

MINUTES OF THE SENATE COMMITTEE ON ASSEMENT AND TAXATION

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

11:00 a.m./~~8:00~~ on Friday, April 5, 1991 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Assistant Revisor

Bill Edds, Assistant Revisor

Tom Severn, Research Department

Chris Courtwright, Research Department

Judy Krase (tape recording) for Marion Anzek, Committee Secretary (in absentia)

Conferees appearing before the committee:

Gerry Ray, Johnson County Commissioner

Chairman Dan Thiessen called the meeting to order at 11:26 a.m. and said we still have some adjustments to do on SB8 and recognized Senator Martin.

SB8:AN ACT relating to property taxation; concerning dates of appeals of the valuation of real property.

Senator Phil Martin said he would like to reconsider the committee's action on SB8, yesterday. He said the last amendment we made, let's the Director of Property Valuation to ask for an extension of time be provided to the County Appraisers. He said the Director and the Revisor's Office have discussed where that amendment was placed in the bill and they do not feel it is the proper place.

Don Hayward said SB8 acutally does not take effect until 1992 and they need these so called extension immediately, if they are needed and it doesn't fit in there. He said, they also discussed whether or not the extensions could be granted without a specific provision in the law, and he said, the Director of Property Valuation and his staff are going to research this a little further, and if they deem that they need statutory authority, they may present the committee with a bill draft during veto session.

Senator Phil Martin moved to reconsider the action taken on SB8, April 4, 1991, 2nd by Senator Gerald Karr. The motion carried.

Senator Martin moved to delete the last amendment to SB8, 2nd by Senator Montgomery. The motion carried.

Senator Martin moved to report the bill favorably, 2nd by Senator Petty. The motion carried.

Chairman Thiessen turned attention to SB399 and he recognized Senator Audrey Langworthy.

SB399:AN ACT concerning taxation; relating to certain airport authorities; exemption from taxation.

Senator Langworthy said a handout with amendments to SB8 has been passed, Page 1, line 23 to delete "upon approval of" and page 6, line 42 change "and" to "but" and delete "only" and on line 43, delete, page 7, lines 1 and 2, delete and page 2, line 20 delete "50% of" and Substitute for deletions of line 43, page 6, lines 1 and 2 page 7, "taxation through tax year 1994, but for tax years 1992 to 1995, fees in lieu of taxes shall be required pursuant to the provision in 3-307c(b). (ATTACHMENTS 1 AND 2)

Gerry Ray, Johnson County Commissioner explained the amendments, Page 1, line 23, she said the Board of County Commissioners would be the one's granting any exemptions under the constitution, she said the way it read before, perhaps the airport commission might be granting permission. Page 2, line 20 she said they asked for this in testimony, and this would be so the school district gets their share of the entire amount of proportionate payments in lieu. Page 6, line 42, they would like to change the word "and" to "but" and remove "only" and move all the rest of the language through line 2, page 7 and she said this would be the substitute language.

CONTINUATION SHEET

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room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Friday, April 5, 1991

She said, this would handle the constitution question and also leave the same situation that the commissioners can impose payments in lieu of, it would be required according to the bill on the tenants and thus collect the taxes for the school district.

After committee discussion Chairman Thiessen asked staff if they have any problems with these amendments? Don Hayward said these amendments clear up the constitutional problems, that he had.

Senator Karr said looking at page 2, there was another amendment. Gerry Ray said that was one that they requested during past testimony, and it occurred to her that they still have to get that in. She said, the bill was written so that the school district would only receive 50% of payments in lieu on a proportionate basis and she said, they wanted to distribute the entire amount collected in payments based on the portion they normally receive in tax. She said, all of these changes the school district just received word of the change in the phase-in, and she said if they have the payments required, she said, she thought it would be fine with them.

Senator Karr asked what school district is this for? Gerry Ray said Gardner, Edgerton-Antioch. Senator Karr asked, isn't this the district that we had a special bill for, a few weeks ago? Gerry Ray said yes. These, properties for the 1st time were put on the tax rolls and they are not collecting any tax on them, because there has not been any paid on BOTTA, and it affected their state formula and district wealth. She said SB285 would be one that gives them a temporary relief on that. Senator Karr said this would now allow those school districts to collect fees in lieu of taxes, which would be equivalent to the type of relief we provided for this one year? Gerry Ray said it is not exactly the same, and she said she is not certain that they are going to be exempt, as she did not know if it would be figured as part of their wealth, and she asked, if this were true?

Senator Langworthy asked, do you mean if BOTTA rules them exempt? Ms. Ray said no, she meant this bill, as they will be back on in 1995 completely and then it will definitely be part of their school district wealth, and she said, she is assuming that they are exempt in those years, then they would not be.

Senator Montgomery asked Gerry Ray who is coming up with the money in lieu-of? Gerry Ray said it would be the tenants. She said, right now they would have to sue them, because they don't think they owe them. She said, this is not back taxes, this is the future that we are dealing with here, she said, they are not asking to go back to 1981. She said, she thought the tenants would be willing to pay, starting now. She said if they are not ruled exempt, then they will have \$3.M+ liability to come up with, and she said they are trying to forgive the past because it was confusing and things have changed and she said, that would give them a way to start collecting now and in 1995 have them all back on the tax rolls, and she said various tenants will come on in different years, because of their leases they hold. She said if they have relief from the back tax problem, they can handle the rest.

After committee discussion on the United States Constitution The Chairman asked staff if they had anything to add.

Don Hayward said he thought, if the the United States Constitution was stated correctly its unlawful to prepare contracts, now whether or not at the time these leases were entered into these properties were exempt or not exempt is an issue that will be decided by BOTTA, so therefore maybe the original leases are unlawful in that respect and they may not be.

Senator Martin said he was sympathetic with the back taxes but looking at Wichita and the situation that is there, he said there is a lot of money we are looking at with the airports, and he said he thought their problem was very similar, to this one. He said the only difference is the County Appraiser in Ms. Ray's County chose to go back and the County Appraiser in Sedgwick didn't choose to go back, but both had been administratively exempted through history, and he felt there is a real question about this procedure, in looking over the bill about what is at Wichita, he said he is very concerned about exempting this. Senator Martin said he would prefer to put them on the ad valorem rolls and let them go to the Board, than put them on in lieu of basis.

After committee discussion The Chairman said an interim study would certainly be in order and he realizes the urgency that Ms. Ray is talking about and that it is an immediate problem for them.

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Senator Langworthy said she had been told that there are at least 5 expansions that are on hold as a result of this turmoil and nobody new wants to come in, and she thought maybe there is something we could do now.

Chairman Thiessen said we would have to take this up at a later date and he adjourned the meeting at 12:04 p.m.

AMENDMENTS TO SB 399

PAGE 1 - LINE 23: Delete "upon approval of"

PAGE 6 - LINE 42: Change "and" to "but"
Delete "only"

LINE 43: Delete

PAGE 7 - LINES 1 & 2: Delete

SUBSTITUTE FOR DELETIONS OF LINE 43 (Pg 6) AND LINES 1 & 2 (Pg 7) "taxation through tax year 1994, but for tax years 1992 to 1995, fees in lieu of taxes shall be required pursuant to the provisions in 3-307c(b).

PAGE 2 - line 20 Delete "50% of"

11-5-81
ATTOL

JOHNSON COUNTY INDUSTRIAL AIRPORT
 TAX STATUS OF ALL BUILDINGS
 Assuming Passage of Airport Tax Bill

OCCUPANT/BUILDING	OWNER OF RECORD	TAXABLE		ASSESSED	BOND	USE
		1990	1991	VALUE	EXEMPTION	
Adult Residential Treatment Center	JoCo	no	no			government
Airport Administration Bldg.	JoCo	no	yes	88,128		government/private
Airport Maintenance Bldgs.	JoCo	no	no			government
County Archives	JoCo	no	no			government
U. S. Army Reserve Facility	USA	no	no			government
Bendix/King hangar (FBO)	JoCo (bonds)	no	no		1980-1990	aviation
Bendix/King warehouse	KY Investments	yes	yes	63,246		private
Data Documents I	JoCo (bonds)	yes	yes	165,273	1979-1989	private
Data Documents II	JoCo (bonds)	no	no	214,440	1984-1994	private
Data Documents III	JoCo (bonds)	*	yes	{300,000}	none	private
Dazey Corp.	JoCo (bonds)	no	no	997,896	1976-1991	private
De Elliotte Co.	De Elliotte Co.	yes	yes	146,130		private
Executive Beechcraft (FBO)	JoCo	no	no			aviation
Grindsted offices/lab	Grindsted	yes	yes	212,508		private
Grindsted Plant I	JoCo (bonds)	no	yes	324,054	1979-1989	private
Grindsted Plant II	Grindsted	yes	yes	357,981		private
Grindsted warehouse	JoCo (NORAD complex)	no	yes	28,881		private
Heartland Cement	Heartland Cement	yes	yes	10,314		private
Howell Mouldings I	JoCo (Bldgs. 24 & 114)	no	yes	83,850		private
Howell Mouldings II	JoCo (bonds)	yes	yes	332,223	none	private
JcAir, Inc. I	JoCo (bonds)	yes	yes	84,330	none	private
JcAir, Inc. II	JcAir Associates	yes	yes	119,079		private
JcAir, Inc. III	JcAir Associates	*	yes	{119,079}		private
Jet Tech, Inc.	Jet Tech, Inc.	yes	yes	63,246		private
J. C. Industrial Avionics	JoCo (Bldg. 4)	no	yes	3,288		private
R. D. Long Contracting	JoCo (Bldg. 24)	no	yes	4,422		private
Mid-States Millwork hangar	Mid-States Millwork	yes	yes	51,954		private
U. S. Navy Reserve Facility	USA	no	no			government
North Supply office bldg.	JoCo (sale/leaseback)	no	yes	3,780,504	1980-1995	private (special abatement)
North Supply warehouse	Trammel Crow	yes	yes	638,169		private
Olathe Mfg. I	JoCo (bonds)	yes	yes	207,693	1977-1987	private
Olathe Mfg. II	JoCo (bonds)	no	no	76,818	1981-1991	private
Olathe Mfg. III (Stearns Block)	Olathe Mfg.	yes	yes	324,171		private
Parsonitt	Parsonitt	yes	yes	25,044		private
Royal Tractor I	JoCo (Bldg. 25)	no	yes	147,573		private
Royal Tractor II	JoCo (bonds)	no	yes	97,917	1980-1990	private
Shade Foods	Shade Foods	yes	yes	628,839		private
Stouse Sign	Stouse Sign	yes	yes	191,595		private
Suregas	Suregas	yes	yes	3,711		private
T-Hangar Facilities	JoCo	no	no			aviation
United TeleCom hangar	JoCo (bonds)	yes	yes	79,290	1979-1989	private
Van Den Bergh Foods (Shedd's I)	JoCo (bonds)	no	yes	379,241	1979-1989	private
Van Den Bergh Foods II	Van Den Bergh	yes	yes	444,009		private

* Building under construction
 {n} Projected value

4-5-91
 ATT:2