014	0%	35,676,014	0%	35,676,014	0%	35,676,014	0%
MOBILE HOMES	14,608,877	0%	18,300,482	0%	18,300,482	0%	18,300,482	0%	15,250,402	0%	15,250,402	0%	15,250,402	0%
MOTOR VEHICLES	110,238,277	1%	62,669,680	0%	62,669,680	0%	62,669,680	1%	62,669,680	1%	62,669,680	1%	62,669,680	0%
MERCHANTS INVENTORY	40,665,869	0%	0	0%	33,888,224	0%	0	0%	40,665,869	0%	12,415,290	0%	13,555,290	0%
MANUFACTURERS INVENTORY	172,958,176	2%	0	0%	144,131,813	1%	0	0%	172,958,176	1%	52,804,131	0%	144,131,813	1%
LIVESTOCK	115,007,573	1%	0	0%	95,839,644	1%	0	0%	0	0%	35,111,812	0%	95,839,644	1%
<b>TOTAL RURAL PERSONAL PROPERTY</b>	<b>1,843,928,338</b>	<b>16%</b>	<b>1,509,070,312</b>	<b>11%</b>	<b>1,833,670,508</b>	<b>14%</b>	<b>1,610,551,341</b>	<b>13%</b>	<b>1,821,125,305</b>	<b>15%</b>	<b>1,657,091,979</b>	<b>14%</b>	<b>1,861,028,007</b>	<b>14%</b>
<b>TOTAL URBAN &amp; RURAL PERSONAL PROPERTY</b>														
GAS AND OIL	1,135,218,670	10%	1,192,613,437	8%	1,192,613,437	9%	1,192,613,437	9%	1,192,613,437	10%	1,192,613,437	10%	1,192,613,437	9%
BUSINESS MACH. & EQUIP.	853,672,055	8%	688,365,928	5%	860,457,410	6%	860,457,410	7%	1,032,548,892	8%	1,032,548,892	9%	1,032,548,892	8%
ALL OTHER PERSONAL	59,297,064	1%	99,521,131	1%	99,521,131	1%	99,521,131	1%	99,521,131	1%	99,521,131	1%	99,521,131	1%
MOBILE HOMES	32,014,189	0%	50,701,637	0%	50,701,637	0%	50,701,637	0%	42,251,364	0%	42,251,364	0%	42,251,364	0%
MOTOR VEHICLES	244,292,785	2%	105,696,854	1%	105,696,854	1%	105,696,854	1%	105,696,854	1%	105,696,854	1%	105,696,854	1%
MERCHANTS INVENTORY	371,149,155	3%	0	0%	309,290,963	2%	0	0%	371,149,155	3%	113,311,837	1%	123,716,385	1%
MANUFACTURERS INVENTORY	382,172,899	3%	0	0%	318,477,416	2%	0	0%	382,172,899	3%	116,677,386	1%	318,477,416	2%
LIVESTOCK	115,669,322	1%	0	0%	96,391,102	1%	0	0%	0	0%	35,313,844	0%	96,391,102	1%
OTHER EXEMPT	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
<b>TOTAL PERSONAL PROPERTY</b>	<b>3,193,486,139</b>	<b>28%</b>	<b>2,136,898,987</b>	<b>15%</b>	<b>3,033,149,949</b>	<b>23%</b>	<b>2,308,990,469</b>	<b>18%</b>	<b>3,225,953,732</b>	<b>26%</b>	<b>2,737,934,745</b>	<b>23%</b>	<b>3,011,216,581</b>	<b>22%</b>
<b>URBAN PUBLIC UTILITY CORP</b>	511,503,285	5%	532,776,927	4%	532,776,927	4%	532,776,927	4%	532,776,927	4%	532,776,927	4%	621,573,082	5%
<b>RURAL PUBLIC UTILITY CORP</b>	1,818,484,108	16%	1,782,957,667	13%	1,782,957,667	13%	1,782,957,667	14%	1,782,957,667	14%	1,782,957,667	15%	2,080,117,278	15%
<b>TOTAL PUBLIC UTILITY</b>	<b>2,329,987,393</b>	<b>21%</b>	<b>2,315,734,594</b>	<b>16%</b>	<b>2,315,734,594</b>	<b>17%</b>	<b>2,315,734,594</b>	<b>18%</b>	<b>2,315,734,594</b>	<b>19%</b>	<b>2,315,734,594</b>	<b>20%</b>	<b>2,701,690,360</b>	<b>20%</b>
<b>TOTALS FOR URBAN PROPERTY</b>	<b>5,531,747,581</b>	<b>49%</b>	<b>8,010,452,404</b>	<b>57%</b>	<b>7,301,447,974</b>	<b>54%</b>	<b>6,851,148,176</b>	<b>54%</b>	<b>6,476,055,434</b>	<b>52%</b>	<b>6,101,329,259</b>	<b>51%</b>	<b>7,013,238,293</b>	<b>52%</b>
<b>TOTALS FOR RURAL PROPERTY</b>	<b>5,816,330,289</b>	<b>51%</b>	<b>6,094,155,674</b>	<b>43%</b>	<b>6,127,561,334</b>	<b>46%</b>	<b>5,904,442,166</b>	<b>46%</b>	<b>5,963,684,186</b>	<b>48%</b>	<b>5,751,760,202</b>	<b>49%</b>	<b>6,436,692,441</b>	<b>48%</b>
<b>TOTALS FOR STATEWIDE</b>	<b>11,348,077,870</b>	<b>100%</b>	<b>14,104,608,078</b>	<b>100%</b>	<b>13,429,009,308</b>	<b>100%</b>	<b>12,755,590,342</b>	<b>100%</b>	<b>12,439,739,620</b>	<b>100%</b>	<b>11,853,089,461</b>	<b>100%</b>	<b>13,449,930,734</b>	<b>100%</b>

Senate Assessment and  
 Taxation Committee  
 Wednesday, March 14, 1990  
 ATTACHMENT 3

**EXPLANATION OF COMPUTER SIMULATIONS ON  
PROPOSED CONSTITUTIONAL AMENDMENTS  
IMPOSING NEW CLASSIFICATION RATES  
FOR PROPERTY TAX PURPOSES**

**HCR 5039 (VANCRUM)**

- Continues current classification & assessment system.
- Adds three new subclasses of real property: (1) Commercial & Industrial assessed at 20% (2) not for profit real property & improvements on agricultural land assessed at 12% (3) public utility real property assessed at 30%. Also, multifamily residential real property assessed at different rates dependent upon its size.
- Decreases the percentage of value on the "all other urban & rural real property not otherwise specifically subclassified" from 30% to 25%.
- Increases the tangible personal property subclass of Commercial & Industrial Machinery & Equipment from 20% to 25%.
- Merchants' & Manufacturers' Inventories & Livestock would be subject to taxation but an exemption would be phased in over a 5 year period.

Assumptions used on print-out:

- 9% of residential property would be assessed at a 20% rate.
- 2% of "all other" property would be not for profit and assessed at a 12% rate.
- The fair market value of all property in the base remains constant from 1989 to 1990.
- 35% of property classed as "rural-all other" is farm improvements and assessed at 12%.
- Merchants, Manufacturers and Livestock inventories would be assessed at their 1988 levels.

NOTE THAT AN ADDITIONAL COLUMN IS PROVIDED TO SHOW THE IMPACT IN YEAR 5, AFTER THE TAX ON INVENTORIES IS PHASED OUT.

**HCR 5043 (REARDON)**

- Amends the Kansas Constitution to establish three new subclassifications of real property and one new subclass of personal property and provide assessment rates therefore:
- Residential real property comprising not more than four units will be assessed at 10%. Vacant lots also at 10% rate. Commercial & industrial real property and multifamily residential real property consisting of 5 units or more would be assessed at 20%. Real property owned by not for profit organizations would be assessed at 12%. Public utility real property will be assessed at 30%, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed.
- Changes to class 2 property are as follows:  
Mobile homes used for residential purposes will be reduced from 12% to 10% assessment rate. Public utility tangible personal property will be assessed at 30%, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed. Commercial and industrial machinery and equipment will be assessed at 30% of market value, rather than the current depreciation scheme. Inventories of merchants' and manufacturers' would be reinstated at 30%.
- \$5000 of appraised valuation of residential and commercial and industrial real property would be exempt from taxation.



Assumptions used on print-out:

- 9% of residential property would be assessed at a 20% rate.
- 2% of "all other" property would be not for profit and assessed at a 12% rate.
- The fair market value of all property in the base remains constant from 1989 to 1990.
- 58.96% of all parcels would be eligible for the \$5000 exclusion for residential purposes and 7.63% of all parcels would be eligible for the \$5000 exclusion for commercial purposes.
- Merchants and Manufacturers inventories would be assessed at their 1988 levels.

**HCR 5048 (BARKIS)**

- Adds three new subclasses of real property: (1) Commercial & Industrial assessed at 20% (2) not for profit real property & improvements on agricultural land assessed at 12% (3) public utility real property assessed at 30%.
- Multifamily residential real property assessed at different rates. Property with not more than four units, one of which is owner occupied is assessed at 10%. All other multifamily property is assessed at 20%.
- Real property used for residential and vacant lots assessment rate from reduced 12% to 10%.
- Increases the tangible personal property subclass of Commercial & Industrial Machinery & Equipment from 20% to 30%.
- Merchants' & Manufacturers' Inventories & Livestock would be subject to taxation at a 30% percent of value.
- Assesses railroad property (both real and personal) at the average rate that all other commercial and industrial property is assessed.

Assumptions used on print-out:

- 9% of residential property would be assessed at a 20% rate.
- 2% of "all other" property would be not for profit and assessed at a 12% rate.
- 35% of property classed as "rural - all other" would be farm improvements and assessed at a 12% rate.
- The fair market value of all property in the base remains constant from 1989 to 1990.
- 58.96% of all parcels would be eligible for the \$5000 exclusion for residential purposes and 7.63% of all parcels would be eligible for the \$5000 exclusion for commercial purposes.
- Merchants, Manufacturers and Livestock inventories would be assessed at their 1988 levels. The \$200,000 exemption would remove 69.47% of this property from the assessment rolls.

**HCR 5052 (WYANDOTTE COUNTY DELEGATION)**

- Amends the Kansas Constitution to establish three new subclassifications of real property and three new subclass of personal property and provide assessment rates therefore beginning 1990 (June 12, 1990 election):
- Residential real property including multifamily real property and real property upon which mobile homes used for residential purposes are located will be assessed at 10%. Vacant lots would also be reduced to a 10% rate. Commercial & industrial real property and buildings and other improvements located upon land devoted to agricultural use would be assessed at 20%. Real property owned by not for profit organizations would be assessed at 12%. Public utility real property will be assessed at 35%, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed. Finally all other urban and rural real property not otherwise specifically classified would be assessed at 25% of market value.
- Changes to class 2 property are as follows:
  - Mobile homes used for residential purposes will be reduced from 12% to a 10% assessment rate. Public utility tangible personal property will be assessed at 35%, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed. Commercial and industrial machinery and equipment will be assessed at 30% of market value. Inventories of merchants' to the extent of 40% it appraised would be assessed at 25%. Inventories of manufacturers and Livestock would be assessed at 25%.
- The legislature may exempt all or any portion of the appraised valuation or further subclassify the merchants', manufacturers' inventories and/or livestock subclasses.

Assumptions used on print-out:

- 2% of "all other" property would be not for profit and assessed at a 12% rate.
- The fair market value of all property in the base remains constant from 1989 to 1990.
- Merchants, Manufacturers and Livestock inventories would be assessed at their 1988 levels.