

Approved

April 13, 1991  
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Joan Wagnon at  
Chairperson

12:15 ~~xxx~~ p.m. on Wednesday, April 3, 1991 in room 313-S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn & Chris Courtwright, Legislative Research;  
Don Hayward & Bill Edds, Revisors;  
Linda Frey, Committee Secretary & Douglas E. Johnston, aide

Conferees appearing before the committee:

Chairman Wagnon called the committee to order at 12:15 p.m. for discussion and possible action on bills previously heard.

A letter from Alan F. Alderson of Alderson, Alderson, Montgomery & Newbery Attorneys at Law regarding HB 2586 was circulated to committee members (attachment 1). A letter and proposed amendment to SB 72 was submitted to the committee from the Register of Deeds Legislative Committee (attachment 2).

Rep. Ensminger withdrew his motion of the previous meeting with the consent of the second. He then made a motion to amend SB 72 by including the new section 4 in attachment 1. Rep. Shore seconded the motion which carried.

The Chair asked if that motion included the technical amendments needed by federal appraisers and was answered affirmatively.

Rep. Smith made a motion to amend SB 72 by reducing the required bonding from 2 years to 1 year. Rep. Lowther seconded the motion which carried.

Rep. Grotewiel made a motion to amend SB 72 by including a provision requiring the Property Valuation Dept. to submit to the committee a form for the collection of Kansas real estate sales validation information. The Legislature would then approve, disapprove or take no action in which case after 60 days it would be considered approved. Rep. Ensminger seconded the motion which carried.

Chairman Wagnon stated that the committee was in agreement with the Director of the Property Valuation Dept. as well as other relevant parties that the form submitted to the committee as attachment 2 would be the first form to be used by the Property Valuation Dept.

There was a general concern in the committee that county appraisers should make all available information about the appraisal and appeals process easily accessible to the public. The committee asked the Chair to send a letter stating this concern to all county appraisers on behalf of the committee.

Rep. Larkin made a motion to report House Sub. for SB 72 favorably for passage. Rep. Ensminger seconded the motion which carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION,

room 313-S, Statehouse, at 12:15 ~~am~~/p.m. on Wednesday, April 3, 1991

The Chair brought up HB 2303 for discussion.

There was discussion in favor of the bill, but also concern that the bill would have the reverse of its intended effect.

Rep. Crowell made a motion to report HB 2303 favorably for passage. Rep. Smith seconded the motion.

Concern was voiced that since the members of the committee were uncertain as to the effect of the language in HB 2303, reporting the bill out of committee would be premature.

With consent of the second, Rep. Crowell withdrew his motion to report HB 2303 favorably for passage.

Action was suspended on HB 2303 until an amendment could be prepared.

The Chair brought up HB 2616 for discussion.

Rep. Shore raised a question about the effect of the bill on the taxation of oil and gas wells that were capable of, but had not been, producing income in a taxable year. Discussion ensued.

Rep. Larkin made a motion to table HB 2616. Rep. Reardon seconded the motion which failed. Following some discussion of a possible amendment, action on HB 2616 was suspended until the amendment could be drawn.

The Chair brought up HB 2183 and HB 2399, the income tax checkoff bills, for discussion.

Rep. Shore made a motion to report HB 2183 favorably for passage. Rep. Welshimer seconded the motion which passed on division with 10 for and 6 against.

Rep. Larkin made a motion to change the date from 1990 to 1991 in HB 2399. Rep. Welshimer seconded the motion which carried.

Rep. Larkin made a motion to report HB 2399 favorably for passage. Rep. Grotewiel seconded the motion which carried.

The committee adjourned at 1:10 p.m.

ALDERSON, ALDERSON, MONTGOMERY & NEWBERY

ATTORNEYS AT LAW

2101 S.W. 21ST STREET

P.O. BOX 237

TOPEKA, KANSAS 66604-3174

W. ROBERT ALDERSON, JR.  
ALAN F. ALDERSON  
STEVEN C. MONTGOMERY  
C. DAVID NEWBERY  
JOSEPH M. WEILER  
JOHN E. JANDERA  
DANIEL B. BAILEY

TELEPHONE:  
(913) 232-0753  
FAX:  
(913) 232-1866

March 29, 1991

The Honorable Joan Wagnon  
Room 272-W, Statehouse  
Topeka, Kansas 66612

Re: Western Retail Implement and Hardware  
Association; Survey Re Tax Alternatives

Dear Representative Wagnon:

The other day, when I appeared in opposition to HB 2586, I advised the members of your committee that Western's survey had been completed and that I would make the results available to your committee as soon as possible. This is a survey that was commenced after my first appearance in opposition to the inventory tax in HCR 5007. Representative Vancrum had asked me whether or not Western's members (speaking more specifically to hardware dealers in this context) wouldn't rather have a reduction to their real estate than an exemption from inventory tax.

Here is a summary of the responses received to date. If anything changes drastically, I will provide you with a supplemental response.

1. We received 122 responses as of March 28, 1991. The responses appear to have been randomly spread across the state.
2. In answers provided in 112 responses, the gross annual sales averaged \$3,548,536.
3. Out of 120 responding to the question, 115 people (95.8%) indicated that they would prefer to keep inventory exempt than to have the real estate reduced to as much as a 20% rate.
4. When asked how much of an exemption they could support in order to find an inventory tax acceptable (assuming a 25% assessment rate), 60 indicated that they could not support an inventory tax with any level of exemption; 22 indicated various levels of \$500,000 or less, but more than 20 specified levels in excess of that amount.
5. To show you the degree to which farm implement dealers are opposed to the inventory tax exemption, and making a good assumption that implement dealers do not want to lose the sales tax exemption either, 87.6% indicated that they needed to be exempt from inventory tax more than sales tax.

HOUSE TAXATION  
Attachment #1  
04/03/91

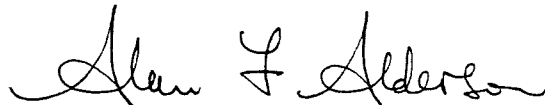
The Honorable Joan Wagnon  
March 29, 1991  
Page 2

6. 64.7% indicated that the loss of the inventory tax exemption would cause them to close their doors.
7. 23.3% indicated that the loss of the sales tax exemption would cause them to close their doors.
8. 48.6% indicated their answer would change (would also close their doors) if they lost both the inventory tax and sales tax exemptions.
9. Out of 122 responses, the average dealer directly employs 16 employees.
10. Out of 105 responses, the average layoff due to a loss of inventory tax exemption was estimated at 8 employees.

Please do not assume that I view this as a scientific survey. Obviously, the questions are somewhat self serving and probably biased. They should be helpful, however, to indicate the degree to which the inventory tax is perceived to be very devastating. It should not be assumed, however, that any dealers are willing to give up their sales tax exemption. These comparisons were relative only. I think the survey results also provide a resounding answer to Representative Vancrum's question about whether these retailers wouldn't rather have a reduction on their real estate.

Please let me know if I can provide you with any additional information.

Sincerely,



Alan F. Alderson  
ALDERSON, ALDERSON, MONTGOMERY & NEWBERY

AFA:sbe  
cc: Jeff Flora

MEMO

TO: HOUSE TAXATION COMMITTEE

FROM: REGISTER OF DEEDS LEGISLATIVE COMMITTEE

On Friday, March 29, members of certain associations met to discuss the problems of H.B. 2580. The associations represented were Property Valuation Department, County Appraisers, County Registers of Deeds, Office of Thrift Supervision and lobbyist for the Land Title Co., Realtors and Financial Institutions.

We would like for the committee to have a copy of the proposed amendment to H.B. 2580 that was a result of the work and compromises of this group. The following two pages are a copy of this proposed amendment.

The first paragraph allows for the change in the name of the form and for the form not to be filed of record, but to be retained for 2 years, and that forms will be provided to the Register of Deeds.

The second paragraph allows two additional exemptions which are currently exempt. This paragraph also allows for an increase in the fine for falsifying information.

The third paragraph deals with the issue of the form being open to those who are appealing, the County Appraiser, his staff, the County Clerk, licensed or certified appraisers, Board of County Commissioners, Director of Property Valuation, hearing officers, Board of Tax Appeals and Board of Equalization, as is at the present time.

Paragraph four deals with the sales price. The prescribed form of the Validation Questionnaire is shown on the following page.

We ask your consideration of this proposal and we thank you for your attention.

HOUSE TAXATION  
Attachment #2  
04/03/91

## PROPOSED AMENDMENT TO HB 2580

On page 1, in line 9 by striking "verification forms" and inserting "validation questionnaires"; in line 18, by striking "verification form" and inserting "validation questionnaires"; in line 19 by striking all after the period, and inserting "Such questionnaires shall not be filed of record but shall be retained for a period of two (2) years at which time they shall be destroyed."; in line 25, by striking "verification form" and inserting "validation questionnaire"; in line 26, by striking "furnish" and inserting "provide"; in line 27, by striking all after the period; by striking all in lines 28-38; in line 39, by striking "verification" and inserting "validation".

On page 2, after line 3, by inserting "(4) by way of gift, present, donation or contribution; (5) on sales for delinquent taxes or assessments;"; in line 4, by striking "4" and inserting "6"; in line 5, by striking "5" and inserting "7"; in line 8, by striking "more" and inserting "less"; and in line 8 by striking "\$100" and inserting "\$1000 in addition to court costs and attorney fees."; in line 9 by striking "5" and inserting "7"; in line 11 by striking "6" and inserting "8".

New Sec 4. The contents of the real estate sales validation questionnaire shall be made available to the county clerk for the purpose of preparing the report to the director of property valuation, any property owner who has appealed the valuation of property pursuant to K.S.A. 79-1448, and amendments thereto, and only to the extent of the contents of those certificates concerning the same class of property as that of the property being appealed, the county appraiser and appraisers employed by the county for appraisal of property located within the county, appraisers licensed or certified pursuant to K.S.A. 58-4101, and amendments thereto, and the board of county commissioners, but such contents shall not be otherwise disclosed by any party having access to anyone other than the director of property valuation, the county appraiser or the appraiser's designee, hearing officers or panels appointed pursuant to K.S.A. 79-1602, and amendments thereto, or to the board of tax appeals or county board of equalization in the event of proceedings before such boards.

New Sec. 5. The real estate sales validation questionnaire shall include the total sales price, and a statement certifying the address to which tax statements for the property are to be sent. The total sales price shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed.

# KANSAS REAL ESTATE SALES VALIDATION QUESTIONNAIRE

<b>COUNTY USE ONLY:</b>		COV NUMBER										
DEED NO. <u>OK</u>	PAGE <u>      </u>		CO. NO.	MAP	SEC	SHEET	QTR.	BLOCK	PARCEL	OWN		
DEED DATE <u>  /  /  </u>	CR <u>      </u>	RA <u>      </u>	DE <u>      </u>	MO	YR	TY	AMOUNT	S	V			

SELLER NAME \_\_\_\_\_ BUYER NAME \_\_\_\_\_

MAILING (If known) ADDRESS \_\_\_\_\_ MAILING ADDRESS \_\_\_\_\_

BRIEF LEGAL DESCRIPTION	MAILING ADDRESS FOR TAX STATEMENTS

Property Location / RR # / Situs Address: \_\_\_\_\_

In reference to the recent sale of the property listed above, please answer the questions below.

**1. CHECK ANY FACTORS THAT APPLY TO THIS SALE:**

Sale between immediate family members:  
SPECIFY THE RELATIONSHIP \_\_\_\_\_

Sale involving corporate affiliates belonging to the same parent company

Auction Sale

Sheriff sale pursuant to a court order

Forced, or distressed, sale in a bankruptcy settlement

Sale by judicial order (by a guardian, executor, conservator, administrator, or trustee of an estate)

Sale involved a government agency or public utility

Buyer (new owner) is a religious, charitable, or benevolent organization, school or educational association

Buyer (new owner) is a financial institution, insurance company, pension fund, or mortgage corporation

Sale was a foreclosure of a mortgage or forfeiture of a contract for deed (land contract)

Sale of only a partial interest in the real estate

Sale involved a trade or exchange of properties

**NONE OF THE ABOVE**

**2. USE OF PROPERTY AT THE TIME OF SALE:**

<input type="checkbox"/> Single Family Residence	<input type="checkbox"/> Vacant Lot/Land
<input type="checkbox"/> Farm/Ranch With Residence	<input type="checkbox"/> Agricultural Land
<input type="checkbox"/> Condominium Unit	<input type="checkbox"/> Apartment Building
<input type="checkbox"/> Commercial Building	<input type="checkbox"/> Industrial Building
<input type="checkbox"/> Other: (Specify) _____	

**3. IF THIS WAS A PURCHASE OF COMMERCIAL/INDUSTRIAL RENTAL PROPERTY, WAS IT SUBJECT TO AN EXISTING LEASE OR LEASES?**  N/A  YES  NO

**4. IF THIS WAS A PURCHASE OF COMMERCIAL OR INDUSTRIAL PROPERTY, DID THE SALE PRICE INCLUDE AN EXISTING (GOING CONCERN) BUSINESS ENTERPRISE?**  N/A  YES  NO

**5. WAS ANY PERSONAL PROPERTY (SUCH AS FURNITURE, EQUIPMENT, MACHINERY, LIVESTOCK, CROPS, BUSINESS FRANCHISE OR INVENTORY, ETC.) INCLUDED IN THE SALE PRICE?**  YES  NO  NOT SURE

If yes, please describe \_\_\_\_\_

Estimated value of all personal property items included in the sale price \$ \_\_\_\_\_

**6. ARE ANY SPECIAL ASSESSMENTS LEVIED AGAINST THE PROPERTY?**  YES  NO  NOT SURE

**7. WERE ANY DELINQUENT REAL ESTATE TAXES ASSUMED BY THE PURCHASER?**  YES  NO  NOT SURE

If yes, what was the amount? \$ \_\_\_\_\_

**8. METHOD OF FINANCING (check all that apply):**

Assumption of Existing Loan(s)

Seller Financing  All Cash

New loan(s) from a financial institution

Other. Explain \_\_\_\_\_

**9. DOES THE BUYER HOLD TITLE TO ANY ADJOINING PROPERTY?**  YES  NO  NOT SURE

**10. WAS THE PROPERTY LISTED FOR SALE ON THE OPEN MARKET?**  YES  \_\_\_\_\_ MONTHS  NOT SURE

NOT OFFERED OR ADVERTISED ON OPEN MARKET

**11. ADDITIONAL FACTS OR COMMENTS REGARDING THE SALE WHICH SHOULD BE CONSIDERED**

\_\_\_\_\_

\_\_\_\_\_

**12. TOTAL SALE PRICE \$** \_\_\_\_\_

SALE DATE   /  /  

**13. I HEREBY CERTIFY THAT THE SALES VALIDATION QUESTIONNAIRE INFORMATION FOR THE PROPERTY TRANSFERRED BY THE DEED OR INSTRUMENT ATTACHED IS TO THE BEST OF MY KNOWLEDGE CORRECT.**

Name \_\_\_\_\_

GRANTOR (SELLER)  GRANTEE (BUYER)

OTHER: AGENT/REALTIONSHIP \_\_\_\_\_

DAYTIME PHONE NUMBER \_\_\_\_\_