

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by SENATOR DAN THIESSEN at
Chairperson

1:45 ~~xxx~~ p.m. on Tuesday, April 24, 1990 in room 313-S of the Capitol.

All members were present except:

Committee staff present:

Bill Edds, Revisor's Office
Chris Courtwright, Research Department
Tom Severn, Research Department
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Steve Stotts, PVD, Department of Revenue
Ernie Mosher, League of Muncipilaties
John Luttjohann, Director PVD, Department of Revenue

Chairman Thiessen called the meeting to order at 1:40 p.m. and said the purpose of calling this meeting was to look at a proposal, because we have to do something in mill levy roll back for schools, after our good work did not prevail on the Senate floor during the session, so we have to look at something else.

He thanked Chris Courthwright for the work he has done in researching this information before us. He asked Chris Courtwright to comment on his research for the committee.

Chris Courtwright said the memo in front of the members is a compulation of some of the research done during the interim period of the last two weeks.

It throws out some numbers to say what some fees would be if certain things were to happen. If the sales tax were to be raised to 5% on January 1, 1991, a 3/4% increase and some exemptions would be repealed, how much would be available for property tax roll back and without an income tax component.

He said at the bottom of page 1 in the handout (ATTACHMENT 1) is a table of fiscal notes on repeal of sales taxes, he said, if you raise the sales tax rate while repealing some exemptions, you sort of get a double jolt of revenue effects. So the fiscal note would be at a higher sales tax rate. For example: the exemption in K.S.A. 1989 Supp. 79-3606(z) for intrastate local telephone and telegraph services would be repealed only to the extent that a rate of 2.5% would apply. We estimate that this policy would raise an additional \$4.1M based on fiscal notes provided by the Department of Revenue.

He said on page 2 based on some changes to current law which would prevent the transfers to the LAVTRF, CCRSF, and SHF from increasing due to the January 1 rate increase and exemption repeals, we estimate that approximately \$71.9M would be available for property tax relief at the end of FY 1991. For FY 1992, the amount available would be about \$176.7M, based on the assumption that sales and use tax receipts would grow by 3.75%, and he said this would continue throughout each year.

He said, if we just raised the sales tax by 3/4% and didn't repeal any exemptions, the 2nd paragraph on page 2, under fiscal impact, explains that.

Chris Courtwright, said that Senator Kerr would speak on this and we also have Steve Stotts from the Department of Revenue here today to answer questions the members may have, and he has some different income tax runs with a new bracket put in, showing the impact would only be on those with an income of \$100,000. or more.

The Director of Taxation has given the Research Department several individual income tax runs which would raise from \$10.M to \$50.M with the increase limited to taxable incomes of \$100,000. or more.

With respect to the corporation income tax, they believe that an increase of 0.25% in both the base rate and the surtax would raise approximately \$9.6M.

Chairman Thiessen asked if he had an idea how much relief the intrastate telephone and telegraph services would get from the roll back of property taxes, if we roll back this levy, is there any way to determine that? Chris said he did not think so.

Senator Fred Kerr said we did try to funnel some requests of the things that have been talked about by the committee members and were talked about over the two week recess,

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with the Research Department and the Department of Revenue, and we came up with some of these different fiscal notes in the event the committee would want to recommend some of this, and one the last point that Chris made, 1st that Corporate Income Tax would be both, the base rate and the surtax, so the upper level would be a $\frac{1}{2}\%$ increase on that fiscal note.

He asked, if Chris or Steve would know what it would be, if it was just $\frac{1}{4}\%$ in the base rate, across the board, without adding the extra $\frac{1}{4}\%$? The answer was maybe \$4.M or \$5.M.

Senator Kerr said, so the big part of this is coming from the surtax, and he asked if the department or Chris could maybe get this information by this afternoon, it would be helpful. Senator Kerr asked if maybe the Director of Taxation could let the committee know, what sort of administrative problems, if any, there would be with removing some of these sales tax exemptions, the one's suggested in this memo or others, because this is tax new entities, and he is interested in what sort of administrative problems it might bring about.

Steve Stotts said he did not think this would cause any major administrative problems, with the exemptions, other than sending out letters to inform them they have to start collecting taxes now.

Senator Fred Kerr said he had another technical question, and asked if there are two statutes that provide exemptions for the long distance telephone calls, and is this one of the two or does it encompass both?

Chris Courtwright said 3606c is the exemption section, and there are a couple different versions of the exemption appeal, in the Senate version, and he is not sure about the House version, but he said there are different ways ways to do it that would adjust the fiscal note in different ways. He thought the bill that the House Committee worked and got to the House Floor, just repealed the exemption under current law and would get about \$6.5M, but it maybe about \$5.M.

Senator Kerr said the Memorandum says "intrastate" state, and he asked about "interstate".

Steve Stotts said 3603b interstate $4\frac{1}{4}\%$, would be \$6.5M to \$7.M.

Senator Martin asked what was in the House, that they just introduced in terms of exemptions. Steve, said he thought they dealt in terms of Intrastate.

Senator Martin said if we included this at the \$4.M level, we will have a total of about \$10.M, what additional does the House have that we do not have in front of us.

Senator Fred Kerr said he just received a copy of what the House did in their Committee this morning, (ATTACHMENT 2) Supplement note on HB2858.

Senator Lee said earlier in the session we talked about a bill dealing with vending machines and coin-operated machines. She asked if we are going to put a fee on each machine, and what is the collection rate going to be, and why is it on the list, do we think this is going to be better to have coin-operated laundry services than vending machines? She said, she is not against the tax on either one, but she felt maybe we should consider both of those, and the 2nd thing she has a problem with repair for low income housing, she thinks this will only add to the expense of repairing low income housing, does the committee think they are going to use Federal funds to do that.

Chairman Thiessen said he felt laundry coin-operated machines may be easier to spot, than vending machines, because in some of these buildings the only ones that see the vending machines are the workers there, and he does not know how much difference there would be.

Senator Martin said it looks like a big difference between what the House has done, verses what we have on the exemptions, they have added janitorial services and barbers and cosmetologists in the service area, so you are looking at \$11.5M in these 2 exemptions.

Chris Courtwright said the other big difference is $\frac{1}{4}\%$ sales tax increase rather than $\frac{3}{4}\%$.

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Senator Fred Kerr asked if the House, on their telephone sales tax, did they put that at full rate or half rate?

Bill Edds, Revisor's Office, said they put it in at full rate, the language that they repealed, isn't as broad.

Senator Martin said when we worked on HB2858 we showed a fiscal note of \$6.5M, when we worked those exemptions. We went through a whole list of eliminations and we had interstate telephone and telegraph services at \$6.5M. (ATTACHMENT 3)

Chris Courtwright said the reason it is showing \$5.M is because they had to guess at that, and the language that was put in HB2858 in the sub-committee that the figures were lower than the fiscal note, and he said, he was not sure to what extent and that is the version of that particular exemption or appeal.

Senator Karr said he thought we had spent quite a bit of time talking, and he said he would like to know the objective in the committee, instead of picking out exemptions he would like to know what we are doing and what the objective is. He said, this discussion is so different from what we were discussing a couple of weeks ago, and he said he see's about \$8.M in this proposal, and asked Senator Kerr, is this is right?

Senator Fred Kerr said he would ask the Chairman and the Committee to reiterate what was said at the start, he said, obviously, he supports the 1¢ sales tax for the purpose of rolling back property tax, and he said, he thinks we need to get the property tax rolled back in the neighborhood of \$200.M, which that would have done. We need something significant to lower property taxes, but that failed, so the purpose in requesting this information was to try to get the research done on various scenarios, which many members may want to pursue when we re-convene. That is the purpose of the request made and on the memos that the Chairman sent out, and anybody else that have requests to be made should make them, so if there are other things to be considered today, we would be ready, although it is not required.

He said he still thinks we need a property tax sales tax, with a package in the neighborhood of \$200.M, and he wishes it could state sales tax but apparently that isn't going to be, so we have to look at other options.

The sales tax exemptions removals, that was put together by Chris Courtwright, he said, he asked the staff to list some items that have not received much opposition, and perhaps there would be some chance of passing them, and I still don't know what they total. The staff also prepared income tax increases in \$10.M increments, up to \$50.M.

He said, as he understands the bill that the House introduced this morning, includes an individual income tax increase of \$47.3M, so obviously they have really turned to that source for part of their package.

He said, if we can't go with 1¢ then he would support going with 3/4¢, but he still thinks the straight sales tax is the best, plus what ever other elements any member wants to put in.

Senator Petty said she would like a full report on the sub-committee work, that all she had heard is that there was no agreement, and she would like to know some of the discussion, and secondly she would like to know whether the sub-committee seriously considered putting all those that were possible, theoretically back on the rolls and requiring some systematic process by which everyone who had those exemptions come to a meeting and justify why they need that.

Senator Martin told Senator Petty that they work off of a supplement note that was provided to the sub-committee by staff and he said, they just went through the exemptions in the order in which they came and he kept notes, as to who appeared and those who did not appear, but we could not come to any kind of agreement. We were so far apart in terms of what we wanted to try to include in terms of dollars, we agreed to try to get to \$200.M level, and he thinks they still agree on this, but the components of that make-up is where we disagreed and had problems. If I just have staff xerox this and send copies to the members, I'm sure that will tell you what we looked at in that sub-committee in terms of these sales tax exemptions. We also, recommended that we put the services into interim, and he said, he thought that was unanimous at that point, so what we did was take a position of services but we didn't want to tax those this year without further study, but we did go through these

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exemptions and the amounts, and the people that testified against removing the exemption, and who they were and the one's which there was no one here.

Chairman Thiessen said that was the purpose, to look at them individually and not just to wipe them out and then make everybody come in and testify.

Senator Petty asked if there was anyone who came into testify that said they would like for their exemption to be removed. The answer was no. She said, this makes her point. It seems to her that all the arguments should be heard at the same and balance out which of those arguments are the most justifiable and the most intent. She said, she thinks it is appalling to think we have over \$200.M exemptions and the only ones we are considering are less than \$10.M and they represents only those who have not had any controversy. She said, she hardly thinks it's fair in the tax situation that we are in that we are not looking more seriously at these issues.

Chairman Thiessen said, in answer to Senator Petty, that we have been told the threat of losing businesses and jobs, that many of us are not ready to play Russian Roulette with that type of approach, because we know today, that we have almost every State in the Union trying to attract this business and industry, and many of those are making these exemptions and more, and we would get into trouble if we are not really careful in what exemptions we remove, and the purposes were there when the exemptions were made, so there was no agreement among the sub-committee members, that we would wipe out a lot of those exemptions.

Ernie Mosher said he would read a copy of a letter, he had sent to the Chairman, dated April 20, 1990 (ATTACHMENT 4) relating to what happens to local government when assessed valuations are substantially reduced from the current protests. He said, looking at the last sheet of his handout is an amendment to 79-2005, and that statute authorizes local governments to issue no fund warrants, and on page 58, line 27, regarding refunding taxes He said, local governments will continue to have reductions in assessment valuations, and as a result local governments will not receive that money, and this would authorize them again in no-fund warrants as the result of reduced taxes, because of reduced assessed valuations. One line 27 following "imperative functions" strike "of such fund". (ATTACHMENT 4)

Senator Karr said at the Special Session in December we put some language in something, regarding that, do you remember?

Ernie Mosher said that was designed to take care of temporary cash shortages, but it had to be paid during the current year. This is designed to take care of no-fund warrants, which would be retired as the principle interest, next year, but it is the same concept and it would not have to go through the board of tax appeals, it would make up the shortfall and much less costly.

He said, what this money has been budgeted for is taxes levied with the assumption that it is going to be collected, but as the result of assessment reductions you have to appear with the local and county treasurers.

Mr. Mosher said there is also a trailer bill being prepared, if SCR1648 a constitutional amendment, should pass the House, it would be on the ballot August 7th, State law now requires the 1st day of August to approve budgets. This would be a bill to refer for one month in 1990 only, the budget tax levy certification time, in the event there is a constitutional amendment. It effects about 2 to 4 thousand governmental units, we suggest this amendment.

Senator Martin asked why we don't just correct SCR1648?

Senator Karr asked Mr. Luttjohann, where we are on the problem of certificate of notice, and where are the hot spots in the cities and counties, and what we have to deal with in the next few days?

John Luttjohann said, if you recall SB332 the deadlines for change of value was set as April 16th and we had 95 counties that met that deadline or sent their notices within a very few days after that, and there are 10 counties that have not yet sent their notices, and we working with those counties to see that they go out soon. There are a variety of problems, computer and staff problems have prevented those counties from meeting the statutory deadline. The notices that went out were pursuant to SB332,

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that law required that before an increase could be sent it had to have had a physical inspection of the property. As the bill started out it was a complete moratorium so the change of valuations wouldn't be sent and it went through various stages and ended up with a bill that required a physical inspection before an increase was sent, in about a half dozen counties, Wyandotte, Saline, Riley, Crawford and a couple others and there was disagreement on what constituted a physical inspection. In Kingman County he visited with the appraiser shortly after the notices went out and was surprised that they did not inspect the property prior to the increases, and that afternoon I order the Kingman County Appraiser to correct the notices that were sent out, and some of the earlier ones, with increases only for those properties which he had inspected pursuant to the law, that was accomplished since last Saturday, and notices were sent out in Kingman County.

He said, there is disagreement about how expensive the physical inspection need be, in his opinion, that an appraiser rode by, complies with the law, that is where the appraiser has in his possession the data card related to the property and he views the property, matches what he sees with the data card, as far as grade and condition of the property and if there is any discrepancy, he investigates further. We are still trying to decide whether the action in Saline and Wyandotte Counties complied with that much of the inspection. We have not arrived at a firm decision on those two counties.

Senator Martin said many of the problems, and you as the Administrator after looking at this on a statewide basis, in the two counties that he represents in one county they sent out 17,000 notices, and the other county they sent out 300 notices. He said, he knows this hit and miss is throughout the State. He asked, Mr. Luttjohann if he thought, there is a real question about uniformity and you have some obligation to look at this on a statewide basis, on what is really fair. In Crawford County, after talking with your staff, said they would have had to done 145 per day, and some of the increases which he thought, went out shouldn't have taken place, and he said, you talk about the \$50 and \$100 increase on \$25,000. or \$30,000. property, and The Senator said he didn't believe that the legislature ever intended for those to go out, what we intended was that they work on the one's where there were significant problems and the cost rate.

He said, many of the counties are having the same problems, we are seeing massive appeals in one area and very little effort being done in another area. He asked, Mr. Luttjohann is there was any way we could back this up to the point where we are all on the same footage. He does not think the values are superior to what we had last year.

John Luttjohann said he believes if the taxpayer went through the appeals process last year, the valuation was increased, absence on the error in the appeals process last year for some market increase, it should have been taken into account, and he thought, the appraisers should have considered the result of that appeal in the values of this amount this year, and we are prepared to order the appraisers to send those notices that conflicted with that. He does not think there is any way to substantiate the confusion to go back and undo all of the notices that were sent out.

He said if problems we will order the appraiser to go out, like we did in Kingman County.

Chairman Thiessen recessed the meeting at 3:02p.m., to reconvene at 4:10 p.m.

The meeting reconvened at 4:10 p.m. and Chairman Thiessen said the members had a chance to think about some proposals, and asked the members pleasure on the bill.

Senator Fred Kerr offered a motion to ask the Ways and Means Committee to introduce a bill with the following components, sales tax increased 3/4¢, to start October 1st. Corporate Income Tax to be increased ¼% on base, and ¼% on surtax, and remove the sales tax exemptions, that are on the Legislatvie Research Memorandum, (Attachment 1) with the following changes, low-income housing be eliminated, telephone services exemption be changed to, intrastate be stricken, and recommend what the house recommended in their bill, intrastate calls, except for tele-marketing services be taxable. This has a \$5.M fiscal impact and would be at the full rate. The distribution of the monies would all be for property tax reduction, to be distributed according to school district property taxes, 2nd by Senator Montgomery.

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Senator Kerr encouraged the members to add or subtract to the list of exemptions, so they can take a vote of the committee on any individual one.

Senator Lee moved to amend by adding lottery tickets to the sales tax exemption, to the motion on exemptions by Senator Kerr, 2nd by Senator Petty. The motion carried.

Senator Martin moved to amend the 3/4% to 1/2% sales tax, 2nd by Senator Petty.

Senator Fred Kerr said he would encourage that the committee not do that, that if we want to provide help to the extent that at least the property taxpayer would notice it, we need to keep the relief around the \$200.M level, which we are and the 3/4¢ sales tax increase would bring us to a 5¢ sales tax statewide and that is not out of line with surrounding states', and it would provide some significant tax help to the taxpayers, and said we should keep it at a higher level.

Senator Martin said he agreed that we needed to keep the reduction up to the \$200.M level, but he does not agree on the components of how we get there with this mix. He thought, sales tax is very regressive and the thought we needed to look at a different mix, other than the bigger balance of it coming from the sales tax. He said he agrees with the tax relief, but not so much on the sales tax, he thought we should be more balanced on the approach and except less sales tax and a bit more in terms of income tax and a bit more on exemptions.

A few weeks ago the committee was not unanimous, but a majority did concur that we were looking for a level of about \$200.M and he thought if we loaded it with too much sales tax we would run into problems on the floor of the Senate and the Floor in the House.

Chairman Thiessen said we did exempt 105,000 low income taxpayers from income tax.

Senator Fred Kerr said, we have \$188.M in exemptions now.

Senator Martin said we could get \$150.M with cuts but not in sales tax to be distributed to school districts, he said we are seeing Federal mandates, and have options for some sales tax to stay in General Fund.

Chairman Thiessen asked for a vote on Senator Martin's above motion.

The motion by Senator Martin to amend 3/4% to 1/2%, failed.

Senator Petty moved to amend to remove \$0.6M for rooms rented over 28 days, 2nd by Senator Martin.

The committee discussed the exemption for Hotel/motel rooms rented more than 28 days.

Senator Langworthy said she has constituents that are concerned with this for the long term patients in hospital and families that come out of state have to use these facilities and also the long term out patients use this exemption in Johnson County hotels and motels.

The above motion by Senator Petty, carried.

Senator Oleen asked about the exemptions for photo copies, which she said we had in the committee quite some time ago, and she asked what exemptions were included in, Admissions sponsored by political subdivisions?

Tom Severn said maybe county fairs.

Senator Fred Kerr said our total is now \$189.2M.

Senator Lee moved to amend income tax beyond Corporate levels, and look at the upper bracket of the individual income tax issue to put 6.15% on married, 6.9% on single, and would add \$20.M, simulation 0012., 2nd by Senator Francisco.

Senator Lee said that leaves us with about \$220.M which we were looking at originally.

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Senator Langworthy said when the State really needs money that we are getting into a bad tax policy.

Senator Fred Kerr said he did not think the point regarding budgets should be lost, and he does not agree that we need it this year, but by 1991 we are going to have more severe budget problems than we do now, and he thought a modest increase in the income tax in 1990 would preclude and hurt arguments to jack up the income taxes in 1991, and he thought that was a strong argument regarding putting income tax in this bill. He said, he thought the corporate was fine, because they are going to get help with the roll back, and a chance for the the larger Corporations to make a contribution to the roll back effort, and he thinks this is justified, but he thought to raise income tax on individuals, and the strong arguments against that is we admittedly are going to need some increased taxes in the early 1990's and we should keep the option open for income taxes being part of the revenue needs at that time.

Senator Francisco said he understands the Senator's statements from Johnson County, but he said he would support the 3/4¢ sales tax, if the income tax was put in at the \$100,000. He said, he does not intend to support any financial major bill this year in the Senate that does not have income tax back on the \$100,000. brackets. We had a booster tax for one year, and we called it the Johnson County tax, and we had the windfall return, and he said he 2nd Senator Lee's above motion.

Senator Theissen called for a vote on the motion. The motion carried. A division was called, and the motion carried, with 6 members in favor.

Senator Oleen said in a memo given to the committee by the Department of Revenue on January 10, 1990 there were a couple of others she wanted to focus attention on.
1. Deals with the rental of films by motion pictures and this is \$1.2M and the receipts from the motion picture people when they leave those companies, major industries, they would paying sales tax for that usage. We are already taxed when we buy our tickets.

Senator Oleen moved to tax rental of motion picture films, and on the receipts for sales tax on that usage, 2nd by Senator Francisco. The motion carried.

Senator Petty said she is looking at the 11-28-89 memo from Ed Rolfs, 79-3606(k) says Aircraft which is purchased by and delivered to a non-resident in the State of Kansas, and the fiscal note in November was \$30.M or \$40.M, and he question is, it seems we have enough non-residents paying sales tax and asked Tom Severn is he could provide some more information as to what the argument was other than perhaps the non residents might go some place else and buy their aircraft.

Chairman Thiessen said as far as vehicles are concerned we have reciprocal agreements with surrounding states', and if they don't pay KS sales tax, they go home and pay sales tax.

Steve Stotts, Department of Revenue said he thinks that is rational, that if someone from another State comes in and buys an automobile, they can take it back out of the State within a certain period of time and not pay KS sales tax, but pay it to the State where they reside. He said we have agreements with all the surrounding States', especially on sales of vehicles.

Senator Fred Kerr said when we started this process we were uncertain as to the date we should set, and with the numerous changes we have made, he thought we should move the date back to January 1st, for a couple of reasons, 1. with the school districts 18 month budget, we can get much of the impact for tax year 1990 if we don't start any of this until January 1991, and with the 18 month budget we can get most of that, plus when you start talking about income taxes, both corporate and individual, it would be much more straight forward to start that in a new year.

Also, he said, he did not think the committee had clarified that the bills we had on the Senate floor before, once that sales tax bill was tied to the constitutional amendment, in other words there was a floor amendment which said, "this bill won't become effective unless the constitutional amendment which is now SCR1648 is adopted by the people, and he said he thought that amendment would be offered on the floor anyway, he said, he forget to mention this at the beginning, but he thinks this ought to be in the bill.

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Senator Petty said there currently is a rebate available on sales tax paid for by low income people, but the threshold is so low, about \$5,000 to \$7,000. Tom Severn said the lowest threshold is about \$5,000 to \$7,000, it is a graduated refund and lower income people get more money, it varies individually with income. Senator Petty said she is not prepared to make an amendment to this bill, but she would like to mention that she will offer it, and The Chairman said this would be the opportune time to do it, if this bill becomes law, and maybe you would want to raise the amount because we are raising the amount of tax.

Senator Kerr said he thinks it went from 45% to 60% on 1¢, so maybe it should go 45% to 55%, and we could have staff do it to the nearest \$5.00, and he said this would probably reduce the fiscal impact by \$1.M, and if this is agreeable with his 2nd on his motion we will conceptually add this in. Senator Montgomery 2nd the motion, and he agreed with the addition.

Senator Fred Kerr conceptually renewed his motion, which he made at the beginning of this meeting, 2nd by Senator Montgomery to ask Ways and Means to introduce it. The motion carried.

Senator Langworthy and Senator Karr wanted to be recorded by a nay vote.

Chairman Thiessen told the members as time goes on he will announce on the floor when the next meetings will be, and he adjourned the meeting at 5:48 p.m.

MEMORANDUM

Kansas Legislative Research Department

Room 545-N - Statehouse
Topeka, Kansas 66612-1586
(913) 296-3181

April 23, 1990

To: Senate Committee on Assessment and Taxation
Re: Property Tax Rollback Alternatives

This memo is in response to a request for various fiscal notes associated with a property tax rollback. As you know, one proposal would raise the sales and use taxes by 0.75 percent (to 5.0 percent), effective January 1, 1991. In addition, a number of sales tax exemptions would be repealed.

Repeal of Exemptions

In addition to a number of sales tax exemptions which would be repealed, the exemption in K.S.A. 1989 Supp. 79-3606(z) for intrastate local telephone and telegraph services would be repealed only to the extent that a rate of 2.5 percent would apply. We estimate that this policy would raise an additional \$4.1 million, based on fiscal notes provided by the Department of Revenue. The impacts of the other exemption repeals are as follows:

| | <u>Fiscal Note at 4.25%</u> | <u>Fiscal Note at 5.00%</u> |
|--|---------------------------------|---------------------------------|
| Admissions to events sponsored by political subdivisions | \$0.4 | \$0.5 |
| Coin-operated laundry services | 0.9 | 1.1 |
| Elementary/secondary textbook rental | 0.3 | 0.4 |
| Purchases of groundwater management districts | 0.1 | 0.1 |
| Purchases of port authority | 0.6 | 0.7 |
| Purchases to prevent soil erosion on agricultural land in CRP | 0.4 | 0.5 |
| Purchases of community groups for repair of low-income housing | 0.1 | 0.1 |
| Purchases of nonprofit museums, historical societies, and cosmospheres | 0.2 | 0.2 |
| Purchases within enterprise zones not otherwise exempt as manufacturing machinery or equipment | 1.0 | 1.2 |

Fiscal Impact

Based on some changes to current law which would prevent the transfers to the LAVTRF, CCRSF, and SHF from increasing due to the January 1 rate increase and exemption repeals, we estimate that approximately \$71.9 million would be available for property tax relief at the end of FY 1991. For FY 1992, the amount available would be about \$176.7 million, based on the assumption that sales and use tax receipts would grow by 3.75 percent.

The amount available for property tax relief under a similar proposal which raised the sales and use tax rates by 0.75 percent but did not repeal any exemptions would be approximately \$68.2 million at the end of FY 1991, and \$167.3 million for FY 1992.

Income Tax Component

The Director of Taxation has given the Research Department several individual income tax runs which would raise from \$10 million to \$50 million with the increase limited to taxable incomes of \$100,000 or more.

With respect to the corporation income tax, we believe that an increase of 0.25 percent in both the base rate and the surtax would raise approximately \$9.6 million.

| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|--------|--------------------------|-------|
| | Proposed Tax Rates | | | |
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - \$100 | 5.15% |
| | \$35 - \$45 | 8.50% | \$100 - Over | 5.65% |
| | \$45 - \$75 | 8.75% | | |
| | \$75 - Over | 10.00% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - \$100 | 5.95% |
| | \$10 - \$20 | 5.75% | \$100 - Over | 6.40% |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - \$75 | 8.75% | | |
| | \$75 - Over | 10.00% | | |

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1990
Resident Taxpayers
Liability Dollars are in Millions

| K.A.G.I. Bracket | Married | | | | | Single | | | | | Total Residents | | | | |
|------------------|----------------|----------------|----------------------------|--------------------------|----------------|----------------|----------------|----------------------------|--------------------------|----------------|-----------------|----------------|----------------------------|--------------------------|----------------|
| | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate |
| No K.A.G.I. | 5,835 | 0.0% | \$0.0 | \$0.00 | 0.0% | 4,728 | 0.0% | \$0.0 | \$0.00 | 0.0% | 10,563 | 0.0% | \$0.0 | \$0.00 | 0.0% |
| \$0 \$5 | 12,978 | #DIV/0! | \$0.0 | \$0.00 | 0.0% | 117,404 | 0.0% | \$0.0 | \$0.00 | 0.2% | 130,382 | 0.0% | \$0.0 | \$0.00 | 0.2% |
| \$5 \$15 | 65,694 | 0.0% | \$0.0 | \$0.00 | 0.3% | 175,050 | 0.0% | \$0.0 | \$0.00 | 1.5% | 240,744 | 0.0% | \$0.0 | \$0.00 | 1.2% |
| \$15 \$25 | 84,608 | 0.0% | \$0.0 | \$0.00 | 1.4% | 95,775 | 0.0% | \$0.0 | \$0.00 | 2.6% | 180,382 | 0.0% | \$0.0 | \$0.00 | 2.0% |
| \$25 \$35 | 87,626 | 0.0% | \$0.0 | \$0.00 | 2.0% | 49,698 | 0.0% | \$0.0 | \$0.00 | 3.0% | 137,324 | 0.0% | \$0.0 | \$0.00 | 2.3% |
| \$35 \$50 | 113,078 | 0.0% | \$0.0 | \$0.00 | 2.3% | 26,358 | 0.0% | \$0.0 | \$0.00 | 3.4% | 139,437 | 0.0% | \$0.0 | \$0.00 | 2.5% |
| \$50 \$100 | 117,706 | 0.0% | \$0.0 | \$0.00 | 2.7% | 11,670 | 0.0% | \$0.0 | \$0.00 | 3.7% | 129,376 | 0.0% | \$0.0 | \$0.00 | 2.8% |
| \$100 Over | 19,416 | 6.0% | \$8.8 | \$454.10 | 3.6% | 2,012 | 4.3% | \$0.8 | \$379.97 | 4.4% | 21,429 | 5.8% | \$9.6 | \$447.14 | 3.7% |
| Total | 506,942 | 1.6% | \$8.8 | \$17.39 | 2.5% | 482,696 | 0.4% | \$0.8 | \$1.58 | 2.7% | 989,638 | 1.2% | \$9.6 | \$9.68 | 2.6% |

Percent of All Taxpayers by K.A.G.I. Bracket
Using Each Alternative

| Fiscal Impact: | | No Federal Deductibility | Federal Deductibility |
|--------------------|--------|--------------------------|-----------------------|
| All Taxpayers: | \$10.4 | \$0 - \$5 95.7% | 4.3% |
| Residents Only: | \$9.6 | \$5 - \$15 70.6% | 29.4% |
| | | \$15 - \$25 93.5% | 6.5% |
| Married Residents: | \$8.8 | \$25 - \$35 98.4% | 1.6% |
| Single Residents: | \$0.8 | \$35 - \$50 99.2% | 0.8% |
| | | \$50 - \$100 98.7% | 1.3% |
| Non-Residents: | \$0.8 | \$100 - Over 99.7% | 0.3% |
| | | Total 90.8% | 9.2% |

Current Law Tax Rates

| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|-------|--------------------------|-------|
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - Over | 5.15% |
| | \$35 - \$45 | 8.50% | | |
| | \$45 - Over | 8.75% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - Over | 5.95% |
| | \$10 - \$20 | 5.75% | | |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - Over | 8.75% | | |

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| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|--------|--------------------------|-------|
| | Proposed Tax Rates | | | |
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - \$100 | 5.15% |
| | \$35 - \$45 | 8.50% | \$100 - Over | 6.15% |
| | \$45 - \$75 | 8.75% | | |
| | \$75 - Over | 10.00% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - \$100 | 5.95% |
| | \$10 - \$20 | 5.75% | \$100 - Over | 6.90% |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - \$75 | 8.75% | | |
| | \$75 - Over | 10.00% | | |

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1990
Resident Taxpayers
Liability Dollars are In Millions

| K.A.G.I. Bracket | Married | | | | | Single | | | | | Total Residents | | | | |
|------------------|----------------|----------------|----------------------------|--------------------------|----------------|----------------|----------------|----------------------------|--------------------------|----------------|-----------------|----------------|----------------------------|--------------------------|----------------|
| | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate |
| No K.A.G.I. | 5,835 | 0.0% | \$0.0 | \$0.00 | 0.0% | 4,728 | 0.0% | \$0.0 | \$0.00 | 0.0% | 10,563 | 0.0% | \$0.0 | \$0.00 | 0.0% |
| \$0 \$5 | 12,978 | #DIV/0! | \$0.0 | \$0.00 | 0.0% | 117,404 | 0.0% | \$0.0 | \$0.00 | 0.2% | 130,382 | 0.0% | \$0.0 | \$0.00 | 0.2% |
| \$5 \$15 | 65,694 | 0.0% | \$0.0 | \$0.00 | 0.3% | 175,050 | 0.0% | \$0.0 | \$0.00 | 1.5% | 240,744 | 0.0% | \$0.0 | \$0.00 | 1.2% |
| \$15 \$25 | 84,608 | 0.0% | \$0.0 | \$0.00 | 1.4% | 95,775 | 0.0% | \$0.0 | \$0.00 | 2.6% | 180,382 | 0.0% | \$0.0 | \$0.00 | 2.0% |
| \$25 \$35 | 87,626 | 0.0% | \$0.0 | \$0.00 | 2.0% | 49,698 | 0.0% | \$0.0 | \$0.00 | 3.0% | 137,324 | 0.0% | \$0.0 | \$0.00 | 2.3% |
| \$35 \$50 | 113,078 | 0.0% | \$0.0 | \$0.00 | 2.3% | 26,358 | 0.0% | \$0.0 | \$0.00 | 3.4% | 139,437 | 0.0% | \$0.0 | \$0.00 | 2.5% |
| \$50 \$100 | 117,706 | 0.0% | \$0.0 | \$0.00 | 2.7% | 11,670 | 0.0% | \$0.0 | \$0.00 | 3.7% | 129,376 | 0.0% | \$0.0 | \$0.00 | 2.8% |
| \$100 Over | 19,416 | 12.1% | \$17.6 | \$908.60 | 3.9% | 2,012 | 9.1% | \$1.6 | \$802.94 | 4.6% | 21,429 | 11.7% | \$19.3 | \$898.68 | 3.9% |
| Total | 506,942 | 3.2% | \$17.6 | \$34.80 | 2.6% | 482,696 | 0.8% | \$1.6 | \$3.35 | 2.7% | 989,638 | 2.5% | \$19.3 | \$19.46 | 2.6% |

Percent of All Taxpayers by K.A.G.I. Bracket
Using Each Alternative

| Fiscal Impact: | | No Federal Deductibility | Federal Deductibility |
|--------------------|--------|--------------------------|-----------------------|
| All Taxpayers: | \$20.8 | \$0 - \$5 95.7% | 4.3% |
| Residents Only: | \$19.3 | \$5 - \$15 70.6% | 29.4% |
| | | \$15 - \$25 93.5% | 6.5% |
| Married Residents: | \$17.6 | \$25 - \$35 98.4% | 1.6% |
| Single Residents: | \$1.6 | \$35 - \$50 99.2% | 0.8% |
| | | \$50 - \$100 98.7% | 1.3% |
| Non-Residents: | \$1.6 | \$100 - Over 99.7% | 0.3% |
| | | Total 90.8% | 9.2% |

Current Law Tax Rates

| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|-------|--------------------------|-------|
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - Over | 5.15% |
| | \$35 - \$45 | 8.50% | | |
| | \$45 - Over | 8.75% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - Over | 5.95% |
| | \$10 - \$20 | 5.75% | | |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - Over | 8.75% | | |

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| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|--------|--------------------------|-------|
| | Proposed Tax Rates | | | |
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - \$100 | 5.15% |
| | \$35 - \$45 | 8.50% | \$100 - Over | 6.60% |
| | \$45 - \$75 | 8.75% | | |
| | \$75 - Over | 12.00% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - \$100 | 5.95% |
| | \$10 - \$20 | 5.75% | \$100 - Over | 7.35% |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - \$75 | 8.75% | | |
| | \$75 - Over | 12.00% | | |

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1990
Resident Taxpayers
Liability Dollars are in Millions

| K.A.G.I. Bracket | Married | | | | | Single | | | | | Total Residents | | | | |
|------------------|----------------|----------------|----------------------------|--------------------------|----------------|----------------|----------------|----------------------------|--------------------------|----------------|-----------------|----------------|----------------------------|--------------------------|----------------|
| | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate |
| No K.A.G.I. | 5,835 | 0.0% | \$0.0 | \$0.00 | 0.0% | 4,728 | 0.0% | \$0.0 | \$0.00 | 0.0% | 10,563 | 0.0% | \$0.0 | \$0.00 | 0.0% |
| \$0 \$5 | 12,978 | #DIV/0! | \$0.0 | \$0.00 | 0.0% | 117,404 | 0.0% | \$0.0 | \$0.00 | 0.2% | 130,382 | 0.0% | \$0.0 | \$0.00 | 0.2% |
| \$5 \$15 | 65,694 | 0.0% | \$0.0 | \$0.00 | 0.3% | 175,050 | 0.0% | \$0.0 | \$0.00 | 1.5% | 240,744 | 0.0% | \$0.0 | \$0.00 | 1.2% |
| \$15 \$25 | 84,608 | 0.0% | \$0.0 | \$0.00 | 1.4% | 95,775 | 0.0% | \$0.0 | \$0.00 | 2.6% | 180,382 | 0.0% | \$0.0 | \$0.00 | 2.0% |
| \$25 \$35 | 87,626 | 0.0% | \$0.0 | \$0.00 | 2.0% | 49,698 | 0.0% | \$0.0 | \$0.00 | 3.0% | 137,324 | 0.0% | \$0.0 | \$0.00 | 2.3% |
| \$35 \$50 | 113,078 | 0.0% | \$0.0 | \$0.00 | 2.3% | 26,358 | 0.0% | \$0.0 | \$0.00 | 3.4% | 139,437 | 0.0% | \$0.0 | \$0.00 | 2.5% |
| \$50 \$100 | 117,706 | 0.0% | \$0.0 | \$0.00 | 2.7% | 11,670 | 0.0% | \$0.0 | \$0.00 | 3.7% | 129,376 | 0.0% | \$0.0 | \$0.00 | 2.8% |
| \$100 Over | 19,416 | 17.5% | \$25.6 | \$1,317.60 | 4.0% | 2,012 | 13.4% | \$2.4 | \$1,183.54 | 4.8% | 21,429 | 17.1% | \$28.0 | \$1,305.02 | 4.1% |
| Total | 506,942 | 4.6% | \$25.6 | \$50.47 | 2.6% | 482,696 | 1.1% | \$2.4 | \$4.93 | 2.7% | 989,638 | 3.6% | \$28.0 | \$28.26 | 2.6% |

Percent of All Taxpayers by K.A.G.I. Bracket
Using Each Alternative

| Fiscal Impact: | | No Federal Deductibility | Federal Deductibility |
|--------------------|--------|--------------------------|-----------------------|
| All Taxpayers: | \$30.2 | \$0 - \$5 95.7% | 4.3% |
| Residents Only: | \$28.0 | \$5 - \$15 70.6% | 29.4% |
| | | \$15 - \$25 93.5% | 6.5% |
| Married Residents: | \$25.6 | \$25 - \$35 98.4% | 1.6% |
| Single Residents: | \$2.4 | \$35 - \$50 99.2% | 0.8% |
| | | \$50 - \$100 98.7% | 1.3% |
| Non-Residents: | \$2.3 | \$100 - Over 99.7% | 0.3% |
| | | Total 90.8% | 9.2% |

Current Law Tax Rates

| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|-------|--------------------------|-------|
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - Over | 5.15% |
| | \$35 - \$45 | 8.50% | | |
| | \$45 - Over | 8.75% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - Over | 5.95% |
| | \$10 - \$20 | 5.75% | | |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - Over | 8.75% | | |

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| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|--------|--------------------------|-------|
| | Proposed Tax Rates | | | |
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - \$100 | 5.15% |
| | \$35 - \$45 | 8.50% | \$100 - Over | 7.10% |
| | \$45 - \$75 | 8.75% | | |
| | \$75 - Over | 12.00% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - \$100 | 5.95% |
| | \$10 - \$20 | 5.75% | \$100 - Over | 7.85% |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - \$75 | 8.75% | | |
| | \$75 - Over | 12.00% | | |

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1990
Resident Taxpayers
Liability Dollars are in Millions

| K.A.G.I. Bracket | Married | | | | | Single | | | | | Total Residents | | | | |
|------------------|----------------|----------------|----------------------------|--------------------------|----------------|----------------|----------------|----------------------------|--------------------------|----------------|-----------------|----------------|----------------------------|--------------------------|----------------|
| | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate |
| No K.A.G.I. | 5,835 | 0.0% | \$0.0 | \$0.00 | 0.0% | 4,728 | 0.0% | \$0.0 | \$0.00 | 0.0% | 10,563 | 0.0% | \$0.0 | \$0.00 | 0.0% |
| \$0 \$5 | 12,978 | #DIV/0! | \$0.0 | \$0.00 | 0.0% | 117,404 | 0.0% | \$0.0 | \$0.00 | 0.2% | 130,382 | 0.0% | \$0.0 | \$0.00 | 0.2% |
| \$5 \$15 | 65,694 | 0.0% | \$0.0 | \$0.00 | 0.3% | 175,050 | 0.0% | \$0.0 | \$0.00 | 1.5% | 240,744 | 0.0% | \$0.0 | \$0.00 | 1.2% |
| \$15 \$25 | 84,608 | 0.0% | \$0.0 | \$0.00 | 1.4% | 95,775 | 0.0% | \$0.0 | \$0.00 | 2.6% | 180,382 | 0.0% | \$0.0 | \$0.00 | 2.0% |
| \$25 \$35 | 87,626 | 0.0% | \$0.0 | \$0.00 | 2.0% | 49,698 | 0.0% | \$0.0 | \$0.00 | 3.0% | 137,324 | 0.0% | \$0.0 | \$0.00 | 2.3% |
| \$35 \$50 | 113,078 | 0.0% | \$0.0 | \$0.00 | 2.3% | 26,358 | 0.0% | \$0.0 | \$0.00 | 3.4% | 139,437 | 0.0% | \$0.0 | \$0.00 | 2.5% |
| \$50 \$100 | 117,706 | 0.0% | \$0.0 | \$0.00 | 2.7% | 11,670 | 0.0% | \$0.0 | \$0.00 | 3.7% | 129,376 | 0.0% | \$0.0 | \$0.00 | 2.8% |
| \$100 Over | 19,416 | 23.5% | \$34.4 | \$1,772.08 | 4.2% | 2,012 | 18.2% | \$3.2 | \$1,606.41 | 5.0% | 21,429 | 23.0% | \$37.6 | \$1,756.53 | 4.3% |
| Total | 506,942 | 6.2% | \$34.4 | \$67.87 | 2.6% | 482,696 | 1.5% | \$3.2 | \$6.70 | 2.7% | 989,638 | 4.9% | \$37.6 | \$38.03 | 2.6% |

Percent of All Taxpayers by K.A.G.I. Bracket
Using Each Alternative

| Fiscal Impact: | | No Federal Deductibility | Federal Deductibility |
|--------------------|--------|--------------------------|-----------------------|
| All Taxpayers: | \$40.7 | \$0 - \$5 95.7% | 4.3% |
| Residents Only: | \$37.6 | \$5 - \$15 70.6% | 29.4% |
| | | \$15 - \$25 93.5% | 6.5% |
| Married Residents: | \$34.4 | \$25 - \$35 98.4% | 1.6% |
| Single Residents: | \$3.2 | \$35 - \$50 99.2% | 0.8% |
| | | \$50 - \$100 98.7% | 1.3% |
| Non-Residents: | \$3.0 | \$100 - Over 99.4% | 0.6% |
| | | Total 90.8% | 9.2% |

Current Law Tax Rates

| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|-------|--------------------------|-------|
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - Over | 5.15% |
| | \$35 - \$45 | 8.50% | | |
| | \$45 - Over | 8.75% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - Over | 5.95% |
| | \$10 - \$20 | 5.75% | | |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - Over | 8.75% | | |

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| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|--------|--------------------------|-------|
| | Proposed Tax Rates | | | |
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - \$100 | 5.15% |
| | \$35 - \$45 | 8.50% | \$100 - Over | 7.60% |
| | \$45 - \$75 | 8.75% | | |
| | \$75 - Over | 13.00% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - \$100 | 5.95% |
| | \$10 - \$20 | 5.75% | \$100 - Over | 8.35% |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - \$75 | 8.75% | | |
| | \$75 - Over | 13.00% | | |

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1990
Resident Taxpayers
Liability Dollars are in Millions

| K.A.G.I. Bracket | Married | | | | | Single | | | | | Total Residents | | | | |
|------------------|----------------|----------------|----------------------------|--------------------------|----------------|----------------|----------------|----------------------------|--------------------------|----------------|-----------------|----------------|----------------------------|--------------------------|----------------|
| | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate |
| No K.A.G.I. | 5,835 | 0.0% | \$0.0 | \$0.00 | 0.0% | 4,728 | 0.0% | \$0.0 | \$0.00 | 0.0% | 10,563 | 0.0% | \$0.0 | \$0.00 | 0.0% |
| \$0 \$5 | 12,978 | #DIV/0! | \$0.0 | \$0.00 | 0.0% | 117,404 | 0.0% | \$0.0 | \$0.00 | 0.2% | 130,382 | 0.0% | \$0.0 | \$0.00 | 0.2% |
| \$5 \$15 | 65,694 | 0.0% | \$0.0 | \$0.00 | 0.3% | 175,050 | 0.0% | \$0.0 | \$0.00 | 1.5% | 240,744 | 0.0% | \$0.0 | \$0.00 | 1.2% |
| \$15 \$25 | 84,608 | 0.0% | \$0.0 | \$0.00 | 1.4% | 95,775 | 0.0% | \$0.0 | \$0.00 | 2.6% | 180,382 | 0.0% | \$0.0 | \$0.00 | 2.0% |
| \$25 \$35 | 87,626 | 0.0% | \$0.0 | \$0.00 | 2.0% | 49,698 | 0.0% | \$0.0 | \$0.00 | 3.0% | 137,324 | 0.0% | \$0.0 | \$0.00 | 2.3% |
| \$35 \$50 | 113,078 | 0.0% | \$0.0 | \$0.00 | 2.3% | 26,358 | 0.0% | \$0.0 | \$0.00 | 3.4% | 139,437 | 0.0% | \$0.0 | \$0.00 | 2.5% |
| \$50 \$100 | 117,706 | 0.0% | \$0.0 | \$0.00 | 2.7% | 11,670 | 0.0% | \$0.0 | \$0.00 | 3.7% | 129,376 | 0.0% | \$0.0 | \$0.00 | 2.8% |
| \$100 Over | 19,416 | 29.6% | \$43.2 | \$2,226.59 | 4.5% | 2,012 | 23.0% | \$4.1 | \$2,029.38 | 5.2% | 21,429 | 28.9% | \$47.3 | \$2,208.07 | 4.5% |
| Total | 506,942 | 7.7% | \$43.2 | \$85.28 | 2.7% | 482,696 | 2.0% | \$4.1 | \$8.46 | 2.7% | 989,638 | 6.2% | \$47.3 | \$47.81 | 2.7% |

Percent of All Taxpayers by K.A.G.I. Bracket
Using Each Alternative

| Fiscal Impact: | | No Federal Deductibility | Federal Deductibility |
|--------------------|--------|--------------------------|-----------------------|
| All Taxpayers: | \$51.1 | \$0 - \$5 95.7% | 4.3% |
| Residents Only: | \$47.3 | \$5 - \$15 70.6% | 29.4% |
| | | \$15 - \$25 93.5% | 6.5% |
| Married Residents: | \$43.2 | \$25 - \$35 98.4% | 1.6% |
| Single Residents: | \$4.1 | \$35 - \$50 99.2% | 0.8% |
| | | \$50 - \$100 98.7% | 1.3% |
| Non-Residents: | \$3.8 | \$100 - Over 99.4% | 0.6% |
| | | Total 90.8% | 9.2% |

Current Law Tax Rates

| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|-------|--------------------------|-------|
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - Over | 5.15% |
| | \$35 - \$45 | 8.50% | | |
| | \$45 - Over | 8.75% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - Over | 5.95% |
| | \$10 - \$20 | 5.75% | | |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - Over | 8.75% | | |

1-7

JOAN WAGNON
 REPRESENTATIVE, FIFTY-FIFTH DISTRICT
 1606 BOSWELL
 TOPEKA, KANSAS 66604
 (913) 235-5881
 OFFICE:
 STATE CAPITOL, 278-W
 TOPEKA, KANSAS 66612
 (913) 296-7647

HB 2459



TOPEKA

HOUSE OF
 REPRESENTATIVES

DEMOCRAT AGENDA CHAIR
 COMMITTEE ASSIGNMENTS
 RANKING MINORITY MEMBER: TAXATION
 MEMBER: FEDERAL AND STATE AFFAIRS

Sales Tax Exemptions to be removed:

KSA 79-3603

- | | |
|--|-----|
| (b) Interstate telephone, with exemption for tele-marketing firms | 5.0 |
| (e) Amusements, entertainment or recreation sponsored by political subdivision, or triennial historical events | 0.4 |
| (g) Hotel/motel rooms rented more than 28 days | 0.6 |
| (i) Coin-operated laundry | 0.9 |
| (q) <u>ADD</u> : janitorial services | 2.5 |

KSA 79-3606

- | | |
|--|---------|
| (d) Contractor exemption, <u>but</u> materials purchased directly by non-profit hospitals, educational institutions or political subdivisions will be exempt | unknown |
| (h) Rentals of textbooks by elementary/secondary schools | 0.3 |
| (t) Property/services purchased by groundwater-management districts | 0.1 |
| (ee) New/used machinery for businesses in enterprise zones | 1.0 |
| (gg) Lottery tickets | 2.0 |
| (oo) Seeds, etc for CRP program | 0.4 |
| (qq) Personal property purchased by community groups for weatherization low income housing | 0.1 |
| (ss) Personal property/services purchased by non-profit museum or historical society | 0.2 |
| (tt) Tickets to annual events such as Railroad Days | 0.1 |

ADD: Services provided by licensed cosmetologists and barbers, including haircuts, sculptured nails, etc. Senate Assessment and Taxation Committee 9.0

| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|--------|--------------------------|-------|
| | Proposed Tax Rates | | | |
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - \$100 | 5.15% |
| | \$35 - \$45 | 8.50% | \$100 - Over | 7.40% |
| | \$45 - \$75 | 8.75% | | |
| | \$75 - Over | 13.00% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - \$100 | 5.95% |
| | \$10 - \$20 | 5.75% | \$100 - Over | 8.35% |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - \$75 | 8.75% | | |
| | \$75 - Over | 13.00% | | |

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1990
Resident Taxpayers
Liability Dollars are in Millions

| K.A.G.I. Bracket | Married | | | | | Single | | | | | Total Residents | | | | |
|------------------|----------------|----------------|----------------------------|--------------------------|----------------|----------------|----------------|----------------------------|--------------------------|----------------|-----------------|----------------|----------------------------|--------------------------|----------------|
| | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate | No. Of Returns | Percent Change | Dollar Change In Liability | Dollar Change Per Return | Effective Rate |
| No K.A.G.I. | 5,835 | 0.0% | \$0.0 | \$0.00 | 0.0% | 4,728 | 0.0% | \$0.0 | \$0.00 | 0.0% | 10,563 | 0.0% | \$0.0 | \$0.00 | 0.0% |
| \$0 \$5 | 12,978 | #DIV/0! | \$0.0 | \$0.00 | 0.0% | 117,404 | 0.0% | \$0.0 | \$0.00 | 0.2% | 130,382 | 0.0% | \$0.0 | \$0.00 | 0.2% |
| \$5 \$15 | 65,694 | 0.0% | \$0.0 | \$0.00 | 0.3% | 175,050 | 0.0% | \$0.0 | \$0.00 | 1.5% | 240,744 | 0.0% | \$0.0 | \$0.00 | 1.2% |
| \$15 \$25 | 84,608 | 0.0% | \$0.0 | \$0.00 | 1.4% | 95,775 | 0.0% | \$0.0 | \$0.00 | 2.6% | 180,382 | 0.0% | \$0.0 | \$0.00 | 2.0% |
| \$25 \$35 | 87,626 | 0.0% | \$0.0 | \$0.00 | 2.0% | 49,698 | 0.0% | \$0.0 | \$0.00 | 3.0% | 137,324 | 0.0% | \$0.0 | \$0.00 | 2.3% |
| \$35 \$50 | 113,078 | 0.0% | \$0.0 | \$0.00 | 2.3% | 26,358 | 0.0% | \$0.0 | \$0.00 | 3.4% | 139,437 | 0.0% | \$0.0 | \$0.00 | 2.5% |
| \$50 \$100 | 117,706 | 0.0% | \$0.0 | \$0.00 | 2.7% | 11,670 | 0.0% | \$0.0 | \$0.00 | 3.7% | 129,376 | 0.0% | \$0.0 | \$0.00 | 2.8% |
| \$100 Over | 19,416 | 27.2% | \$39.7 | \$2,044.78 | 4.4% | 2,012 | 23.0% | \$4.1 | \$2,029.38 | 5.2% | 21,429 | 26.7% | \$43.8 | \$2,043.33 | 4.4% |
| Total | 506,942 | 7.1% | \$39.7 | \$78.32 | 2.6% | 482,696 | 2.0% | \$4.1 | \$8.46 | 2.7% | 989,638 | 5.7% | \$43.8 | \$44.24 | 2.7% |

Percent of All Taxpayers by K.A.G.I. Bracket Using Each Alternative

| Fiscal Impact: | | No Federal Deductibility | Federal Deductibility |
|--------------------|--------|--------------------------|-----------------------|
| All Taxpayers: | \$47.3 | \$0 - \$5 95.7% | 4.3% |
| Residents Only: | \$43.8 | \$5 - \$15 70.6% | 29.4% |
| | | \$15 - \$25 93.5% | 6.5% |
| Married Residents: | \$39.7 | \$25 - \$35 98.4% | 1.6% |
| Single Residents: | \$4.1 | \$35 - \$50 99.2% | 0.8% |
| | | \$50 - \$100 98.7% | 1.3% |
| Non-Residents: | \$3.5 | \$100 - Over 99.4% | 0.6% |
| | | Total 90.8% | 9.2% |

Current Law Tax Rates

| | With Federal Deductibility | | No Federal Deductibility | |
|----------|----------------------------|-------|--------------------------|-------|
| Married: | \$0 - \$20 | 4.75% | \$0 - \$35 | 3.65% |
| | \$20 - \$35 | 5.00% | \$35 - Over | 5.15% |
| | \$35 - \$45 | 8.50% | | |
| | \$45 - Over | 8.75% | | |
| Single: | \$0 - \$2 | 4.75% | \$0 - \$27.5 | 4.50% |
| | \$2 - \$10 | 5.60% | \$27.5 - Over | 5.95% |
| | \$10 - \$20 | 5.75% | | |
| | \$20 - \$30 | 8.50% | | |
| | \$30 - Over | 8.75% | | |

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79-3606
 20.5-X
 .8-4
 3.25-B
 7.5-U
 7.5-M.M.
 2.0-

SESSION OF 1990

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2858

As Amended by House Committee on Taxation

Brief*

H.B. 2858, as amended, would amend the Kansas Retailers' Sales Tax Act to eliminate and change a number of sales tax exemptions, effective June 1, 1990. An amount of money which approximates the amount attributable to the increase in receipts from repeal of the exemptions would be transferred to school districts and earmarked for property tax relief.

Elimination of Sales Tax Exemptions

The bill would eliminate the following sales tax exemptions (fiscal notes provided by Department of Revenue):

| | | | | |
|---|------|-------|-------------------|-------------------|
| Interstate telephone and telegraph services | 3.25 | \$6.5 | million | Mike Rechin |
| Admissions sponsored by political subdivisions | | 0.4 | million | No one appearing |
| Hotel/motel rooms rented more than 28 days | | 0.6 | million | George Barbic |
| Personalty owned by cities and purchased with proceeds from IRBs issued prior to July 1, 1973 | | | "minimal" million | |
| Coin-operated laundry services | | 0.9 | million | No one appearing |
| Purchases of railroads and public utility for use in interstate commerce | | 35.0 | million | Left out of 692 |
| Sales and repair of aircraft sold and used in interstate commerce | | 10.0 | million | Bernie Koch |
| Elementary/secondary textbook rentals | | 0.3 | million | No one appearing |
| Purchases of groundwater management districts | | 0.1 | million | No one appearing |
| New and used farm machinery and equipment | | 15.0 | million | Dee Likes |
| Materials, services for repair of railroad rolling stock | | 6.0 | million | John Blythe |
| Purchases of port authority | | 0.6 | million | Left out of 692 |
| Materials, services for repair of natural gas equipment outside of state | | 0.9 | million | No one appearing |
| Business machinery and equipment and other purchases used in for construction within enterprise zones | | 1.0 | million | Schnacke |
| Lottery tickets | | 2.0 | million | Bob with KCCI |
| | | | | KBC one appearing |

* Supplemental Notes are prepared by the Legislative Research Department and do not express legislative intent.

| | | | |
|--|---------------|----------------|--------------------|
| Purchases of nonprofit youth development programs | 15.0 | million | "minimal" - NO ONE |
| Manufacturing machinery and equipment | | | BOB with |
| Educational materials purchased by nonprofit public health organizations | | | KCCF |
| Seeds, fertilizers, other property and services to prevent soil erosion on agricultural land | 0.4 | million | "minimal" - NO ONE |
| Advertising agency or broadcast station services | 0.5 | million | HANNAH |
| Purchases of community groups for repair of low-income housing | 0.1 | million | large |
| Purchases of nonprofit museums and historical societies and cosmospheres | 0.2 | million | } NO ONE |
| Property for admission to annual 501(c)(3) events | 0.1 | million | |
| TOTAL | \$95.6 | million | APPEARING |

The bill also would clarify the extent to which contractors who have entered into written agreements prior to the effective date of the act would be exempt.

All remaining sales tax exemptions in K.S.A. 1989 Supp. 79-3606 would sunset on July 1, 1995.

Distribution to School Districts

The bill would provide that 10.733 percent of all sales tax receipts be deposited in a new fund, the School District Ad Valorem Tax Reduction Fund. This would be roughly equivalent to the increase in sales tax receipts attributable to repeal of the exemptions. One-half of the monies in the SDAVTRF would be distributed to school districts based on the following formula: (1) 50 percent apportioned to each district on the basis of full-time equivalent enrollment; and (2) 50 percent on the basis of "adjusted" enrollment, determined by dividing the state average assessed valuation per pupil by the district assessed valuation per pupil and multiplying the quotient by the district enrollment. The remaining half of the monies in the SDAVTRF would be distributed to school districts based on the general fund tax dollars to be levied in the current year, allowing for the adjustments attributable to distribution of the first half of the SDAVTRF monies.

Background

The House Committee rejected many of the provisions of a subcommittee report which would have extended the sales tax to services.



League of Kansas Municipalities

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL/112 WEST SEVENTH ST., TOPEKA, KANSAS 66603/AREA 913-354-9565

April 20, 1990

Senator Dan Thiessen, Chairman
Senate Committee on Assessment and Taxation
State Capitol—Room 143-N
Topeka, KS 66612

Dear Dan:

Enclosed is a proposed amendment to HB 2700, the tax lid bill on Senate General Orders. While it amends a section included within HB 2700, it does not directly relate to the tax lid. Instead, as later explained, it authorizes local governments to issue no-fund warrants when reductions in assessed valuations jeopardizes the financing of "imperative functions" during the current budget year.

We did not offer this amendment earlier since we did not want to further complicate the tax lid issue. However, the section to be amended (K.S.A. 79-2005) is within HB 2700. The alternative of a new bill, which would need to amend a section in a bill not yet passed (HB 2700), presents some problems.

Under K.S.A. 79-2005(l), as amended, as shown by the attached photocopy of page 58 of HB 2700, local taxing units may now issue no-fund warrants when a "refund of taxes" is paid as a result of the assessment and protest appeals process. However, this provision does not apply to the reduction of taxes as a result of decreases in assessed valuations. As you know, tax levy rates applied to the original 1989 assessed valuations of a local unit are not increased when assessments are decreased after levy certification time.

Let me use the City of Topeka as an example, since this data is readily available. The assessed valuation of Topeka as of November 1, 1989—the valuation on which the City spread its tax levies and budgeted its tax revenues for 1990—was \$588,786,630. As of April 1, Topeka's assessed valuation (as of January 1, 1989) is \$575,714,450. This is a reduced assessed valuation of \$13,072,180, equal to 2.22% of the City's valuation. Thus, in the case of Topeka, the city will receive for 1990 purposes at least 2.22% less than the amount budgeted, and assessments are still being reduced!

I do not know whether a 2.22% reduction in property taxes resulting from net assessment valuation reductions will jeopardize any "imperative functions" of Topeka. However, there may well be other taxing jurisdictions—especially smaller units—where assessed valuation reductions may constitute a much larger percentage than in Topeka. **Valuations (tax) reductions in the 5% to 10% range appear probable for some taxing units--see postscript.**

Please note on lines 29:33 of page 58 of HB 2700 (enclosed) that the no-fund warrants

Senate Assessment and Taxation Committee
*President: Irene B. French, Mayor, Merriam * Vice President: Frances J. Garcia, Mayor, Hutchinson * Directors: Ed Ellert, Mayor, Overland Park * Harry Felker, Mayor, Topeka * Greg Ferris, Councilmember, Wichita * Idella Frickey, Mayor, Oberlin * William J. Goering, City Clerk/Administrator, McPherson * Judith C. Hollneworth, Mayor, Humboldt * Jesse Jackson, Mayor, Chanute * Stan Martin, City Attorney, Abilene * Richard U. Nienstedt, City Manager, Concordia * Judy M. Sargent, City Manager, Russell * Joseph E. Steineger, Mayor, Kansas City * Bonnie Talley, Mayor, Garden City*
April 24, 1990 ATTACHMENT 4

which would be authorized by the amendment would be for one year only. Thus, for example, if a city finds that assessment reductions will cause it to receive \$5,000 less in property taxes than budgeted, and some or all of this \$5,000 is necessary to finance imperative functions, it could issue no-fund warrants, such as in August, and then increase its tax levies for 1991 sufficient to pay the principal and interest on the no-fund warrants.

K.S.A. 79-2938 now authorizes the issuance of no-fund warrants for general revenue shortages, by application to the State Board of Tax Appeals. This is a cumbersome, time consuming and expensive process, and was not designed to fit the fact situation of assessment reductions. With all the procedural, notice and hearing requirements under this statute, the full cost of the process alone could exceed the amount needed to be borrowed by a small taxing unit.

I have discussed this general matter with representatives of the Kansas Association of Counties and Kansas Association of School Boards, and understand that they would like to jointly sponsor or at least support this proposal. We think local elected governing bodies should be authorized to issue no-fund warrants, in a simple and expeditious manner, when assessment reductions reduces budgeted tax collections to the extent it jeopardizes the imperative functions of the local unit.

Frankly, we do not have good information as to what will be the final status of 1989 valuations when all the appeals and protests are completed. It may be several weeks or more before reasonably final valuations, as of January 1, 1989, are known. **But it appears a number of local governments will face severe financial problems later this year unless this amendment as adopted. (See postscript, below).**

Sincerely,



E.A. Mosher
Executive Director

EAM:ckg

cc: Senator Paul Burke
Senator Fred Kerr
Representative Keith Roe
John Torbert, Kansas Association of Counties
John Koepke, Kansas Association of School Boards
Dan Haywood, Office of Revisor of Statutes

Postscript: Dale Dennis has provided me with the valuations of some counties, comparing November 1, 1989 and April 1, 1990. Some of the larger reductions are: Ellis--2.4%; Grant--4.5%; Harvey--7.4%; Haskell--2.5%; Linn--2.9%; Logan--7.5%; Marion--3.5%; Miami--2.2%; and Wyandotte--2.1%. Those are countywide figures; the revenue loss could be much higher for a taxing unit within the county.

1 voting at an election called and held for such purpose. All such
2 elections shall be noticed, called and held in the manner provided
3 for in K.S.A. 10-120, *and amendments thereto*. ~~The increase in tax~~
4 ~~levies authorized by any such election shall be exempt from~~
5 ~~the limitations imposed under K.S.A. 79-5001 to 79-5016,~~
6 ~~inclusive.~~

7 Sec. 57. K.S.A. 79-2005, as amended by section 3 of 1989 Special
8 Session House Bill No. 2001, is hereby amended to read as follows:
9 79-2005. (a) Any taxpayer, before protesting the payment of such
10 taxpayer's taxes, shall be required, either at the time of paying such
11 taxes, or, if the whole or part of the taxes are paid prior to December
12 20, no later than December 20, or, with respect to taxes levied in
13 1989, if the whole or part of the taxes are paid on or before January
14 16, 1990, no later than January 16, 1990, to file a written statement
15 with the county treasurer, on forms approved by the state board of
16 tax appeals and provided by the county treasurer, clearly stating the
17 grounds on which the whole or any part of such taxes are protested
18 and citing any law, statute or facts on which such taxpayer relies in
19 protesting the whole or any part of such taxes. The county treasurer
20 shall forward a copy of the written statement of protest to the county
21 appraiser who shall within 15 days of the receipt thereof, schedule
22 a formal meeting with the taxpayer or such taxpayer's agent or at-
23 torney with reference to the property in question. The county ap-
24 praiser shall review the appraisal of the taxpayer's property with the
25 taxpayer or such taxpayer's agent or attorney and may change the
26 valuation of the taxpayer's property, if in the county appraiser's
27 opinion a change in the valuation of the taxpayer's property is re-
28 quired to assure that the taxpayer's property is valued according to
29 law, and shall, within five business days thereof, notify the taxpayer
30 and the state board of tax appeals, in the event the valuation of the
31 taxpayer's property is changed, in writing of the results of the formal
32 meeting. The state board of tax appeals may within 30 days review
33 such change and schedule a hearing thereon upon a finding that the
34 taxpayer's property may not be valued according to law. If the state
35 board of tax appeals takes no action within such 30 day period, the
36 results of the formal meeting shall be final.

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

42 (c) If the grounds of such protest shall be that any tax levy, or
43 any part thereof, is illegal, such statement shall further state the

1 exact portion of such tax which is being protested.

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

6 (e) Within 30 days after notification of the results of the formal
7 meeting, the protesting taxpayer may, if aggrieved by the results of
8 the formal meeting with the county appraiser, appeal such results
9 to the board of county commissioners, or the hearing officer or panel
10 appointed pursuant to K.S.A. 79-1602, of the county wherein the
11 property is located by filing a notice of such appeal with the county
12 clerk, or, at the taxpayer's option, the taxpayer may appeal the results
13 of the formal meeting directly to the state board of tax appeals, on
14 forms approved by the state board of tax appeals and provided by
15 the county treasurer, together with a copy of the written statement
16 of protest. A copy of the written notification of the results of the
17 formal meeting with the county appraiser shall be provided by the
18 county appraiser.

19 (f) Upon receipt of the copy of the written statement of protest
20 and a copy of the written notification of the results of the formal
21 meeting with the county appraiser, the board of county commis-
22 sioners or hearing officer or panel shall within 30 days of such receipt
23 hear the taxpayer's appeal and shall within 15 days thereafter notify
24 the taxpayer and the state board of tax appeals, in the event the
25 valuation of the taxpayer's property is changed. The state board of
26 tax appeals may within 45 days review such change and schedule a
27 hearing thereon upon a finding that the taxpayer's property may not
28 be valued according to law. If the state board of tax appeals takes
29 no action within such 45 day period, the decision of the board of
30 county commissioners or the hearing officer or panel shall be final.
31 If the taxpayer remains aggrieved by the results of such hearing,
32 such taxpayer may appeal such results to the state board of tax
33 appeals within 30 days of the date of such notice. Thereupon, the
34 board shall docket the same and notify the taxpayer and the county
35 treasurer of such fact. In addition thereto if the grounds of such
36 protest is that the valuation or assessment of the property is illegal
37 or void the board shall notify the county appraiser thereof.

38 (g) After examination of the copy of the written statement of
39 protest and a copy of the written notification of the results of the
40 formal meeting with the county appraiser, the board shall conduct
41 a hearing in accordance with the provisions of the Kansas admin-
42 istrative procedure act, unless waived by the interested parties in
43 writing. If the grounds of such protest is that the valuation or as-

4-3

1 sessment of the property is illegal or void the board shall notify the
2 county appraiser thereof.

3 (h) In the event of a hearing, the same shall be originally set
4 not later than 90 days after the filing of the copy of the written
5 statement of protest and a copy of the written notification of the
6 results of the formal meeting with the county appraiser with the
7 board. In all instances where the board sets a request for hearing
8 and requires the representation of the county by its attorney or
9 counselor at such hearing, the county shall be represented by its
10 county attorney or counselor.

11 (i) When a determination is made as to the merits of the tax
12 protest, the board shall render and serve its order thereon. The
13 county treasurer shall notify all affected taxing districts of the amount
by which tax revenues will be reduced as a result of a refund.

15 (j) If a protesting taxpayer fails to file a copy of the written
16 statement of protest and a copy of the written notification of the
17 results of the formal meeting with the county appraiser with the
18 board within the time limit prescribed, such protest shall become
19 null and void and of no effect whatsoever.

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

26 (l) Whenever, by reason of the refund of taxes ~~from any fund,~~
27 it will be impossible to pay for ~~the imperative functions of such fund~~
28 for the current budget year, the governing body of the taxing district
29 ~~affected shall issue no-fund warrants in an amount necessary to pay~~
30 ~~such refund.~~ Such warrants shall conform to the requirements pre-
31 scribed by K.S.A. 79-2940, and amendments thereto, except they
32 shall not bear the notation required by such section and may be
33 issued without the approval of the state board of tax appeals. The
34 governing body of such taxing district shall make a tax levy at the
35 time fixed for the certification of tax levies to the county clerk next
36 following the issuance of such warrants sufficient to pay such warrants
37 and the interest thereon. All such tax levies shall be in addition to
38 all other levies authorized ~~or limited by law and the tax levy~~
39 ~~limitations imposed by article 19 of chapter 70 of the Kansas~~
40 ~~Statutes Annotated, and amendments thereto, and K.S.A. 79-~~
41 ~~5001 to 79-5016, inclusive, and amendments thereto, shall not~~
42 ~~apply to such levies.~~

4 (m) The county treasurer shall disburse to the proper funds all

1 portions of taxes paid under protest and shall maintain a record of
2 all portions of such taxes which are so protested and shall notify the
3 governing body of the taxing district levying such taxes thereof and
4 the director of accounts and reports if any tax protested was levied
5 by the state.

6 (n) This statute shall not apply to the valuation and assessment
7 of property assessed by the director of property valuation and it
8 shall not be necessary for any owner of state assessed property, who
9 has an appeal pending before the board of tax appeals, to protest
10 the payment of taxes under this statute solely for the purpose of
11 protecting the right to a refund of taxes paid under protest should
12 that owner be successful in that appeal.

4-4

previously received or the reduction of taxes levied
but not received as a result of decreases in assessed
valuation,
the
may