

Approved Thursday, February 21, 1991
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen at
Chairperson

11:00 a.m./p.m. on Monday, February 18, 1991 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Bill Edds, Assistant Revisor
Don Hayward, Assistant Revisor
Tom Severn, Research Department
Chris Courtwright, Research Department
Marion Anzek, Secretary

Conferees appearing before the committee:

Chairman Thiessen called the meeting to order at 11:06 a.m. and told the members they have minutes in front of them dated February 13, 1991 and February 14, 1991, and he would call for a motion at the end of the meeting. He also told the members that printouts showing the effects statewide, reducing multi-family to 14% from the present 15%, and single family from 12% to 11.5%. He said, it is not a big change in the total valuation and he pointed out there was also a print-out from the House showing what they did on their HCR's, which is somewhat different from what the Senate has been considering, and he turned attention to SCR1611.

SCR1611:A PROPOSITION to amend section 1 of article 11 of the constitution of the state of Kansas, relating to the taxation or property.

Senator Jack Steineger said he believed there was no way we could work with the statewide print-outs, because the mix of properties is so different in different counties.

Chairman Thiessen said it gives you some idea, but every county can be different and we have the county print-outs from the prior proposal and if it gives you any indication of what it does, you can do some analyzing, but until the committee makes a decision that they want to go this direction, he said, he didn't want to go through the process of putting that many out, but they will be available should we go this way, before floor action.

He asked staff if they could briefly give the committee information on the House print-outs.

Chris Courtwright said the print-out in front of the members, the middle column HCR5007 as amended and HCR5006 as amended are the different features in classification over in the House that the committee has been working. The Department of Revenue has provided county by county runs on both of those as they currently stand. Last week in the House committee different members asked for "What if's" i.e. "if we lower single family residential to 11%, while leaving the \$5,000 exemption", and "what if we lower ag improvements to 25%" and all these "what if questions" and about 6 or 7 of those "what if" questions were run County by County, as Senator Steinger mentioned and this has been the focus of the House Committee.

Chairman Thiessen said we have the county by county print-outs on both of the Senate's SCR's, and he asked Senator Montgomery if he would comment on the option aspect.

Senator Montgomery said he visited with some people over the week-end and he asked them if they liked the option and they said "well, it doesn't make any difference as all we have to do is divide the company up into real estate and business and write one off as real estate and report the other as inventory, so we are home free. He felt it is just a shot in the dark, and people are tired of listening to it. He said the people in Pottowamie County and especially the school district at St. Mary's, and the county commissioner wants to thank the committee for going to 33%, and 35% or 40% on utilities because that just lets the other people pay their property tax for them.

Senator Phil Martin said in regards to Chris Courtwrights answer to Senator Steineger, what did you use as a percentage on that figure.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m. ~~xxx~~ on Monday, February 18, 1991

Chris Courtwright said their assumptions on that, keep in mind, that commercial and industry property, everyone is going to elect the 20% or the 30% option, when you have options, obviously everybody is going to take a new count of their inventories and figure what option is best for them. It is assumed that the blended commercial and industrial rates are going to come out in the low 20 percent so we used 23% as the statewide average.

Senator Martin said he would like to bring up something that was studied this summer and that is regarding our friends with the golf courses, and he assumed they would be in the commercial category and this summer we heard that would still create some problems for them, and he felt that is an issue that should be discussed. He said, there are some problems with the public courses, some of these people are having problems with paying their property taxes and staying in business. Some have gone to a total municipal course to avoid the tax problems, in which they removed their property taxes totally, and he said that is not what many of us would like to see, that these courses go completely off the tax rolls.

Chairman Dan Thiessen said that is a local decision and those revenues stay basically at the local level. Property taxes are levied, collected and spent there outside of the 1%, so they are getting their reduction in the commercial class, if they remain there of approximately 17%, so it is not that we are ignoring them.

Senator Phil Martin moved all vacant lots and golf courses at 15% assessment rate 2nd by Senator Audrey Langworthy.

Senator Montgomery asked if Senator Martin was talking about all golf courses. Senator Martin, said yes all golf course.

Senator Montgomery said in other words do you think that the golf courses around I-435 at Kansas City ought to be at 15% when they cost \$150,000.

Senator Martin said in some instances its probably an appraisal problem, but in his area these are out in the country and primarily retired individuals and younger people who don't belong to a private course, and they have to raise the price on these people, just to be able to pay their taxes.

Senator Montgomery said maybe they should be under use value.

Senator Gerald Karr asked Senator Martin how would your amendment affect our base?

Senator Martin said he did not believe that we are talking about numbers that are going to affect the mill levy.

Senator Martin said he would put vacant lots and golf courses in his amendment and maybe that would be easier to deal with.

Senator Fred Kerr said he did not believe we could single out golf courses when we have roller rinks, etc. and he suggested we reject this amendment.

Senator Lana Oleen said that she can appreciate the recreation, but there are others i.e. tennis racket clubs and riding stables and other forms that take space and she felt if we passed this, there would be more coming in this session and she is opposed to Senator Martin's amendment.

Chairman Thiessen called for a vote on the above motion by Senator Martin.

The above motion to amend SCR 1611 by Senator Martin and 2nd by Senator Langworthy failed.

Senator Audrey Langworthy moved to amend SCR1611 to put residential single family at 11.5%, and residential multi-family at 14%, 2nd by Senator Don Montgomery.

Senator Martin made a substitute motion to eliminate public utility, and merchants inventory from the constitutional amendment, 2nd by Senator Karr.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

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Senator Fred Kerr expressed opposition to Senator Martin's motion to remove all inventories from the resolution. Senator Kerr said that just because one lobbyist for a pipeline company said his company might take the inventory tax to court was no reason for the committee to remove inventories. Senator Kerr said the public utility inventory class of property would be a reasonable class of property to tax because the inventories are owned by monopolies which is a much different ownership than other inventories. Senator Kerr also said, these inventories are state assessed properties which is another reasonable distinction for classification. Senator Kerr said that the whole classification of property concept is one of assessing distinctive classes of properties at different assessment levels. He concluded that public utility inventories are a distinctive class of properties and that it would be reasonable to treat this class of inventories different from other inventories.

Don Hayward said in his opinion it is going to be questionable if this inventory is taxed and all other inventory is not taxed. He said, he would not guess what the court might say.

After committee discussion.

Senator Martin said his amendment to this tax committee gives the members the opportunity as the tax committee to make this amendment constitutional. He said, you can have a choice put inventories in totally for everything or renewing the total and that eliminates the question concerning equal protection.

Chairman Thiessen called for a vote on Senator Martin's above substitute motion to take out the provisions that taxes utility inventory. The motion failed.

Senator Marge Petty moved a substitute motion to remove the amendment to reduce multi family assessment rate to 12%, 2nd by Senator Lana Oleen. The motion failed.

Chairman Thiessen said we are back to the original motion by Senator Langworthy to amend SCR1611 and he asked for a vote. The motion carried.

Senator Don Montgomery moved to pass SCR 1611 as amended, 2nd by Senator Fred Kerr.

Senator Jack Steineger moved a substitutional motion to request the Attorney General's Opinion, 2nd by Senator Phil Martin. The motion failed.

Chairman Thiessen said we are back to the original motion to amend and called for a vote. The motion carried.

Senator Audrey Langworthy moved to adopt the minutes of February 13, 1991 and February 14, 1991, 2nd by Senator Lana Oleen. The motion carried.

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

GUEST LIST

COMMITTEE: SENATE
ASSESSMENT & TAXATION

DATE: Mar. 2-18-91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
ROBERT ANDERSON	OTTAWA	WRS CONTRACTORS
Jim Ludwig	Topeka	KPL
Anne Smith	Topeka	Ks. Assoc. of Counties
Sara Coless	KC	Greene, KC Home Builders
Alan Steppat	Topeka	Pete McBill & Assoc.
Patrick Hurley	Topeka	Cassna
Tommy Humphrey	"	KMHA
DENNY KOCH	"	SW Bell
FRANCES RASTNER	Topeka	Ks Food Dealers Assn
Dan Haas	Overland Park	KCPH
Jacque Oates	Topeka	Ks. Ind. Auto Dealers Assn
Walter Jaker	Manhattan	Ks. Farm Bureau
Ken Bahr	Topeka	Beech Aircraft Corp.
Cathy Holdeman	Wichita	City of Wichita
Bernie Koch	Wichita	Wichita Chamber
Chris Walker	Mayetta	Kans. NFO
Rob Hodges	Topeka	Ks Telecom Assoc.
Mark Tallman	Topeka	Ks Assoc. of Sch Bods
Nike Reacht	Topeka	AT&T
Steve Richards	Overland Park	Yellow Freight Systems
Gerry Ray	Platte	Johnson & Co.
ART BROWN	KC MO	Ks VAR Dealers Assn
Will Belden	Topeka	LWVK
BILL ABBOTT	WICHITA	BOEING
Steve Jones	Wichita	BOEING

