

Approved Monday, May 07, 1990
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. ~~XXX~~ on Monday, March 19, 1990 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:

Tuck Duncan, Attorney at Law, Topeka, KS
Mark Burghart, KS Department of Revenue
Bob Corkins, Director of Taxation, KS Chamber of Commerce & Industry
Karen France, Director, Government Affairs, KS Association of Realtors

Chairman Thiessen called the meeting to order a 11:11 a.m. and he said he would ask for a motion on the minutes of February 20 and 21st at the end of the meeting, and he turned attention to HB2529.

HB2529 would exempt from property taxes for up to ten years all property rented or leased, with or without an option to purchase, from a 501(c) community-based, not-for-profit economic development corporation if the property is used exclusively for purposes for which exemptions may be granted pursuant to Art.11, Sec.13 of the KS Constitution.

The Chairman recognized Chris Courtwright to review HB2529 with the committee members.

Chris Courtwright said HB2529 was introduced in the House during the last session, and the original bill would give cities and counties statutory authority to grant economic development property tax abatements, for purposes that are a bit broader than for now what they can grant constitutional abatements.

The bill was introduced after the Board of Tax Appeals apparently denied the request for constitutional abatement, and the bill now would exempt property taxes up to 10 years, and not just for cities and counties. Monies received for the rental of a lease would have to be used solely for economic development purposes in the counties. Also, the bill is a retro-active property tax, back to 1988.

Tom Severn said there was a Supreme Court Case regarding Kansas Avenue Properties a Company that had set up a property with the intention of renting to lessee who qualified for the constitutional amendment and they were first denied on the basis that the property was not used for any such use, and they applied before they had tenants and they subsequently re-applied when they did have tenants and the Board turned them down citing a familiar case before the Johnson County Commissioners and the court basically upheld that view. Property that is leased and not used exclusively for purposes of which the lessees use it.

Tuck Duncan, Attorney at Law said he is a practicing Attorney in Topeka and has a client in Lawrence, and on the clients behalf has filed with the Board of Tax Appeals a request for the 10 year exemption, where the City of Lawrence has approved same by Ordinance, the County Appraiser has approved their application, and where because the property is owned by the major stockholder and leased to his company there is likelihood the exemption will be denied.

He said his client has invested millions of dollars in this interstate warehouse facility, and has created new jobs, and this would not have been created had his client been aware that the Board might refuse to grant the request.

He urged the committee to enact the proposed legislation and please make it retroactive to the date the Constitutional Amendment was passed. (ATTACHMENT 1)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

room 519-S, Statehouse, at 11:00 a.m. ~~pm~~ on Monday, March 19, 1990

After committee discussion The Chairman concluded hearings on HB2529 and turned attention to HB2621.

HB2621 as Amended by House Committee on Taxation: would amend K.S.A. 79-3607 to eliminate payments of estimated sales tax for large taxpayers (approximately 3,000 taxpayers with annual liability of \$32,000. or more), and replace that requirement with a monthly deposit mechanism. The monthly deposit would be equal to 1/24 of the previous calendar year's liability.

Mark Burghart said HB2621 K.S.A. 79-3607 currently requires a retailer with an annual liability of \$32,000 or more to pay the sales tax liability for the first 15 days of each month on or before the 25th of that month. The retailers are also required to submit a return on the 25th day of the following month with a payment for the last 15 days of such month. Although the number of retailers on this filing method only numbers about 3,000 the administrative problems caused by these filers are many. The prepayment amounts always vary from month to month which creates a balance due or a credit forward on the accounts. All balance due letters generated by computer for these accounts must then be manually reviewed and adjusted before being mailed because the prepayment is not taken into consideration when the letter is originally generated.

He said the Department's proposal is revenue neutral and would greatly simplify the filing procedure for large taxpayers. It also would save considerable time, effort and expense in developing the Department's new integrated business tax system. The bill has the support of KCCI. The House Committee amendment is clarifying in nature. He urged the committee's favorable consideration of HB2621. (ATTACHMENT 2)

Bob Corkins, Director of Taxation, KS Chamber of Commerce and Industry, did not testify but turned in written testimony. (ATTACHMENT 3)

Karen France, Director, Government Affairs, KS Association of Realtors turned in a list of KAR Executive Committee Makeup requested by a committee member at a previous meeting. (ATTACHMENT 4)

After committee discussion The Chairman called for a motion on the minutes of February 20 and 21st.

Senator Fred Kerr said in looking at the minutes of February 20, 1990, they show what was talked about, regarding a bill which has threatened litigation, in the 2nd paragraph on page 1 regarding SB423. He said, the paragraph isn't attributed to anyone and he thought maybe we should not have that paragraph in the minutes.

Senator Fred Kerr moved to strike Paragraph 2, 1st page by Senator Oleen regarding SB423.

Senator Oleen said Attachments 1a,b and c refer to that and she would like it left in there.

Senator Kerr said maybe it should have a word added so it can't be taken out of context, and he withdrew his motion.

Senator Oleen made a motion to insert the words "according to", before "Senator Oleen" on page 1, 2nd paragraph of Senator Oleen's statement, 2nd by Senator Francisco. The motion carried.

Senator Martin moved to adopt the minutes of February 20th as corrected, 2nd by Senator Frahm. The motion carried.

Senator Fred Kerr moved to adopt the minutes of February 21st, 2nd by Senator Karr. The motion carried.

Chairman Thiessen adjourned the meeting at 11:45 a.m.



Robert E. Duncan, II
Attorney at Law

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700 Jackson Street
Topeka, Kansas 66603
(913) 233-2265 Fax (913) 233-5659*

To: Senate Committee on Assessment and Taxation
From: R.E. "Tuck" Duncan
RE: HB 2529
Date: March 19, 1990

I appear today as a private attorney practicing law in Topeka who has filed with the Board of Tax Appeals on behalf of a client a request for the ten year exemption, where the City of Lawrence has approved same by Ordinance, the County Appraiser has approved our application, and where because the property is owned by the major stockholder and leased to his company there is a likelihood the exemption will be denied. I can tell you, this new facility and the new jobs that have been created, would not have resulted, had my client been aware that the Board might, in light of a recent Supreme Court decision, refuse to grant the request. My client has invested millions of dollars in this interstate warehouse facility. Please enact the proposed legislation, and please make it retroactive to the date the Constitutional Amendment was passed. Your attention to and consideration of this matter is greatly appreciated.

SENATE ASSESSMENT AND TAXATION COMMITTEE
MONDAY, MARCH 19, 1990 ATTACHMENT 1



KANSAS DEPARTMENT OF REVENUE

Office of the Secretary
Robert B Docking State Office Building
915 SW Harrison St
Topeka Kansas 66612-1588

MEMORANDUM

To: The Honorable Dan Thiessen, Chairman
Senate Committee on Assessment and Taxation

From: Mark A. Burghart, General Counsel
Kansas Department of Revenue

RE: House Bill No. 2621

Date: March 19, 1990

Thank you for the opportunity to appear in support of H.B. 2621. The bill eliminates the estimated sales tax payments for taxpayers with annual liabilities of \$32,000 or more and replaces that requirement with a monthly deposit mechanism.

K.S.A. 79-3607 currently requires a retailer with an annual liability of \$32,000 or more to pay the sales tax liability for the first 15 days of each month on or before the 25th of that month. The retailers are also required to submit a return on the 25th day of the following month with a payment for the last 15 days of such month. Although the number of retailers on this filing method only numbers about 3,000, the administrative problems caused by these filers are many. The prepayment amounts always vary from month to month which creates a balance due or a credit forward on the accounts. All balance due letters generated by computer for these accounts must then be manually reviewed and adjusted before being mailed because the prepayment is not taken into consideration when the letter is originally generated.

The bill would simplify the filing procedure for these large taxpayers. The requirement calling for monthly accelerated sales tax payments would be eliminated. Instead, a monthly deposit equal to 1/24th of the prior calendar year's liability would be required to be remitted by the taxpayer. The Director of Taxation would determine this deposit amount and it would be paid at the same time that the return for the preceding month is filed.

The Department's proposal is revenue neutral and would greatly simplify the filing procedure for large taxpayers. It also would save considerable time, effort and expense in developing the Department's new integrated business tax system. (BTIMS) The bill has the support of KCCI. The House Committee amendment is clarifying in nature.

We urge the Senate Committee's favorable consideration of H.B. 2621. I would be happy to respond to any questions you might have.

General Information (913) 296-3909

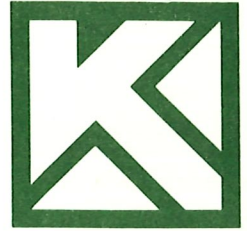
*Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381
Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081
Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077*

SENATE ASSESSMENT AND TAXATION COMMITTEE
MONDAY, MARCH 19, 1990 ATTACHMENT 2

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 Bank IV 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

HB 2621

March 19, 1990

KANSAS CHAMBER OF COMMERCE AND INDUSTRY
Testimony Before the
Senate Assessment and Taxation Committee
by
Bob Corkins
Director of Taxation

Mr. Chairman and members of the Committee:

On behalf of the Kansas Chamber of Commerce and Industry, thank you for the chance to testify regarding HB 2621. My name is Bob Corkins, director of taxation for the Chamber, and I convey our organization's support for the simplified sales tax collection procedure proposed in this bill.

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.

This measure would simplify the process by eliminating the estimated payments now required of the state's largest retailers. The monthly calculation of this 15-day collection estimate is bothersome, time consuming, and often confusing for many complying businesses. HB 2621 improves the process by requiring a more stable deposit remittance rather than the 15-day estimate. The deposit would serve the same purpose as the current estimate remittance, although it would be a fixed deposit amount for each month throughout the calendar year.

KCCI's initial reservations about this proposal were addressed by the amendment of the House Taxation Committee. The amendment is the product of our conversations with the Department of Revenue and, we believe, adequately guarantees that no new tax burden is placed on complying businesses. It also clarifies existing procedures and continues to provide the department with the income stream necessary to maintain existing programs. Consequently, KCCI supports HB 2621 and urges you to recommend it favorably for passage.



KANSAS ASSOCIATION OF REALTORS

Executive Offices:
3644 S. W. Burlingame Road
Topeka, Kansas 66611
Telephone 913/267-3610

TO: SENATE TAXATION COMMITTEE

FROM: KAREN FRANCE, DIRECTOR, GOVERNMENTAL AFFAIRS

DATE: MARCH 15, 1990

SUBJECT: KAR EXECUTIVE COMMITTEE MAKEUP

As per the request of Senator Fred Kerr, you will find attached the list of the membership of the Executive Committee for the Kansas Association of REALTORS®. I have also provided a description of the board jurisdiction for each of our respective zones.

If you have any further questions, please feel free to contact me.

SENATE ASSESSMENT AND TAXATION COMMITTEE
MONDAY, MARCH 19, 1990 ATTACHMENT 4

KANSAS ASSOCIATION OF REALTORS®
EXECUTIVE COMMITTEE

David Louis, President
Kansas Association of REALTORS®
Nottingham Realty, Inc.
10100 W. 119th St., Suite 175
Overland Park, KS 66213

Earl Brown, Zone IV V.P.
Kansas Association of REALTORS®
Earl Brown REALTORS®
709 North Madison, Box 68
Junction City, KS 66441

Ann Sadler, President-Elect
Kansas Association of REALTORS®
Advance Real Estate, Inc.
906 Commercial
Emporia, KS 66801

Frank Stucky, Zone V V.P.
Kansas Association of REALTORS®
C/B, Stucky-Walker, REALTORS®
614 Main
Newton, KS 67114

B.J. Melvin, First Vice President
Kansas Association of REALTORS®
Hazlett Auction & Realty
750 S. Range, Box 874
Colby, KS 67701

Bill Powell, Zone VI V.P.
Kansas Association of REALTORS®
Camelot Realty
706 N. Main
Wichita, KS 67203

James W. Mayer, Executive V. P.
Kansas Association of REALTORS®
3644 S.W. Burlingame Road
Topeka, KS 66611

Dean Ellner, Zone VII V.P.
Kansas Association of REALTORS®
Ellner & Bickle, Inc.
25th & Vine, Box 536
Hays, KS. 67601

Jack DeLap, Zone I V.P.
Kansas Association of REALTORS®
C-21, Geer Real Estate
7315 State Avenue
Kansas City, KS 66112

Chris Woods, Zone VIII V.P.
Kansas Association of REALTORS®
C-21 Roark Realty
1135 College Drive, Suite B
Garden City, KS. 67846

Bill Wilson, Zone II V.P.
Kansas Association of REALTORS®
Wilson Realty, Inc.
P.O. Box 64, 407 N. State St
Iola, KS 55749

Margie Owen, Imm. Past Pres.
Kansas Association of REALTORS®
Bob Owen & Company, REALTORS®
7121 W. 79th Street
Overland Park KS 66204

Kathy Driski, Zone III V.P.
Kansas Association of REALTORS®
C/B, Pasternak-Johnson
1921 N. Penn, Box 805
Independence, KS 67301

BOARD JURISDICTION

1990

Board

County

ZONE I

JACK DELAP, ZONE V.P.

Atchison County -----	Atchison
Johnson County -----	Johnson
Lawrence -----	Douglas
Leavenworth -----	Leavenworth
Wyandotte County -----	Wyandotte

ZONE II

BILL WILSON, ZONE V.P.

Bourbon County -----	Bourbon
Emporia -----	Lyon
Franklin County -----	Franklin
Miami County -----	Miami
Mid-Eastern Kansas -----	Allen, Anderson, Coffey and Woodson

ZONE III

KATHY DRISKI, ZONE V.P.

Cherokee County -----	Cherokee
Coffeyville -----	South ½ Montgomery
Independence -----	North ½ Montgomery, South ½ Wilson including towns of Cherryvale, Neodesha & Altoona
Labette County -----	Labette
Pittsburg -----	Crawford

ZONE IV

EARL BROWN, ZONE V.P.

Northeast Kansas -----	Brown, Jackson
Junction City -----	Geary
Manhattan -----	Riley
Topeka -----	Shawnee
Tri-County -----	Marshall, Nemaha and Washington

ZONE V

FRANK STUCKY, ZONE V.P.

Dickinson County -----	Dickinson
Hutchinson -----	Reno
McPherson -----	McPherson
Marion County -----	Marion
Newton -----	Harvey
Salina -----	Saline

ZONE VI

BILL POWELL, ZONE V.P.

Arkansas City -----	South ½ Cowley County
Butler County -----	Butler
Sumner County -----	Sumner
Wichita Metropolitan Area -----	Sedgwick
Winfield -----	Cowley

ZONE VII

DEAN ELLNER, ZONE V.P.

Colby -----	Thomas
Goodland -----	Sherman
Great Bend -----	Barton
Hays -----	Ellis
Russell -----	Russell

ZONE VIII

CHRIS WOODS, ZONE V.P.

Dodge City -----	Ford, Gray, Hodgeman and Ness
Garden City -----	Finney
Pratt County -----	Pratt
Southwest Kansas -----	Grant, Haskell, Morton, Seward, Stanton, Stevens & W. 4 miles of Meade