

Approved 9 February 25, 1991
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by JOAN WAGNON
Chairperson

9:55 a.m. on Friday, February 15, 1991 in room 519-g of the Capitol

All members were present except:

Committee staff present:

Tom Severn, Legislative Research; Chris Courtwright, Legis. Research,
Don Hayward, Revisor; Bill Edds, Revisor; Linda Frey, Committee Sec.;
Douglas Johnston, aide

Conferees appearing before the committee:

Chairman Wagon called the committee to order at 9:55 a.m. for discussion and possible action on HCR 5006 and HCR 5007.

Rep. Larkin explained that after seeing county-by-county computer simulations of his amendment, he discovered that his amendment had unintended consequences. Therefore Rep. Larkin moved to reconsider his amendment to HCR 5006. The motion carried. With consent of Rep. Grotewiel who seconded the original motion, Rep. Larkin withdrew the original motion.

Rep. Vancrum presented an alternate proposal for property tax reclassification.

Rep. Vancrum moved and Rep. Snowbarger seconded the following amendment to HCR 5006.

The amendment would allow businesses to elect one of two options to be assessed at: a 30% assessment rate and leave inventories exempt or to pay at 20% without the exemption. Inventories would be assessed at 30 percent. Individual business owners would elect one of the two options. The choice would be made annually. A computer analysis was distributed (attachment 1).

The computer analysis distributed to committee members utilized a 23% business assessment rate as a estimate of the resulting statistical rate that assessments would be made. Vancrum said that staff estimated the 23% "rate" would most fairly represent the choices made by businesses under the proposed amendment.

Vancrum stated that the amendment was designed to give relief to businesses with small inventories.

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There was some question about the technical implementation of the amendment. A request for information on this was referred to the Property Valuation Department.

The Chairman brought the question to a vote. The motion passed on a division with 12 votes in favor and 11 against.

Rep. Pottorff moved and Rep. Crowell seconded the following amendment to HCR 5006.

The amendment would classify oil and gas companies as businesses. This would be a change from current classification of oil and gas companies as utilities.

Several representatives voiced their concern that the proposed change would decrease local level funding for counties that currently depend on oil and gas revenues.

The Chairman brought the question to a vote. The motion failed on a division with 9 votes in favor and 11 against.

Rep. Bill Reardon moved and Rep. Grotewiel seconded the following amendment to HCR 5006 and HCR 5007.

Reardon stated that home owners needed a property tax reduction in order for any classification amendment to pass. The proposed amendment was intended to mandate a reduction of 1% from 12% to 11% in residential classification while leaving the \$5,000 exemption.

Following discussion and a request for additional information Rep. Reardon withdrew the original motion.

Computer analysis on the 1% proposed reduction in residential real estate classification to HCR 5006 and HCR 5007 was requested from the Department of Revenue. A status sheet on HCR 5006 and HCR 5007 was requested from Legislative Research. A county-by-county computer analysis on HCR 5006 and HCR 5007 was requested from the Department of Revenue. A county-by-county computer analysis on HCR 5006 and HCR 5007 with agricultural improvements classified at 25% was requested from the Department of Revenue. A state wide computer analysis of HCR 5006 and HCR 5007 with utilities classified at 33% was requested from the

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Department of Revenue. A memorandum was requested from the Department of Revenue on the Vancrum plan for businesses election option of 30% classification or 20% classification with inventory taxed.

The committee adjourned at 11:09 a.m.

GUEST LIST

COMMITTEE: _____

Delegation

DATE: _____

2/15/91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
<i>Patrick Sherry</i>	<i>Topeka</i>	<i>Cessna</i>
<i>Wendell Strom</i>	<i>Topeka</i>	<i>AARP - CCTF</i>
<i>ROBERT ANDERSON</i>	<i>OTTAWA</i>	<i>Mid Cont Oil & Gas</i>
<i>GEO. F. CARDINAL</i>	<i>Smilina</i>	<i>Public Affairs Assn of KS.</i>
<i>FRANCES KASNER</i>	<i>Topeka</i>	<i>KS Food Dealers Assn</i>
<i>Allyson</i>	<i>Poplar</i>	<i>Georgie's Hungry</i>
<i>Alan Steppat</i>	<i>Topeka</i>	<i>Pete McBill & Associates</i>
<i>Ann M. B. idw</i>	<i>Topeka</i>	<i>Observer</i>
<i>Lucky Dries</i>	<i>Topeka</i>	<i>Kan. Appl. Leg. Comm. Mag. in Tractor Colgate Palmolive</i>
<i>Jim Luowig</i>	<i>"</i>	<i>KPL</i>
<i>Bernie Koch</i>	<i>Wichita</i>	<i>Wichita Area Chamber</i>
<i>Dan Haas</i>	<i>Overland Park</i>	<i>KCPK</i>
<i>Allen Sealwell</i>	<i>Topeka</i>	<i>House Staff</i>
<i>Jacque Oates</i>	<i>Topeka</i>	<i>KS Ind. Auto Dealers Assoc.</i>
<i>DENNY KOCH</i>	<i>"</i>	<i>SW Bell</i>
<i>Chris Wilson</i>	<i>Topeka</i>	<i>KS Grain & Food Ass'n</i>
<i>Dan Somerville</i>	<i>Topeka</i>	<i>KS Motor Car Dealers Assn</i>
<i>BRAD SUMOT</i>	<i>Topeka</i>	<i>Bank IV</i>
<i>Harriet Lange</i>	<i>Topeka</i>	<i>KS Area Broadcasters</i>
<i>Norman Reynolds</i>	<i>Topeka</i>	<i>KS Assoc. of Sch. Bds</i>
<i>Dee Laker</i>	<i>Topeka</i>	<i>KLA</i>
<i>John Luter</i>	<i>Topeka</i>	<i>Beach Picnic etc</i>
<i>Ann Krebbel</i>	<i>Pretty Prairie</i>	<i>USD 311</i>
<i>Mike Roach</i>	<i>Topeka</i>	<i>AT&T</i>

OPTION "A"

	88 ASSESSED ACTUAL	% OF TOTAL		90 ASSESSED ACTUAL (a)	% OF TOTAL	PROP RATIO	90 ASSESSED PROPOSED	% OF TOTAL
URBAN REAL ESTATE			URBAN REAL ESTATE					
ALL OTHER	2,491,767,058	21.94%	RESID MULTI-FAM	214,358,286	1.51%	12.00%	214,358,286	1.52%
VACANT LOTS	55,585,441	0.49%	RESID "SINGLE-FAM"	3,807,847,461	26.83%	12.00%	3,482,852,924 b	24.74%
COMMERCIAL AND INDUSTRIAL	1,123,448,429	9.89%	MOBILE HOME PARKS	12,218,656	0.09%	12.00%	12,218,656	0.09%
TOTAL URBAN REAL ESTATE	3,670,800,928	32.32%	VACANT LOTS	122,918,921	0.87%	15.00%	153,648,651	1.09%
RURAL REAL ESTATE			FRATERNAL BENEFIT	9,098,098	0.06%	15.00%	4,549,049	0.03%
HOME SITES/PLANNED SUB DIV	338,344,275	2.98%	COMM'L & INDUS	2,627,972,785	18.51%	23.00%	2,014,779,135	14.31%
SPOT COMMERCIAL	156,387,083	1.38%	AG IMPROVEMENTS	3,540,915	0.02%	30.00%	3,540,915	0.03%
AG IMPROVEMENTS	285,964,795	2.52%	AGRICULTURAL	6,086,423	0.04%	30.00%	6,086,423	0.04%
AG LAND	1,373,221,632	12.09%	TOTAL URBAN REAL ESTATE	6,804,041,545	47.93%		5,892,034,040	41.85%
TOTAL RURAL REAL ESTATE	2,153,917,785	18.97%	RURAL REAL ESTATE					
TANGIBLE PERSONAL PROPERTY			RESID MULTI-FAM	587,832	0.00%	12.00%	587,832	0.00%
GAS AND OIL	1,132,435,207	9.97%	RESID "SINGLE-FAM"	783,357,217	5.52%	12.00%	716,498,757 b	5.09%
BUSINESS MACHINERY & EQUIP	873,729,421	7.69%	MOBILE HOME PARKS	1,785,952	0.01%	12.00%	1,785,952	0.01%
ALL OTHER PERSONAL	322,915,490	2.84%	VACANT LOTS	21,729,961	0.15%	15.00%	27,162,451	0.19%
URBAN TANGIBLE PERSONAL			FRATERNAL BENEFIT	813,534	0.01%	15.00%	406,767	0.00%
GAS AND OIL			COMM'L & INDUS	325,769,974	2.30%	23.00%	249,756,980	1.77%
BUS MACH & EQ			AG IMPROVEMENTS	142,344,269	1.00%	30.00%	142,344,269	1.01%
ALL OTHER PERSONAL			AGRICULTURAL	1,416,202,028	9.98%	30.00%	1,416,202,028	10.06%
MOBILE HOMES			TOTAL RURAL REAL ESTATE	2,692,590,767	18.97%		2,554,745,037	18.14%
MOTOR VEHICLES			URBAN TANGIBLE PERSONAL					
TOTAL URBAN PERSONAL			GAS AND OIL	3,354,180	0.02%	30.00%	3,354,180	0.02%
RURAL TANGIBLE PERSONAL			BUS MACH & EQ	540,554,964	3.81%	30.00%	810,832,446	5.76%
GAS AND OIL			ALL OTHER PERSONAL	60,626,519	0.43%	30.00%	60,626,519	0.43%
BUS MACH & EQ			MOBILE HOMES	31,304,145	0.22%	12.00%	28,632,379 b	0.20%
ALL OTHER PERSONAL			MOTOR VEHICLES	49,943,291	0.35%	30.00%	49,943,291	0.35%
MOBILE HOMES			TOTAL URBAN PERSONAL	685,783,099	4.83%		953,388,815	6.77%
MOTOR VEHICLES			RURAL TANGIBLE PERSONAL					
TOTAL RURAL PERSONAL			GAS AND OIL	1,363,463,016	9.61%	30.00%	1,363,463,016	9.68%
EXEMPT PROPERTY			BUS MACH & EQ	217,701,586	1.53%	30.00%	326,552,379	2.32%
MERCHANTS' INVENTORY	371,149,155	3.27%	ALL OTHER PERSONAL	40,925,565	0.29%	30.00%	40,925,565	0.29%
MANUFACTURERS' INVENTORY	382,172,899	3.37%	MOBILE HOMES	17,284,849	0.12%	12.00%	15,809,611 b	0.11%
LIVESTOCK	115,669,322	1.02%	MOTOR VEHICLES	66,767,651	0.47%	30.00%	66,767,651	0.47%
TOTAL PERSONAL	3,198,071,494	28.16%	TOTAL RURAL PERSONAL	1,706,142,667	12.02%		1,813,518,222	12.88%
TOTAL STATE ASSESSED	2,333,823,827	20.55%	EXEMPT PROPERTY					
TOTAL ASSESSED VALUATION	11,356,614,034	100.00%	MERCHANTS' INVENTORY	0	0.00%	6.00%	74,292,773 c	0.53%
			MANUFACTURERS' INV	0	0.00%	6.00%	76,332,622 c	0.54%
			LIVESTOCK	0	0.00%	0.00%	0	0.00%
			MOTOR VEH DEALERS INV	0	0.00%	0.00%	0	0.00%
			FARM MACHINERY	0	0.00%	0.00%	0	0.00%
			TOTAL EXEMPT PERSONAL	0	0.00%		150,625,395	1.07%
			TOTAL PERSONAL	2,391,925,766	16.85%		2,917,532,432	20.72%
			PUBLIC SERVICE CORP	2,185,794,977	15.40%	35.00%	2,550,094,140	18.11%
			UTILITY INVENTORY (a)	0	0.00%	35.00%	45,953,334	0.33%
			RAILROADS (a)	120,091,670	0.85%	25.00%	120,091,670	0.85%
			TOTAL STATE-ASSESSED (a)	2,305,886,647	16.24%		2,716,139,144	19.29%
			TOTAL ASSESSED VALUATION (a)	14,194,444,725	100.00%		14,080,450,653	100.00%

a) Adjusted to reflect utility inventories and railroad settlement. b) First \$5,000 exempt.