

Approved Monday 3-16-92  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Audrey Langworthy, Vice Chairman at  
Chairperson

11:00 a.m. ~~xxxx~~ on Thursday, March 5, 1992 in room 519-S of the Capitol.

All members were present except:

Senator Dan Thiessen, Chairman (Excused)

Committee staff present:

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

Conferees appearing before the committee:

Senator Paul Feleciano, Sponsor of SB656  
Judge Cordell D. Meeks, Jr., Executive Committee Rep.-American Lung Assn.  
Dr. William Murphy, M.D., American Heart Assn.  
Mary M. Fiolkoski, RN, CDE-Government Relations Chairperson-American Diabetes Assn.-KS  
Tonnie Furjanic, American Cancer Society, KS Div., Inc.  
Jim Irish, Greater KS Chapter-Appraisal Institute  
Gerry Ray, Intergovernmental Officer-Johnson Co. Board of Commissioners  
Lee Metcalf, Exec. Dir.-Johnson County Airport Commission  
Timothy F. Rogers, Exec. Dir.-Salina Airport Authority  
Gary R. Goerge, ED.D.-Superintendent of Schools, USD 231  
Joe Allen Lang, First Ass't. City Attorney, City of Wichita  
Patricia E. Baker, Associate Exec. Dir./General Counsel, KS Association of School Boards

Senator Audrey Langworthy, Vice Chairperson called the meeting to order at 11:03 a.m. and recognized Senator Paul Feleciano, Sponsor of **SB656**.

**SB656**: Retailers sales tax exemption for non-profit corporations organized for improvement of health.

**The following conferees are proponents of SB656.**

Senator Paul Feleciano said he introduced **SB656** requested by a prominent Wichita physician who serves as President of the American Heart Association in KS. who called his attention to the need for not-for-profit health organizations in KS to be exempt from the sales tax. (See Exhibit 1) He said one example of how a sales tax exemption for these health organizations will benefit Kansans can be seen when one looks at the American Heart Association. He said the \$20,000 they would save as a result of the exemption would allow them to do one or more of the following: (1) Entirely fund a grant-in-aid researcher. (Exhibit 2). Place schoolsite kits in hundreds of schools for teachers to teach health education (Exhibit 3) Fund additional community program projects that would allow expansion and continuation of cardiovascular wellness programs. (Exhibit 4) State table of applicable sales tax exemptions and (Exhibit 5) is a copy of a letter to Dr. Marples, President-American Heart Association from Governor Joan Finney stating "that \$41,000 is such an insignificant amount, therefore would really not be worth the problems of collecting it."

Senator Feleciano said included in his hand-out is also a letter from Jo Ann McKinley, Director, KS March of Dimes. (**ATTACHMENT 1**)

Judge Cordell D. Meeks, Jr., Executive Committee Representative American Lung Association of KS, Councilor to the American Lung Association said he would like the committee to be aware that the American Lung Association of KS is registered with the State Department of Revenue and currently pays sales tax on goods and materials necessary to maintain operations.

He said, the Association also has a long tradition of supporting the state's Education and Health Departments through the distribution, free of charge, of health related information to school districts and local health departments, through subsidizing continuing professional education for state employees, through research and program support at the state's regents institutions, and through radon awareness and tuberculosis control which provide both direct and indirect savings to the state by preventing lung disease and promoting public health.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m./~~pm~~ on Thursday, March 5, 1992

He asked the committee members to support **SB656** that grants non-profit health associations' a sales tax exemption based on the merits of their continuing service to KS. (ATTACHMENT 2)

Dr. William Murphy, M.D., American Heart Association said he would just supplement his testimony from last week, and his hand-out today, includes a letter from James L. Francisco, Lieutenant Governor.

He said, **SB656** gives the opportunity to the members of this committee to document and demonstrate to the people, who are willing to do the job on a voluntary basis for the citizens of KS., that your priorities are evenly distributed in proportion to the affliction. He said, eliminating the sales tax on their organizations will permit them to do their job for the citizens. He said, if we could demonstrate that sense of proportion which the Federal Government cannot, then perhaps the issue of timeliness will fall by the wayside. (ATTACHMENT 3)

Mary M. Fiolkoski, RN,CDE-Government Relations Chairperson, American Diabetes Association-KS Affiliate asked that the committee support their mission as a non-profit health related organization which supplies direction, education and services without charge.

She said the \$5,000 per year their organization pays on state sales tax is very important, that every dollar the state collects with this tax, takes away something from their diabetes population.

She said when there are so many who cannot afford basic healthcare, they all need to encourage and preserve those non-profit healthcare agencies who provide that special attention. (ATTACHMENT 4)

Tonnie Furjanic, American Cancer Society, KS Division, Inc. said Betty Dicus, Volunteer Treasurer for the American Cancer Society testified last week in this committee, regarding a similar sales tax exemption included in **SB640**, and she said, their rationale and testimony in support of **SB656** is the same as Ms. Dicus provided at that time, and they are providing her written testimony which reflects their specifics supporting their position. (ATTACHMENT 5)

Madam Chairman concluded the hearing on **SB656** and recognized Jim Irish, Greater KS Chapter Appraisal Institute, a conferee on **SB414** that was not able to testify at an earlier meeting because of time.

Jim Irish reflected back to Senator Rock's testimony of March 4, 1992 which he felt made an excellent prelude to the testimony he originally would have given when the bill was heard.

He said, in previous testimony he gave on a prior bill he referred to the uniform standards of professional appraisal practice. He said, the 1st page of his hand-out today, includes 103 STAT.514 has the section that quotes the uniform standards of professional appraisal practice. The 2nd page 103 STAT.518 contains the definition of the foundation from the 1st page. He said, following this is: the cover sheet, Uniform Standards of Professional Appraisal Practice, Table of Contents, Standard 6, Standard Rule 6-2 and Standards Rule 6-4. Mr. Irish drew attention to page 1, line 19 and 20 of **SB414** and suggested to the committee to bring language up to date, the word "assessed" does not appear in the uniform standards in standard 6. He suggested on line 19 to amend the language to read "following classes and taxed at the percentage of appraised value prescribed therefor; and delete the word 'assessed'". He said elsewhere in the bill where the word "assessed" appears, delete "assessed" and insert "taxed", and where the word "value" appears, delete "value" and insert "appraised".

He said, page 1, 103 STAT.514 SEC.1110 the language is the modern Federal language, and he suggested the existing language of **SB414** be replaced in KSA 79-503a. (ATTACHMENT 6)

After committee discussion, a committee member asked Mr. Irish if he would submit written material to the committee on his suggested amendments, and he said he would deliver them to the Secretary, on Monday March 9, 1992.

Vice-Chairman, Audrey Langworthy concluded the hearing on **SB414** and turned attention to **SB629** recognizing Gerry Ray, Intergovernmental Officer-Johnson County Board of Commissioners.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m./p.m. on Thursday, March 5, 1992.

The following conferees are proponents of SB629.

Gerry Ray said during the 1991 Legislative Session, the Johnson County Commission requested legislation pertaining to a tax problem at the County Airport. She said, the purpose was to provide relieve for the County on a back tax issue and to assist the County in bringing certain property at the Airport onto the tax rolls.

She said, the legislation that was passed was a great help to the County in the area of back tax liability, and they thought that taking the relief back to 1983 would be sufficient, however the Appraiser was ordered by the Board of Tax Appeals to assess tax on the Airport properties back to the inception of the Airport. She said, SB629 addresses the situation by exempting the Airport property for all years prior to 1983.

She urged the committees favorable consideration on SB629. (ATTACHMENT 7)

Lee Metcalf, Executive Director, Johnson County Airport Commission, said they view SB629 as "technical corrections". He said, they recognize that the lease policies in Johnson County may differ from other airports in the state, so rather than seeking to literally put those properties back on the tax rolls after 1992, they are asking that they be enabled to impose payments in lieu of taxes on those leases so that they may ensure that public services are properly supported by the private sector tenants at their airports.

He asked for the committee's favorable consideration of SB629. (ATTACHMENT 8)

Timothy F. Rogers, Executive Director-Salina Airport Authority said he respectfully requests that the proposed amendment on page 2 of his handout be introduced. He said, the amendment will clearly indicate that the legislature intended to K.S.A. 27-319 to operate retroactively. He said the proposed amendment does not grant the SAA exemption from newly acquired or constructed industrial facilities. (ATTACHMENT 9)

Gary R. George, Ed.D.-Superintendent of Schools, Unified School District 231 said they have worked with the Johnson County people and he said, they are supportive of SB629 and they think it will solve several problems that they saw in HB2194 last session, and he asked the committee members to act favorably on SB629. (ATTACHMENT 10)

Joe Allen Lang, First Assistant City Attorney, City of Wichita said he is speaking today for the Wichita Airport Authority. He said, he was here a few weeks ago to encourage the enactment of SB524 which is an exemption for the Wichita Airport. He said, they still support SB524 but they see as an alternative approach to SB629 with certain changes.

He said, they have concern that the enactment of the proposed language would still leave a great deal of uncertainty as to the extent of exemption. The term "essential to the operation" is not used elsewhere in statutory or case law. He said, what the City of Wichita is seeking is legislative clarification of the intent of the law.

He said they propose an amendment to SB629 on the 2nd page of his handout, which would add a new section that specifically provides exemption of the Wichita Airport Authority (K.S.A. 3-162 airports). He said, this is merely the insertion of the intent of SB524 into SB629. (ATTACHMENT 11)

Patricia E. Baker, Associate Executive Director/General Counsel, KS Association of School Boards, said they have not taken a position on this specific bill because they recognize that it is an attempt to alleviate a problem in a particular area, and will help the Gardner School District. (ATTACHMENT 12)

Vice Chairman, Senator Audrey Langworthy concluded the hearing on SB629 and adjourned the meeting at 12:08 p.m.

GUEST LIST

COMMITTEE: ASSESSMENT & TAXATION

DATE: THURS. 3/5/92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Timothy Poyser	3237 Arnold Ave Salina, KS	Salina Airport Authority
BEN WIDRICKSEN	SALINA	:KS. SENATE
V. Allen	Topeka	American Lung Assn. KS
Cordell D. Meekes, Jr.	Kansas City, MO	A L A
Steve Berarken	TOPEKA	ALAK
WILLIAM MURPHY	67 S MISSION MISSION WICHITA KS 67207	AMERICAN HEART ASSOCIATION
Brian Gilpin	Topeka	American Heart Assoc.
Cathy Halderman	Wichita	City of Wichita
Joe Allen Lang	Wichita	City of Wichita
Bailis F. Bell	MID-CONT AIRPORT	Wichita Airport Auth.
BEV BRADLEY	TOPEKA	KS Assoc of Counties
Bruce Stiles	Gardner, KS	USD #131
Allyson	Olathe, KS	Sen WEBBS
MARY E. TURKINGTON	Topeka	Ks Motor Carriers Assn
Jean Barber	Topeka	Travel Industry Assn
Tim Irish	Topeka	Greater Shawnee Chapter APPRAISAL INSTITUTE
Anne Pruitt	2851 Jewell Topeka	Amv Dales
Stacy M. Zielke RNOE	3716 S.W. Statler Rd. Topeka	American De
Gene Casswell	Topeka	American Cancer Socy Kap. Dep. In.
Donnie Durgin	Topeka	American Cancer Society
R. Lipsey	TOPEKA	AP
Gregory Ray	Olathe	J Co Comm.
Gary George	Gardner	Gardner Edgerton School
Lee Metcalfe	Gardner	Johnson Co.
HAROLD P. TIS	TOPEKA	AARP-CCTF

## GUEST LIST

COMMITTEE: ASSESSMENT & TAXATION

DATE: 3-5-92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Pat Baker	Tapeta	KASB

# State of Kansas

## Senate Chamber

PAUL FELECIANO, JR.  
SENATE ASSISTANT DEMOCRATIC LEADER  
STATE SENATOR, 28TH DISTRICT  
SEDGWICK COUNTY  
815 BARBARA  
WICHITA, KANSAS 67217-3115  
316-522-7875



COMMITTEE ASSIGNMENTS  
MEMBER: WAYS AND MEANS  
ECONOMIC DEVELOPMENT  
JUDICIARY  
LABOR, INDUSTRY AND SMALL  
BUSINESS  
JOINT COMMITTEE ON ECONOMIC  
DEVELOPMENT  
NCSL COMMITTEE ON GOVERNMENT  
OPERATIONS AND PENSIONS

## Office of Assistant Democratic Leader

STATE CAPITOL  
TOPEKA, KANSAS 66612-1565  
913-296-7355

March 5, 1992

TESTIMONY BY  
SENATOR PAUL FELECIANO  
BEFORE THE SENATE ASSESSMENT AND TAXATION COMMITTEE  
SENATE BILL NO. 656

I INTRODUCED SENATE BILL 656 AFTER A PROMINENT WICHITA PHYSICIAN WHO SERVES AS PRESIDENT OF THE AMERICAN HEART ASSOCIATION HERE IN KANSAS CALLED MY ATTENTION TO THE NEED FOR NOT-FOR-PROFIT HEALTH ORGANIZATIONS IN KANSAS (SEE EXHIBIT 1) TO BE EXEMPT FROM THE SALES TAX. AS A RESULT OF SEVERAL EXCHANGES WITH DR. MURPHY, I BECAME CONVINCED THAT A SALES TAX EXEMPTION FOR OUR KANSAS NOT-FOR-PROFIT HEALTH ORGANIZATIONS WOULD CONTRIBUTE TO THE BETTERMENT OF LIFE FOR ALL KANSANS.

MANY OF OUR NOT-FOR-PROFIT HEALTH ORGANIZATIONS HAVE BEEN SUCCESSFUL IN THEIR EFFORTS TO IMPROVE THE HEALTH AND AWARENESS OF OUR CITIZENS, AND A SALES TAX EXEMPTION WOULD ENABLE THEM TO FUND MORE PROGRAMS AND ACHIEVE EVEN GREATER SUCCESS. FOR EXAMPLE, THE HEALTH BENEFITS DERIVED FROM EDUCATIONAL PROGRAMS AIMED AT REDUCING THE INCIDENCE OF CARDIOVASCULAR DISEASES AND STROKE HAVE BEEN SIGNIFICANT. IN THE TEN YEAR PERIOD FROM 1978 TO 1988, CORONARY HEART DISEASE DECLINED NEARLY 30 PERCENT AND STROKE DECLINED 33 PERCENT.

ONE EXAMPLE OF HOW A SALES TAX EXEMPTION FOR THESE HEALTH

SENATE ASSES. & TAX  
3-5-92  
ATT. 1-1

ORGANIZATIONS WILL BENEFIT KANSANS CAN BE SEEN WHEN ONE LOOKS AT THE AMERICAN HEART ASSOCIATION. THE 20,000 DOLLARS THE AMERICAN HEART ASSOCIATION WOULD SAVE AS A RESULT OF THE EXEMPTION WOULD ALLOW THEM TO DO ONE OR MORE OF THE FOLLOWING:

- \* ENTIRELY FUND A GRANT-IN-AID RESEARCHER (EXHIBIT 2).
- \* PLACE SCHOOLSITE KITS IN HUNDREDS OF SCHOOLS FOR TEACHERS TO TEACH HEALTH EDUCATION (EXHIBIT 3).
- \* FUND ADDITIONAL COMMUNITY PROGRAM PROJECTS THAT WOULD ALLOW EXPANSION AND CONTINUATION OF CARDIOVASCULAR WELLNESS PROGRAMS.

CURRENTLY, THE MAJOR NOT-FOR-PROFIT HEALTH ORGANIZATIONS IN KANSAS PAY APPROXIMATELY 70,000 DOLLARS IN SALES TAX ANNUALLY. BOTH THE AMERICAN HEART ASSOCIATION AND THE AMERICAN CANCER SOCIETY PAY APPROXIMATELY 20,000 DOLLARS EACH IN SALES TAX ANNUALLY, WHILE THE AMERICAN LUNG ASSOCIATION PAYS APPROXIMATELY 6,200 DOLLARS, THE ARTHRITIS FOUNDATION PAYS APPROXIMATELY 4,580 DOLLARS, AND THE MARCH OF DIMES PAYS APPROXIMATELY 4,350 DOLLARS. THE REMAINING ORGANIZATIONS PAY APPROXIMATELY 15,000 DOLLARS ANNUALLY OF THE 70,000 DOLLAR TOTAL. WHILE THESE FIGURES MAY SEEM INSIGNIFICANT TO THE STATE, THEY ARE VERY IMPORTANT TO THE NOT-FOR-PROFIT HEALTH ORGANIZATIONS.

WHEN ONE CONSIDERS THAT THE NOT-FOR-PROFIT HEALTH ORGANIZATIONS ARE TRYING TO ACCOMPLISH THE SAME GOALS AS OUR KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, IT BECOMES EVEN MORE IMPORTANT THAT WE DO EVERYTHING IN OUR POWER TO HELP OUR NOT-FOR-PROFIT HEALTH ORGANIZATIONS. THEY WORK TO REDUCE THE INCIDENCE OF MANY OF SOCIETY'S HEALTH PROBLEMS SUCH AS HEART DISEASE, CANCER, SMOKING,

AIDS, AND BIRTH DEFECTS, TO NAME JUST A FEW. THEIR EFFORTS CONTINUALLY COMPLEMENT OUR STATE PUBLIC HEALTH EFFORTS. IF THE NOT-FOR-PROFIT HEALTH ORGANIZATIONS ARE SUCCESSFUL IN ACHIEVING THEIR GOALS, THEN THE STATE WILL BE SUCCESSFUL IN ACHIEVING ITS GOALS, AND VICE VERSA.

I WOULD ALSO LIKE TO POINT OUT THAT KANSAS IS CURRENTLY ONE OF A MINORITY OF ELEVEN STATES WHO IMPOSE A SALES TAX ON THEIR NOT-FOR-PROFIT HEALTH ORGANIZATIONS (SEE EXHIBIT 4), WITH THIRTY-SIX STATES HAVING NO SALES TAX, ONE STATE IN WHICH SALES TAXES ARE PAID, BUT ARE REIMBURSED QUARTERLY (N.C.), AND THE REMAINING STATES HAVING VARIOUS OTHER TAX PROGRAMS. IT IS OBVIOUS THAT OTHER STATES HAVE ALREADY RECOGNIZED THE BENEFITS OF HAVING THIS PARTICULAR SALES TAX EXEMPTION, AND I SUBMIT THAT KANSAS WOULD ALSO BENEFIT FROM THIS TYPE OF EXEMPTION, AND SHOULD THEREFORE JOIN THE MAJORITY OF STATES WHO FEEL THAT THEIR STATE WOULD BENEFIT FROM A SALES TAX EXEMPTION FOR THEIR NOT-FOR-PROFIT HEALTH ORGANIZATIONS.

FINALLY, I HAVE INCLUDED AS EXHIBIT 5 A LETTER FROM GOVERNOR FINNEY TO THE THEN-PRESIDENT OF THE AMERICAN HEART ASSOCIATION DATED MARCH 21, 1991, IN WHICH GOVERNOR FINNEY STATED THAT 41,000 DOLLARS WAS (AND I QUOTE) "SUCH AN INSIGNIFICANT AMOUNT [THAT IT] WOULD REALLY NOT BE WORTH THE PROBLEMS OF COLLECTING IT," (END QUOTE). IT IS MY SINCERE HOPE, THAT YOU, MEMBERS OF THIS COMMITTEE, WILL FEEL, AS I DO, THAT KANSAS WOULD BENEFIT FROM A SALES TAX EXEMPTION FOR OUR NOT-FOR-PROFIT HEALTH ORGANIZATIONS, AND SHOULD THEREFORE TAKE THIS OPPORTUNITY TO PROVIDE ONE.



1990

NATIONAL VOLUNTARY HEALTH AGENCIES OF KANSAS, INC.MEMBERS

Alzheimer's Disease and Related Disorders Association  
 AMC Cancer Research Center  
 American Cancer Society  
 American Diabetes Association, Kansas Affiliate  
 American Hearing Research Foundation  
 American Heart Association, Kansas Affiliate  
 American Kidney Fund  
 American Liver Foundation  
 American Lung Association  
 American Paralysis Association  
 American Parkinson Disease Association  
 American Social Health Association  
 American Tinnitus Association  
 Amyotrophic Lateral Sclerosis Association  
 Arthritis Foundation  
 Association for Retarded Citizens of the U.S.  
 Cancer Research Institute  
 City of Hope/Cancer and Major Diseases Center  
 Cooley's Anemia Foundation  
 Cystic Fibrosis Foundation  
 Damon Runyon Walter Winchell Cancer Research Fund  
 Deafness Research Foundation  
 Dystrophic Epidermolysis Bullosa Research Assoc.  
 Diabetes Research Institute Foundation  
 Endometriosis Association  
 Epilepsy Kansas Inc.  
 Huntington's Disease Society of America  
 Institute of Logopedics  
 International Rett Syndrome Association  
 Juvenile Diabetes Foundation International  
 Leukemia Society of America  
 Little City for Retarded Children  
 Little People's Research Fund  
 Lupus Foundation of America  
 March of Dimes Birth Defects Foundation  
 Medic Alert Foundation International  
 Muscular Dystrophy Association  
 Myasthenia Gravis Foundation  
 National Alliance for the Mentally Ill  
 National Down Syndrome Society  
 National Easter Seal Society of Kansas  
 National Foundation for Ileitis and Colitis  
 National Foundation of Dentistry for the Handicapped  
 National Hemophilia Foundation  
 National Hospice Organization  
 National Kidney Foundation of Kansas & W. Missouri  
 National Marfan Foundation  
 National Mental Health Association  
 National Multiple Sclerosis Society  
 National Neurofibromatosis Foundation  
 National Organization for Rare Disorders  
 National Parkinson's Foundation  
 National Reye's Syndrome Foundation  
 National Society to Prevent Blindness  
 National Spinal Cord Injury Association, Kansas Chapter  
 National Tuberous Sclerosis Association  
 Parkinson's Disease Foundation  
 Research to Prevent Blindness  
 RP Fighting Blindness  
 Sickle Cell Disease of Kansas  
 St. Jude Children's Research Hospital  
 Sudden Infant Death Syndrome Alliance  
 Tourette Syndrome Association  
 United Cerebral Palsy Associations

Alzheimer's Association  
PO Box 1427  
Topeka, KS 66601  
(913) 354-5256

American Cancer Society  
1315 SW Arrowhead Rd  
Topeka, KS 66604  
(913) 273-4114

American Diabetes Association  
3210 E Douglas  
Wichita, KS 67208  
(316) 684-6091  
(800) 362-1355

American Heart Association  
5375 SW 7th St  
Topeka, KS 66606  
(913) 272-7056

American Lung Association  
4300 Drury Lane, PO Box 4426  
Topeka, KS 66604  
(913) 272-9290  
(800) 432-3957

Arthritis Foundation  
1602 E Waterman  
Wichita, KS 67211  
(316) 263-0116  
(800) 362-1108

ALS Association  
PO Box 1451  
Emporia, KS 66801  
(316) 528-3350

Assn Retarded Citizens Ks  
1314 Dunsworth  
Wichita, KS 67212  
(316) 722-5639

Easter Seal Society Kansas  
3636 N Oliver  
PO Box 8169-0169  
Wichita, KS 67208  
(316) 744-9291

Epilepsy Kansas, Inc.  
959 N Emporia, PO Box 284  
Wichita, KS 67201  
(316) 269-2526

Huntington's Disease Society  
2729 SW Fairway Dr., PO Box 242  
Topeka, KS 66601  
(913) 354-8116

Institute of Logopedics  
2400 Jardine Drive  
Wichita, KS 67219  
(316) 262-8271 Ext 201  
(800) 835-1043

Juvenile Diabetes Fdn.  
9527 W 116th Place  
Overland Park, KS 66210  
(913) 451-6252

Kansas Alliance for the Mentally Ill  
112 SW 6th, Suite 305  
PO Box 675  
Topeka, KS 66601  
(913) 233-0755

Leukemia Society of America  
1126 E English  
Wichita, KS 67211  
(316) 262-2417

March of Dimes Birth Defects Foundation  
2701 SW 29th St  
Topeka, KS 66614  
(913) 273-3531

Muscular Dystrophy Association  
2713 SW 29th St  
Topeka, KS 66614  
(913) 273-4930

National Kidney Foundation  
1900 W 47th Place, Suite 107  
Westwood, KS 66205  
(913) 262-1551

Uriel E. Owens Sickle Cell Fdn.  
1614 Washington Blvd  
PO Box 17-1371  
Kansas City, KS 66117  
(913) 621-1712

Multiple Sclerosis Society  
5350 SW 17th St  
Topeka, KS 66604  
(913) 272-5292

United Cerebral Palsy Assn  
2021 North Old Manor  
PO Box 8217  
Wichita, KS 67208  
(316) 688-1888

**American Heart Association  
Kansas Affiliate, Inc.  
1991-92 Research Funding**

**33 Researchers - \$746,000**

<u>Institution</u>	<u># of Grants</u>	<u>Amount of Funding</u>
Kansas State University	11	\$252,000
University of Kansas Medical Center	9	\$204,000
University of Kansas	8	\$181,000
University of Missouri- Kansas City	2	\$43,000
VA Hospital Kansas City	1	\$23,000
Children's Mercy Hospital	1	\$22,000
Wichita State University	1	\$21,000
<b>TOTAL</b>	<b>33</b>	<b>\$746,000</b>

## AMERICAN HEART ASSOCIATION, KANSAS AFFILIATE

### CURRENTLY AVAILABLE PROGRAM PACKAGES

AMERICAN HEART ASSOCIATION  
KANSAS AFFILIATE, INC.  
5375 SW 7TH STREET  
TOPEKA, KS 66606  
(913)272-7056

### SCHOOLSITE

"GETTING TO KNOW YOUR HEART" was developed to help students learn about the circulatory system, heart-healthy lifestyles, and how to help prevent cardiovascular disease in adulthood. This program has two levels, i.e. the lower level is targeted for grades 1-3 and the upper level is targeted for grades 4-6.

HEART DECISIONS is designed for students in grades 7-9. Like the "Getting To Know Your Heart" lower and upper elementary packages, this program was developed to help students learn about the circulatory system, the importance of heart-healthy lifestyle habits, and the steps to help prevent cardiovascular disease in later life.

HEART CHALLENGES: This program targets grades 10-12 and provides information and activities on general risk factors for cardiovascular disease.

THE HEART TREASURE CHEST is a hands on teaching tool, targeted for day care centers, preschool programs, kindergarten and first grades. This colorful box, full of excitement, teaches the importance of developing diet and exercise habits.

SAVE A SWEETHEART was designed to combat teenage smoking. With the use of an advertising campaign, collecting of pledges to stop or not to start smoking, and a Save A Sweetheart day of activities. This program is intended to create a positive image of the **NON SMOKING** teenager.

### COMMUNITYSITE

CULINARY HEARTS KITCHEN is a public education program designed to provide practical information on heart healthy nutrition and food preparation. This program exposes participants to new ideas in cooking.

THE SPEAKERS BUREAU GUIDE was developed to provide speakers to groups on cardiovascular topics. Target audiences include civic organizations, clubs, schools and industry. Promotional ideas are provided.

AMERICAN HEART'S FOOD FESTIVAL is a national event designed to promote good nutrition through Kansas grocery stores, food service personnel, restaurant managers and volunteers who would promote the idea of heart-healthy food selection to the public during a one week period held in September.

VINTAGE HEARTS is a program designed to improve the quality of life for the elderly through exercise, song, and controlling high blood pressure.

WOMEN AND HEART DISEASE: This program was developed to inform women of the increasing incidence of women and heart disease. The program focuses on various activities that can be implemented to educate and "get the word" out to women about this problem.

### HEALTHSITE

The HEART RX program offers materials especially designed to help patients understand the reasoning behind their physicians recommendation to quit smoking, lose weight, exercise, or watch their diet.

The package SUPPORT GROUPS FOR HEART PATIENTS AND THEIR FAMILIES provides organizational guidelines for group development at the local level. Possible support groups could include Stroke Clubs, Coronary Clubs and Parents of Children with Heart Disease.

The HIGH BLOOD PRESSURE SCREENING IN THE COMMUNITY package is designed to provide volunteers with protocols for screening and follow-up. Screenings can be conducted in cooperation with other organizations. Forms, equipment and informational brochures are available from the Affiliate.

ACTIVE PARTNERSHIP: This package is a patient-directed education program. It is designed for people recovering from cardiac trauma. The purpose of this program is to help heart patients change their behavior to develop a healthier lifestyle. Active Partnership helps healthcare professionals give their patients the best possible care. It educates, motivates, and involves patients in their own treatment.

### WORKSITE

The HEART AT WORK program focuses on the work place as an educational delivery site. This employer sponsored program utilizes the advisors and resource capability of the American Heart Association, while implementation remains a function of the worksite employees.



## TABLE OF APPLICABLE SALES TAX EXEMPTIONS

<u>State</u>	
Alabama	No sales tax.
Alaska	No sales tax.
Arizona	Sales tax repealed if below 25% FR/ADM.
Arkansas	Pay taxes, don't pay for National Center purchases.
California	Pay taxes.
Colorado	No sales tax.
Connecticut	No sales tax.
Delaware	No sales tax.
District of Columbia	No sales tax.
Florida	No sales tax.
Georgia	Pay taxes.
Hawaii	Pay taxes.
Idaho	No sales tax - pay on ticket sales.
Illinois	No sales tax.
Indiana	Pay taxes.
Iowa	No sales tax.
Kansas	Pay taxes.
Kentucky	No sales tax.
Louisiana	Don't pay - law somewhat vague.
Maine	Pay taxes.
Maryland	No sales tax.
Massachusetts	Pay no sales tax.
Michigan	No sales tax.
Minnesota	No sales tax.
Mississippi	Pay taxes.
Missouri	No sales tax.
Montana	No sales tax.
Nebraska	Pay taxes.

Table Of Applicable Sales Tax Exemptions  
Page 2

<u>State</u>	
Nevada	No sales tax.
New Hampshire	No sales tax. Limited to restaurants.
New Jersey	No sales tax.
New Mexico	No sales tax, except on services.
New York	No sales tax.
North Carolina	Pay taxes, state reimburses on quarterly basis.
North Dakota	No sales tax.
Ohio	No sales tax.
Oklahoma	Pay sales tax.
Oregon	No sales tax.
Pennsylvania	No sales tax.
Rhode Island	No sales tax.
South Carolina	Pay sales tax.
South Dakota	Just repealed - no tax.
Tennessee	No sales tax.
Texas	No sales tax.
Utah	No sales tax.
Vermont	No sales tax.
Virginia	No sales tax - just repealed.
Washington	Pay taxes.
West Virginia	No sales tax.
Wisconsin	No sales tax.
Wyoming	No sales tax.

STATE OF KANSAS

MAR 25 1991

OFFICE OF THE GOVERNOR

JOAN FINNEY, Governor  
State Capitol, 2nd Floor  
Topeka, KS 66612-1590

913-296-3232  
1-800-432-2457  
TDD# 1-800-992-4152  
FAX# (913) 296-7973

March 21, 1991

Dr. Douglas A. Marples  
President  
American Heart Association  
5375 Southwest 7th Street  
Topeka, Ks. 66606

Dear Dr. Marples:

Sometime back you wrote me a letter regarding the matter of taxing educational materials relating to heart disease and I regret being so tardy in answering.

I will look forward to meeting and visiting with you and would appreciate it if you will contact my office when you're going to be in Topeka. Perhaps, we can arrange an appointment.

The data from the 5 big non-profit Health Organizations demonstrate that a sales tax exemption on educational materials amounts to only about \$41,000, for the total of all 5. Therefore, such an insignificant amount would really not be worth the problems of collecting it.

Thank you for writing me.

Sincerely yours,

*Joan Finney*  
Joan Finney

JF:mf

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March of Dimes  
Birth Defects Foundation  
2701 West 29th Street  
Topeka, Kansas 66614  
Telephone 913 273-3531



March 4, 1992

Senator Paul Felciano

The Kansas chapters of the March of Dimes would like to express their support on bill Senate 656 which goes before the Senate Assessment and Taxation Committee. If this bill passes, thousands of dollars contributed by our supporters would go toward increasing our educational and program grants. Increased revenue would continue to support such grants as: Kansas Action For Children, Maternal and Infant Care Projects, NICU at various Kansas hospitals and our Kansas University grant at Kansas Medical Center.

We encourage the committee to review this bill and to look favorably on it's approval.

*Jo Ann McKinley*  
Jo Ann McKinley  
Director, Kansas  
March of Dimes

3-5-92

1-15

AMERICAN  LUNG ASSOCIATION *of Kansas*  
The Christmas Seal People®

**State Office:** 4300 Drury Lane • Topeka, Kansas 66604-2419 • (913) 272-9290

Testimony on Senate Bill 656

Presented To:  
Kansas Senate Committee on Assessment & Taxation

Presented By:  
American Lung Association of Kansas

March 5, 1992

**Serving Kansas Since 1908— It's A Matter of Life and Breath®**

**Branch Office:** 1107 Parklane Office Park • Suite 224 • Wichita, Kansas 67218-3231  
13830 Santa Fe Trail Drive • Suite 107 • Lenexa, Kansas 66215-3310

SENATE ASSES. TAX  
3-5-92  
ATT. 2-1

Chairman Thiessen and members of the Assessment and Taxation Committee, my name is Cordell D. Meeks, Jr. and I'm a Judge for the Wyandotte County District Court. I'm also a volunteer, current board member and past president of the American Lung Association of Kansas, an organization that I've been actively involved with since 1983.

The American Lung Association of Kansas welcomes this opportunity to once again express concern relating to the issue of granting sales tax exemption to non-profit voluntary health associations.

Each of you should be aware that the American Lung Association of Kansas is registered with the State Department of Revenue and currently pays sales tax on goods and materials necessary to maintain operations.

What is perplexing to the American Lung Association of Kansas and related organizations is that government at all levels promotes volunteerism, community self-help efforts and programs of prevention and wellness directed to high risk segments of the population and at the same time taxes non-profit health organizations the primary providers of those services. In addition, most of the sales tax burden imposed on materials and services provided by non-profit health associations is seldom passed on to consumers because of this high risk segment's inability to pay. These consumers are often the people most in need of the materials and services provided free or at nominal cost by the non-profit health associations.

If one accepts the premise that government will not or cannot make available at the same (or less) cost all of the materials and services provided by the voluntary health associations, and that these materials and services are beneficial to our mutual constituency, Kansans, then making these materials and services subject to sales tax is clearly detrimental to Kansans.

The American Lung Association of Kansas also has a long tradition of supporting the state's Education and Health Departments through the distribution, free of charge, of health related information to school districts and local health departments, through subsidizing continuing professional education for state employees, through research and program support at the state's regents institutions, and through radon awareness and tuberculosis control which provide both direct and indirect savings to the state by preventing lung disease and promoting public health.

It seems obvious from the bipartisan introduction of bills on the sales tax exemption issue that there is some consideration of the great amount of contributions to the public well being that non-profit health organizations make.

It is important to note, that while the American Lung Association of Kansas does not make a profit in the commercial sense - some of its programs do receive more income than they expend. We are thankful for this since it allows the association to apply those excess funds to other programs that operate on a deficit yet are necessary and valuable to the population being served. An example that comes readily to mind is Camp Superbreathers for children with asthma. The parents of these children are charged \$150 for camp attendance by their son or daughter. This fee doesn't begin to cover the actual cost of each child to attend the camp. The actual cost is approximately \$400. In addition to underwriting this amount any child wishing to attend the camp whose parents can't afford the registration fee may apply for a scholarship to attend the camp free of charge. The American Lung Association of Kansas grants those scholarships.

In essence, the association must subsidize most of its own programs as government sector funds shrink and competition for individual and corporate support continues. A sales tax exemption as indicated in this proposed legislation would provide health associations the opportunity to maintain necessary programs.

In light of all that we, and many other non-profit health organizations, do for the common good of the state's residents it seems to be punitive to impose a sales tax on us that only collects an estimated \$80,000 from approximately 23 associations. Surely the cost to collect this sum is prohibitive for the state considering the cost of enforcement and administrative staff. It would better serve the state to let the non-profit health organizations reinvest this money into programs and services for Kansans. The net outcome of this would be the prevention of diseases that sap the individual, the employer, and ultimately the state.

Thank you Mr. Chairman and committee members for the opportunity to present testimony to you today. I sincerely ask that the Senate Assessment and Taxation Committee support legislation that grants non-profit health associations' a sales tax exemption based on the merits of their continuing service to Kansas.

Judge Cordell D. Meeks, Jr.  
Executive Committee Representative  
American Lung Association of Kansas  
Councilor to the American Lung Association

**WILLIAM MURPHY, M.D.**  
HEART, CHEST AND VASCULAR SURGERY  
FACS FACCC

STATE OF KANSAS



818 NORTH EMPORIA #200  
WICHITA, KANSAS 67214  
316-263-0296 (OFF)

67 MISSION  
WICHITA, KANSAS 67207  
316-683-9608 (RES)

OFFICE OF THE LIEUTENANT GOVERNOR

2ND FLOOR, STATE CAPITOL  
TOPEKA, KANSAS 66612-1504  
(913) 296-2213

March 3, 1992

JAMES L. FRANCISCO  
LIEUTENANT GOVERNOR

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

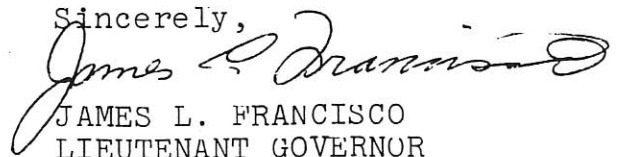
Dear Senator Thiessen:

It has come to my attention that the Senate Committee on Assessment and Taxation is considering two important pieces of legislation which would have the effect of exempting certain sales from taxes on tangible personal property purchased by a non-profit corporation. The two bills are SB-640 sponsored by Senator Burke and eleven other Senators and SB-656 sponsored by Senator Meliciano.

Dan, the passage of one or the other of these Senate Bills is vital to the Kansas Heart Assn., the Kansas Lung Assn. and the Kansas Diabetes Assn. It is my understanding that the enactment of SB-640 or SB-656 would have the effect of saving these non-profit corporations from paying approximately \$70,000 per year. These non-profit organizations have found themselves in a position of having to choose lending their support to either a Democrat-sponsored bill or a Republican-sponsored bill.

After having a discussion with some of the members of these organizations, I am convinced that they want your Committee to pass legislation which will allow this exemption. They are not comfortable in having to choose which bill to support. Dan, I trust the judgment of you and your Committee and my request is that you pass one or the other of these bills.

Sincerely,

  
JAMES L. FRANCISCO  
LIEUTENANT GOVERNOR

JLF:p

SENATE ASSES. & TAX  
3-5-92  
ATT. 3-1



TESTIMONY REGARDING SENATE BILL 656

SENATOR THIESSEN AND MEMBERS OF THE COMMITTEE:

THANK YOU FOR PERMITTING ME TO COME BEFORE YOU AGAIN TO DEVELOP A LINE OF TESTIMONY WHICH WILL SUPPLEMENT SOME OF THE REMARKS I MADE LAST WEEK. I HAVE GIVEN TO EACH OF YOU AN ENVELOPE FROM OUR LIEUT. GOVERNOR WHICH ADDRESSES THE QUESTION OF TREATING THE ISSUE ON ITS OWN MERIT. HIS PERSONAL CONCERN IN THIS MATTER AS A PATIENT AND AS A POLITICIAN PUTS HIM IN A CATEGORY DIFFERENT FROM MINE. I CAN ONLY SPEAK TO YOU ABOUT WHAT I DO, NOT WHAT I HAVE LIVED THROUGH.

SEVERAL OTHER MEMBERS OF THIS COMMITTEE HAVE EXPRESSED TO ME IN PRIVATE THE UNTIMELINESS OF THIS ISSUE. I CAN ADDRESS THAT COMMENTARY BY OFFERING THE FOLLOWING INFORMATION WHICH WAS PUT TOGETHER BY MR. DANIEL LYNCH, THE MANAGING EDITOR OF THE TIMES UNION IN ALBANY, NEW YORK. IT SEEMS APPROPRIATE BECAUSE OF THE REMARKS I HAVE HEARD AS I WALKED THROUGH THE CAPITOL BUILDING THESE LAST SEVERAL WEEKS. THE FEDERAL GOVERNMENT HAS MANDATED MANY PROGRAMS AND HAS NOT FUNDED THEM AT ALL OR ADEQUATELY, OFTEN UNDER-SERVING AN AUDIENCE WHICH THEN TURNS WITH SOME RESENTMENT TO THE LOCAL LEGISLATIVE BODY. IN 1992 THE FEDERAL GOVERNMENT WILL BE SPENDING 2 BILLION DOLLARS ON AIDS RESEARCH, THEY WILL SPEND 2 BILLION DOLLARS ON CANCER AND 844 MILLION DOLLARS ON CARDIOVASCULAR DISEASE. CANCER KILLS AS MANY PEOPLE IN SIX WEEKS AS AIDS DOES IN ONE YEAR. CARDIOVASCULAR DISEASE KILLS AS MANY PEOPLE IN ONE MONTH AS AIDS KILLS IN ONE YEAR.

THE TESTIMONY WE DEVELOPED LAST WEEK FOR THE 501 (C) (3) VOLUNTARY HEALTH CARE ORGANIZATIONS DEMONSTRATES TO YOU THAT OUR VOLUNTEERS ESSENTIALLY ARE YOUR CONSTITUENTS. THESE PEOPLE ARE THE RECIPIENTS OF THE DELIBERATION AND CONSIDERATION HERE IN YOUR

COMMITTEE. THE FEDERAL GOVERNMENT HAS BEEN LOBBIED AGGRESSIVELY, ASSERTIVELY AND SUCCESSFULLY BY ACTIVISTS WHO HAVE MANAGED TO ENLARGE THEIR PORTION OF ALLOCATION FROM AN OTHERWISE FIXED HEALTH CARE BUDGET. THE LARGE POPULATION OF THE MIDDLE CLASS AND THE MEDICALLY UNDER-SERVED CITIZENS OF KANSAS EFFECTIVELY GET SQUEEZED OUT. THE CENTER FOR DISEASE CONTROL ESTIMATES THERE ARE 1 MILLION AMERICANS WITH AIDS. THERE ARE 69 MILLION AMERICANS WITH CORONARY HEART DISEASE, 1 MILLION OF WHOM WILL DIE FROM IT EVERY YEAR. FOR EVERY MAGIC JOHNSON, THERE ARE 19 GILDA RADNERS OR SANDY DENNISES WHO DIE OF CANCER, 2 JAMES DEANS WHO DIE OF AUTOMOBILE ACCIDENTS, 1 JOHN LENNON WHO IS MURDERED, 1 MARILYN MONROE WHO COMMITS SUICIDE AND 29 ELVIS PRESLEYS WHO DIE OF CARDIOVASCULAR DISEASE.

THIS IS YOUR CHANCE AS LEGISLATORS TO DOCUMENT AND DEMONSTRATE TO THE PEOPLE, WHO ARE WILLING TO DO THE JOB ON A VOLUNTARY BASIS FOR THE CITIZENS OF KANSAS, THAT YOUR PRIORITIES ARE EVENLY DISTRIBUTED IN PROPORTION TO THE AFFLICTION. ELIMINATING THE SALES TAX ON OUR ORGANIZATIONS WILL PERMIT US TO DO OUR JOB FOR YOUR CITIZENS. IF WE COULD DEMONSTRATE THAT SENSE OF PROPORTION WHICH THE FEDERAL GOVERNMENT CANNOT, THEN PERHAPS THE ISSUE OF TIMELINESS WILL FALL BY THE WAYSIDE. THANK YOU FOR PERMITTING ME TO COME BEFORE YOUR COMMITTEE AGAIN.

March 5, 1992

To: Kansas Legislature/Senate Assessment & Taxation Committee

Re: Senate Bill # 656

Testimony of Mary M. Fiolkoski RN, CDE  
Government Relations Chairperson  
American Diabetes Association-Kansas Affiliate

On behalf of the Kansas Affiliate of the American Diabetes Association--and the many thousands of Kansans who live with Diabetes daily, I ask that you support our mission as a non-profit Health-related organization which supplies direction, education, and services without charge.

Since 1985, funding has remained flat. Our organization is jeopardized when fundraising at the "grassroots level" is compromised. Dollars for research and services are very hard to obtain when the economy is lacking. Every dollar is very important.

The \$5000 per year our organization pays on state sales tax is VERY IMPORTANT. Every dollar the state collects with this tax, takes away something from our diabetes population.

This amount would provide payment for the ADA 800 number that serves all Kansans outside Wichita. This is a tremendous benefit for all of us who need direction or who have concerns or questions regarding diabetes issues.

Postage that sends materials, newsletters, and supplies amounts to about \$5200.00 per year. These thousands of dollars are painfully huge to all of us who volunteer many hours to raise the funds to keep our organization viable.

Camp Discovery helps children learn how to manage their diabetes in a positive way. The healthier they learn to live the less demand there will be on our healthcare system. We could double our efforts and send more children to camp if we were exempt from paying state sales tax.

If you ever volunteered for a cause and worked hard to make it successful, you will understand.

When there are so many who cannot afford basic healthcare, we all need to ENCOURAGE and PRESERVE those non-profit health-care agencies who provide that special attention we all appreciate. Thank you for your kind consideration.

Sincerely,



Mary M. Fiolkoski RN, CDE, VOLUNTEER

SENATE ASSES. & TAX

3-5-92

ATT. 4



KANSAS DIVISION, INC.

**THERE'S NOTHING MIGHTIER THAN THE SWORD**

STATEMENT OF TONNIE FURJANIC  
AMERICAN CANCER SOCIETY, KANSAS DIVISION, INC.

SENATE ASSESSMENT & TAXATION COMMITTEE  
MARCH 5, 1992  
SENATE BILL 656

=====  
Mr. Chairman and Members of the Committee:

My name is Tonnie Furjanic and I appear on behalf of the American Cancer Society, Kansas Division, Inc. We thank you for the opportunity to appear before you in support of Senate Bill 656.

Last week, Betty Dicus, our Volunteer Treasurer, testified before you regarding a similar sales tax exemption included in Senate Bill 640. Our rationale and testimony in support of Senate Bill 656 is the same as she provided at that time. In the interest of time, we are providing her written testimony which reflects the specifics supporting our position.

On behalf of the American Cancer Society, I urge this Committee to support the passage of Senate Bill 656. I will be happy to address any questions you may have. Thank you.



KANSAS DIVISION, INC.

**THERE'S NOTHING MIGHTIER THAN THE SWORD**

**TESTIMONY OF BETTY DICUS, TOPEKA  
VOLUNTEER TREASURER OF THE AMERICAN  
CANCER SOCIETY, KANSAS DIVISION, INC.**

**SENATE ASSESSMENT & TAXATION COMMITTEE  
MARCH 5, 1992**

**SENATE BILL 656**

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Mr. Chairman and Members of the Committee:

My name is Betty Dicus and I appear on behalf of the American Cancer Society, Kansas Division, Inc. We thank you for the opportunity to appear before you in support of Senate Bill 656.

The American Cancer Society is a non-profit organization, incorporated in the state of Kansas in 1946. Our mission is to eliminate cancer as a major health problem by preventing cancer, saving lives from cancer, and diminishing suffering from cancer through research, education and service.

The American Cancer Society is funded solely by public contributions; we receive no government monies. Due to the generosity of Kansas residents and the hard work of over 29,000 volunteers across the state, we are able to provide cancer programs and services at no cost to those requesting them. During the 1991 fiscal year, the American Cancer Society in Kansas reached

nearly half a million individuals with a cancer education message, over 13,000 medical professionals with information regarding the latest detection and treatment methods, and 9,000 plus cancer patients with service and rehabilitation programs. Herein lies the value of our organization, in that we are able to relieve some of the stress on already burdened government health and social services.

The present law provides a sales tax exemption for educational materials purchased for distribution to the public at no charge and at this time, has limited application. It applies primarily to educational materials addressing the early detection, treatment, and cure of cancer, which are purchased by the Kansas Division of the American Cancer Society from our National Headquarters. These purchases account for approximately one-half of the tangible personal property purchased by the American Cancer Society in Kansas. Items we purchase which are currently not sales tax exempt include screening clinic supplies, cancer dressings, and paper supplies. By granting the exemption outlined in Senate Bill 640, the American Cancer Society would save an additional \$5,500 per year. While this amount may seem insignificant to the state, it would allow us to fund one of the following projects:

- \* Provide a summer camp experience for 34 children with cancer.
- \* Place cancer education kits in 358 elementary schools across the state.
- \* Provide transportation assistance to and from treatment for 37 cancer patients.

This amount also seems insignificant in relation to the financial costs of cancer in the United States, which currently exceeds 100 billion dollars annually. The American Cancer Society plays an important role in controlling these costs by providing cancer screening exams, which are traditionally excluded by private and public insurers.

Cancer accounts for 20% of all deaths in the United States. In 1992, it is estimated that 11,000 Kansas residents will be diagnosed with cancer...5,100 will die. With continued emphasis on early detection and prevention programs, we hope to improve those statistics.

On behalf of the American Cancer Society, I urge this Committee to support the passage of Senate Bill 656. Thank you.

12 USC 3339.

**SEC. 1110. FUNCTIONS OF THE FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCIES RELATING TO APPRAISAL STANDARDS.**

Each Federal financial institutions regulatory agency and the Resolution Trust Corporation shall prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions under the jurisdiction of each such agency or instrumentality. These rules shall require, at a minimum—

(1) that real estate appraisals be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation; and

(2) that such appraisals shall be written appraisals.

Each such agency or instrumentality may require compliance with additional standards if it makes a determination in writing that such additional standards are required in order to properly carry out its statutory responsibilities.

12 USC 3340.

**SEC. 1111. TIME FOR PROPOSAL AND ADOPTION OF STANDARDS.**

Appraisal standards established under this title shall be proposed not later than 6 months and shall be adopted in final form and become effective not later than 12 months after the date of the enactment of this Act.

12 USC 3341.

**SEC. 1112. FUNCTIONS OF THE FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCIES RELATING TO APPRAISER QUALIFICATIONS.**

Each Federal financial institutions regulatory agency and the Resolution Trust Corporation shall prescribe, in accordance with sections 1113 and 1114 of this title, which categories of federally related transactions should be appraised by a State certified appraiser and which by a State licensed appraiser under this title.

12 USC 3342.

**SEC. 1113. TRANSACTIONS REQUIRING THE SERVICES OF A STATE CERTIFIED APPRAISER.**

In determining whether an appraisal in connection with a federally related transaction shall be performed by a State certified appraiser, an agency or instrumentality under this title shall consider whether transactions, either individually or collectively, are of sufficient financial or public policy importance to the United States that an individual who performs an appraisal in connection with such transactions should be a State certified appraiser, except that—

(1) a State certified appraiser shall be required for all federally related transactions having a value of \$1,000,000 or more; and

Housing.

(2) 1-to-4 unit, single family residential appraisals may be performed by State licensed appraisers unless the size and complexity requires a State certified appraiser.

12 USC 3343.

**SEC. 1114. TRANSACTIONS REQUIRING THE SERVICES OF A STATE LICENSED APPRAISER.**

All federally related transactions not requiring the services of a State certified appraiser shall be performed by either a State certified or licensed appraiser.

BY JIM BRISH  
SENATE ASSETS TAX  
3-5-92  
ATT. 6-1



§ 1121  
12 USC 3350

(C) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.

(6) **FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCIES.**—The term “Federal financial institutions regulatory agencies” means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporations, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration.

(7) **FINANCIAL INSTITUTION.**—The term “financial institution” means an insured depository institution as defined in section 3 of the Federal Deposit Insurance Act or an insured credit union as defined in section 101 of the Federal Credit Union Act.

(8) **CHAIRPERSON.**—The term “Chairperson” means the Chairperson of the Appraisal Subcommittee selected by the council.

(9) **FOUNDATION.**—The terms “Appraisal Foundation” and “Foundation” means the Appraisal Foundation established on November 30, 1987, as a not for profit corporation under the laws of Illinois.

(10) **WRITTEN APPRAISAL.**—The term “written appraisal” means a written statement used in connection with a federally related transaction that is independently and impartially prepared by a licensed or certified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by presentation and analysis of relevant market information.

12 USC 3351.

**SEC. 1122. MISCELLANEOUS PROVISIONS.**

(a) **TEMPORARY PRACTICE.**—A State appraiser certifying or licensing agency shall recognize on a temporary basis the certification or license of an appraiser issued by another State if—

(1) the property to be appraised is part of a federally related transaction,

(2) the appraiser’s business is of a temporary nature, and

(3) the appraiser registers with the appraiser certifying or licensing agency in the State of temporary practice.

(b) **SUPPLEMENTAL FUNDING.**—Funds available to the Federal financial institutions regulatory agencies may be made available to the Federal Financial Institutions Examination Council to support the council’s functions under this title.

(c) **PROHIBITION AGAINST DISCRIMINATION.**—Criteria established by the Federal financial institutions regulatory agencies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Resolution Trust Corporation for appraiser qualifications in addition to State certification or licensing shall not exclude a certified or licensed appraiser for consideration for an assignment solely by virtue of membership or lack of membership in any particular appraisal organization.

(d) **OTHER REQUIREMENTS.**—A corporation, partnership, or other business entity may provide appraisal services in connection with federally related transactions if such appraisal is prepared by individuals certified or licensed in accordance with the requirements of this title. An individual who is not a State certified or licensed appraiser may assist in the preparation of an appraisal if—

(1) the assistant is under the direct supervision of a licensed or certified individual; and

# UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

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# ORIGIN AND HISTORY OF THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

These standards are based on the original Uniform Standards of Professional Appraisal Practice developed in 1986-87 by the Ad Hoc Committee on Uniform Standards and copyrighted in 1987 by The Appraisal Foundation. Prior to the establishment of the Appraisal Standards Board of The Appraisal Foundation in 1989, the Uniform Standards had been adopted by the Regular Member Organizations of The Appraisal Foundation and were recognized throughout the United States as the generally accepted standards of appraisal practice.

At its organizational meeting on January 30, 1989, the Appraisal Standards Board of The Appraisal Foundation unanimously approved and adopted the original Uniform Standards as the initial appraisal standards promulgated by the Appraisal Standards Board. These standards may be altered, amended, interpreted, supplemented, or repealed by the Appraisal Standards Board after exposure to the appraisal profession, users of appraisal services and the public in accordance with established rules of procedure.

Effective Date of Original Uniform Standards:	April 27, 1987
Amendments by the Appraisal Standards Board:	
Ethics Provision	December 4, 1989
Preamble through Standard 2	April 20, 1990
Standards 3, 4, and 5	June 5, 1990

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as promulgated by the Appraisal Standards Board of  
The Appraisal Foundation

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## STANDARD 6

**In developing and reporting a mass appraisal for ad valorem tax purposes, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce and communicate credible appraisals within the context of the property tax laws.**

**Comment:** Standard 6 is directed toward the substantive aspects of developing and communicating competent analyses, opinions, and conclusions for ad valorem tax purposes. Two types of appraisals are made for ad valorem tax purposes: individual property appraisals and mass appraisals. Individual property appraisals usually are made when a mass appraisal is being contested. Generally, individual property appraisals should conform to Standard 1 and/or 7. Mass appraisals, which often are developed by teams of people, some of whom may not be appraisers, are the subject of this Standard.

Although appraisal is an important aspect of ad valorem tax administration, other important aspects, including locating and describing property, identifying ownership, determining taxability, making assessments, maintaining cadastral record systems, and satisfying a variety of information needs, result in appraiser-client relationships that are distinctly different from the usual relationships between appraisers and clients.

### **Standards Rule 6-1**

**In developing a mass appraisal for ad valorem tax purposes, an appraiser must:**

- (a) **be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;**

**Comment:** S.R. 6-1(a) is identical in scope and purpose to S.R. 1-1(a). Changes in regional economies, development patterns, and property tax legislation have a substantial impact on property assessment.

- (b) **not commit a substantial error of omission or commission that significantly affects an appraisal;**

**Comment:** S.R. 6-1(b) is identical in scope and purpose to S.R. 1-1(b) when making an individual property appraisal. S.R. 6-1(d) applies in mass appraisal.

- (c) **not render an appraisal in a careless or negligent manner;**

**Comment:** S.R. 6-1(c) is identical in scope and purpose to S.R. 1-1(c)

- (d) **employ those recognized mass appraisal procedures and techniques that are necessary to minimize errors in the data and analyses;**

**Comment:** This rule requires appraisers for ad valorem tax purposes engaged in mass appraisal to take reasonable steps to ensure that the quantity and quality of the factual data that are collected are sufficient to produce credible appraisals. The requirements for real and personal property differ.

For real property, systems for routinely collecting and maintaining ownership, geographic, sales income and expense, cost, and property characteristics data should be established. Geographic data should be contained in a complete set of cadastral maps compiled according to current standards of detail and accuracy. Sales data should be collected, confirmed, screened, adjusted, and filed according to current standards of practice. The sales file should be separate from the property record file and should contain, for each sale, property characteristics data that are contemporaneous with the date of sale. Property characteristics data should be appropriate to the mass appraisal models being used, the requirements of classification and property tax policy, the requirements of other government and private users, and the marginal benefits and costs of collecting and maintaining each particular

**STANDARD 6** (continued)

**Standards Rule 6-1** (continued)

property characteristic. The property characteristics data file should contain data contemporaneous with the date of appraisal as well as current data. It may contain historical data on sales. The property characteristics data collection system should provide for periodic reinspection of all properties and special inspections of properties for which building permits have been issued. Data collectors should be trained, and they should use data. The data collection program should incorporate checks and audits to ensure that data are recorded correctly and consistently.

For personal property, systems for routinely collecting and maintaining situs and ownership data, market data (e.g., cost, price, sales and income and expense), and property characteristics data should be established. Personal property data collection systems usually rely heavily on reports of taxable property holdings filed by owners and agents, but appraisers should have systems for verifying and auditing those reports and for discovering unreported taxable property.

- (e) **employ those recognized techniques for formulating and calibrating mass appraisal models; and**

**Comment:** Appraisers for ad valorem tax purposes engaged in mass appraisal must develop mass appraisal models that with reasonable accuracy represent the mathematical relationship between property value and supply and demand factors, as represented by quantitative and qualitative property characteristics. Models should be calibrated using generally recognized mass appraisal techniques, including multiple regression analysis and the adaptive estimation procedure, for applying the sales comparison, income, and cost approaches to value. Whenever feasible or appropriate, more than one method should be used in appraising a group of properties.

Since personal property items generally are more homogeneous than real property parcels, personal property valuation models generally are simpler than real property valuation models.

- (f) **employ those recognized mass appraisal testing procedures and techniques that are necessary to ensure that standards of accuracy are maintained.**

**Comment:** It is implicit in mass appraisal that, even when well-formulated and well-calibrated mass appraisal models are used, some individual value estimates will not meet standards of reasonableness, consistency, and accuracy. However, appraisers for ad valorem tax purposes engaged in mass appraisal have a professional responsibility to ensure that, on an overall basis, models produce value estimates that meet attainable standards of accuracy. This responsibility requires appraisers to evaluate the performance of models, using, as appropriate, goodness of fit statistics, hold-out samples, analysis of residuals, and assessment-ratio data. They also should review individual value estimates before the decision to use those estimates as the basis for assessment is made.

**Standards Rule 6-2**

**In developing a mass appraisal for ad valorem tax purposes, an appraiser must:**

- (a) **adequately identify the real estate, identify the real property interest under consideration, define the purpose and intended use of the appraisal, consider the scope of the appraisal, describe any special limiting conditions, and identify the effective date of the appraisal;**

## STANDARD 6 (continued)

### Standards Rule 6-2 (continued)

**Comment:** Analogous considerations to those set forth in S.R. 6-2(a) apply to personal property. S.R. 6-3 and S.R. 6-4(a), 6-4(f), and 6-4(h) do not apply to personal property.

In mass appraisal, fee simple interests in property are assumed and appraisers need only identify the real property interest under consideration explicitly when that assumption is not met.

Similarly, the purpose, intended use, and scope of appraisals are assumed to be for ad valorem taxation, which facts do not need to be explicitly defined unless there is an intent to use an appraisal for ad valorem tax purposes for another function. With respect to special limiting conditions, appraisers for ad valorem tax purposes generally operate under pronounced cost constraints. Politically acceptable expenditure levels for assessment administration are a function of a number of factors, including the value of the property being taxed and the relative reliance of the client governmental bodies on the property tax. As a result, expenditure levels may be considerably lower than the suggested levels in many areas. Sacrifices in data completeness and accuracy, valuation methods, and valuation accuracy are an inevitable consequence of such fiscal constraints. Appraisers should not be held accountable for constraints that are beyond their control.

**(b) define the value being considered;**

**if the value to be estimated is market value, the appraiser must clearly indicate whether the estimate is the most probable price:**

- (i) in terms of cash; or**
- (ii) in terms of financial arrangements equivalent to cash; or**
- (iii) in such other terms as may be precisely defined;**

**Comment:** The definition of value for ad valorem tax purposes usually is stated in legislation, regulations, or court decisions and may vary with property use. Appraisers for ad valorem tax purposes must determine whether a stated legal definition differs materially from the general requirements of this rule and govern themselves accordingly. However, in mass appraisal it is not necessary for appraisers to define the value being considered explicitly in writing.

**(c) when applicable and when the information is available to the appraiser in the normal course of business, consider easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of similar nature;**

**(d) consider whether an appraised fractional interest, physical segment, or partial holding contributes pro rata to the value of the whole, if applicable;**

**(e) identify and consider any personal property, fixtures or intangible items that are not real property but are included in the appraisal.**

### **Standards Rule 6-3**

**In developing a mass appraisal for ad valorem tax purposes, an appraiser must:**

- (a) consider the effect on use and value of the following factors: existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the property, neighborhood trends, and the highest and best use of the property;**

**Comment:** S.R. 6-3(a) is identical in scope and purpose to S.R. 1-3(a).

**STANDARD 6 (continued)**

**Standards Rule 6-1 (continued)**

- (b) recognize that land is appraised as though vacant and available for development to its highest and best use and that the appraisal of improvements is based on their actual contribution to the site.

**Standards Rule 6-4**

**In developing a mass appraisal for ad valorem tax purposes, an appraiser must:**

- (a) value the site by an appropriate method or technique;
- (b) collect, verify, analyze, and reconcile:
  - (i) such comparable cost data as are available to estimate the cost new of the improvement (if any);
  - (ii) such comparable data as are available to estimate the difference between cost new and the present worth of the improvements (accrued depreciation);
  - (iii) such comparable sales data, adequately identified and described, as are available to indicate a value conclusion;
  - (iv) such comparable rental data as are available to estimate the market rental of the property being appraised;
  - (v) such comparable operating expense data as are available to estimate the operating expenses of the property being appraised;
  - (vi) such comparable data as are available to estimate rates of capitalization and/or rates of discount.

No pertinent information shall be withheld.

- (c) base projections of future rent and expenses on reasonably clear and appropriate evidence;
- (d) when estimating the value of a leased fee estate or a leasehold estate, consider and analyze the effect on value, if any, of the terms and conditions of the lease;
- (e) consider and analyze the effect on value, if any, of the assemblage of the various estates or component parts of a property and refrain from estimating the value of the whole solely by adding together the individual values of the various estates or component parts;

**Comment:** This rule should not be construed to invalidate properly formulated mass appraisal models calibrated by use of the cost approach.

- (f) consider and analyze the effect on value, if any, of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date;
- (g) identify and consider the appropriate procedures and market information to perform the appraisal, including all physical, functional, and external market factors as they may affect the appraisal;
- (h) appraise proposed improvements only after examining and having available for future examination:
  - (i) plans, specifications, or other documentation sufficient to identify the scope and character of the proposed improvements;



## STANDARD 6 (continued)

### Standards Rule 6-4 (continued)

- (ii) evidence indicating the probable time of completion of the proposed improvements; and
- (iii) reasonably clear and appropriate evidence supporting development costs, anticipated earnings, occupancy projections, and the anticipated competition at the time of completion.

**Comment:** Ordinarily proposed improvements are not formally appraised for ad valorem tax purposes. Appraisers, however, are sometimes asked to provide informal estimates of assessed values of proposed improvements so that developers can estimate future property tax burdens. Sometimes condominiums and units in planned unit developments are sold with an interest in unbuilt community property, the pro rata value of which, if any, should be considered in the analysis of sales data.

### Standards Rule 6-5

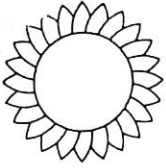
In developing a mass appraisal for ad valorem tax purposes, an appraiser must:

- (a) consider and analyze any current agreement of sale, option, or listing of the property being appraised, if such information is available to the appraiser in the normal course of business;
- (b) consider and analyze any prior sales of the property being appraised;
- (c) consider and reconcile the quality and quantity of data available and analyzed within the approaches used, and the adaptability or suitability of the approaches used.

### Standards Rule 6-6

Mass appraisals for ad valorem tax purposes must be supported by documentation that is reasonably accessible to the public and communicated in ways that are not misleading. Documentation may be in the form of (1) records and files in electromagnetic, micrographic, paper, or other storage media, (2) reports, (3) manuals, (4) regulations, (5) statutes, or other acceptable forms. The documentation should substantially conform to the factual requirements of Standards Rule 2-2. Appraisals for ad valorem tax purposes should be certified in a manner consistent with law and with generally accepted assessment practices.

**Comment:** For reasons of efficiency, the documentation supporting mass appraisals for ad valorem tax purposes virtually never would be found in a single report. Such matters as the purpose of an appraisal, the date of appraisal, the definition of value, the treatment of divided interests, and the like generally are matters of law and are found in constitutions, statutes, ordinances, regulations, or opinions. The rationale for choosing a particular valuation model and calibration method rarely would be stated in writing, except when specified in regulations or contested in court. The mathematical form of the model should, however, be accessible to qualified interested parties. Property owners and their agents should have access to the property characteristics data on their properties upon request. Value conclusions on all properties should be made accessible to all interested parties.



March 5, 1992

SENATE ASSESSMENT AND TAXATION COMMITTEE

HEARING ON SENATE BILL 629

TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL OFFICER  
JOHNSON COUNTY BOARD OF COMMISSIONERS

During the 1991 Legislative Session, the Johnson County Commission requested legislation pertaining to a tax problem at the County Airport. The purpose of the legislation was to provide relieve for the County on a back tax issue and to assist the County in bringing certain property at the Airport onto the tax rolls.

The legislation that was passed was a great help to the County in the area of back tax liability. We had thought that taking the relief back to 1983 would be sufficient, however the Appraiser was ordered by the Board of Tax Appeals to assess tax on the Airport properties back to the inception of the Airport. Senate Bill 629 addresses the situation, by exempting the Airport property for all years prior to 1983.

The 1991 legislation also caused difficulty in that the exemptions in the bill remain effective for the term of existing leases, some of which run for many years into the future. The current statutes are also rather vague on the County's authority to impose payments in lieu of taxes. Senate Bill 629, specifically grants such authority to charge payments in lieu on the existing leases and further to distribute the payments to other taxing jurisdictions in the same manner as general property taxes.

The presentation today was short because we did not wish to take up your time repeating the same testimony that was presented in 1991. I would stand for questions and Lee Metcalfe, Johnson County Airport Director, is here and will pleased to answer any questions you may have on the details of the tax question at the Airport.

We appreciate the Committee's patience in listening once more to these problems. We believe that the provisions in Senate Bill 629 will solve the situation that we are experiencing at the County Airport. Therefore, the Johnson County Commission urges the Committee to report Senate Bill 629 favorably for passage.

SENATE ASSES. & TAX  
3-5-92  
ATT. 7-1

BEFORE THE  
KANSAS SENATE  
COMMITTEE ON ASSESSMENT AND TAXATION

11:00 a.m., Thursday, March 5, 1992

**SENATE BILL No. 629**

Comments of R. Lee Metcalfe, Executive Director, Johnson County Airport Commission

Ladies and Gentlemen of the Committee:

We appear before you today on behalf of Senate Bill 629, which we view as a "technical corrections" bill of sorts. I would like to very briefly address the two operative aspects of the bill as they apply to the situation in Johnson County.

First, lines 20 and 21 of the bill extend the retroactive provision of last year's House Bill 2194 beyond December 31, 1983. The reason this is important to Johnson County is that the Johnson County Appraiser has made his appraisals on the airport property retroactive to 1981, and taxes have been assessed on properties covered by House Bill 2194 retroactive to 1981. The Board of Tax Appeals, in applying House Bill 2194 to Johnson County's exemption applications, has only exempted these properties for the period 1992 to 1983, as provided for in House Bill 2194. This leaves certain properties at the Johnson County airports with outstanding tax balances for 1981 and 1982. We believe it in keeping with the original intent of the legislation proposed last year to extend the retroactivity of the exemption to cover those years.

Second, section 1.(a)(2) of the bill, beginning at line 22, and section 1.(b), beginning at line 30, are intended to allow us to impose payments in lieu of taxes on leases where it was our original intent that these properties become taxable after the revenue bond exemption period. The reason this is important to us is that House Bill 2194 included a provision that properties on which leases were in effect on April 15, 1991 would be exempt until the lease expires. The majority of the leases at the Johnson County airports extend into the second and third decades of the next century. It was never our intent that these properties be exempt for such a long term. We recognize that the lease policies in Johnson County may differ from other airports in the state, so rather than seeking to literally put those properties back on the tax rolls after 1992, we are asking that we be enabled to impose payments in lieu of taxes on those leases so that we may ensure that public services are properly supported by the private sector tenants at our airports.

That is essentially our purpose for approaching you today. We appreciate your attention, and I will stand for questions.

SENATE ASSES. & TAX  
3-5-92  
ATT. 8

**SENATE BILL NO. 629**

**Testimony Before the Senate  
Assessment & Taxation Committee**

Presented By:

Timothy F. Rogers  
Executive Director  
Salina Airport Authority

March 5, 1992

*SENATE ASSES & TAX  
3-5-92  
ATT. 9-1*

The Salina Airport Authority respectfully requests that the following amendment be made to Senate Bill 629:

K.S.A. 1990 Supp. 27-319 is hereby amended to read as follows: 27-319.

(b) The Salina airport authority shall be exempt from the payment of ad valorem taxes levied by the state and any other political or taxing subdivision of the state on property owned by it prior to and on January 1, 1989, and which is located within the corporate limits of the city creating the authority. All property taxes, including any penalties and interest accrued thereon, imposed upon any property herein described for all prior taxable years are hereby declared to be cancelled.

This amendment to K.S.A. 27-319 will clearly indicate that the legislature intended for K.S.A. 27-319 to operate retroactively. As evidenced by testimony before both the Senate and House Local Government Committees in 1989, the legislature intended to provide the SAA an exemption for all property it owned prior to and as of January 1, 1989. Recent discussions with the Saline County Counselor's office and the Department of Revenue's Division of Property Valuation have raised the question of whether the SAA's 1989 amendment operated retroactively for the tax years 1986, 1987 and 1988.

Since January 1, 1989, property acquired by the SAA for other than governmental or proprietary functions has been added to the tax rolls of Saline County. For example, in January, 1990, the SAA purchased a 72,000 sq. ft. manufacturing and warehouse facility for a new industry. The facility had previously been exempt from ad valorem taxes since it was constructed with industrial revenue bonds. The building is now leased to the new industry that employs 84 people. The industry will pay \$30,843 in 1991 ad valorem taxes.

The proposed amendment does not grant the SAA exemption from newly acquired or constructed industrial facilities.

Testimony of

GARDNER-EDGERTON-ANTIOCH  
UNIFIED SCHOOL DISTRICT NO. 231

Regarding S.B. 629

Before the Senate Assessment and  
Taxation Committee

Presented by:

Gary R. George, Ed.D.  
Superintendent of Schools  
Unified School District 231

SENATE ASSES. & TAX  
ATT. 10-1  
3-5-92

I want to thank you for allowing me to speak with you today regarding S.B. 629.

The Gardner-Edgerton-Antioch School District consists of 103 square miles mostly in southwestern Johnson County. A small part of our territory is in northwestern Miami County. All of the Johnson County Industrial Airport territory is within the Gardner-Edgerton-Antioch School District. Consequently, decisions regarding assessments, taxes, etc. can have a significant impact on our school district.

In the last session of the Legislature, H.B. 2194 was passed. I believe many legislators thought this would solve many of the problems surrounding airport tax questions.

From our perspective, there are several issues that still need attention.

First, the back tax issue still needs to be totally cleaned up.

Second, we believe Section 2(b) of H.B. 2194 could potentially allow for some very long tax exemptions, particularly with renewals of leases. We therefore believe there ought to be a mechanism that permits payment in lieu of taxes that is distributed to the various taxing entities.

Let me conclude by urging you to be sensitive to the needs of local school districts. Sometimes our interests can be lost in the name of economic development.

I urge you to consider S.B. 629 and hope you will act favorably on it.

**Senate Bill No. 629  
Airport Tax Exemption**

Testimony by  
Joe Allen Lang  
First Assistant City Attorney  
City of Wichita

March 5, 1992  
Senate Committee on Assessment and Taxation

The City of Wichita supports the efforts of Johnson County to correct and clarify the tax status at its airport. We believe that some modification is necessary to S.B. 629 as introduced, however. We further believe that this bill provides an opportunity to accomplish the objectives of S.B. 524.

S.B. 524 proposed the amendment of K.S.A. 3-167 to clarify existing ad valorem tax exemption for the Wichita Airport Authority. Extensive testimony was presented to this Committee on that bill on February 6, 1992, and does not need to be repeated here today.

S.B. 629, as drafted, amends K.S.A. 1991 Supp. 79-201q which was enacted last Session. The proposed amendment would continue tax exemption beyond 1992 for property leased for "purposes essential to the operation of an airport." It would also allow the operating political subdivision to collect "in lieu of" taxes on leased property. The bill would affect the tax exempt status of all publicly owned airports in Kansas, not just Johnson County. (Only the Salina and Topeka airports would remain unaffected by the statute.)

We have concern that the enactment of the proposed language would still leave a great deal of uncertainty as to the extent of exemption. The term "essential to the operation" is not used elsewhere in statutory or case law. While we can make good legal arguments that all property of the Wichita Airport Authority should qualify for such an exemption, we are quite sure that there are those who would take exception to our interpretation. What the City of Wichita is seeking is legislative clarification of the intent of the law. We do not need any more administrative hearings or litigation.

Our proposed amendment to S.B. 629 would add a new section that specifically provides exemption of the Wichita Airport Authority (K.S.A. 3-162 airports). This is merely the insertion of the intent of S.B. 524 into this bill. Other provisions of S.B. 629 would remain unchanged.

In conclusion, S.B. 629 provides the opportunity for the Legislature to meet the needs of the various airports in one bill. We request that the bill be amended to include the provisions attached.

SENATE ASSES. & TAX  
3-5-92  
ATT. 11-1



II

S.B. 629

[New subsection (c):] All property owned by an airport authority established under K.S.A. 3-162 et seq. shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas.

+et (d) ....

KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS

5401 S. W. 7th Avenue Topeka, Kansas 66606  
913-273-3600

Testimony on S.B. 629  
before the  
Senate Committee on Assessment and Taxation

by

Patricia E. Baker  
Associate Executive Director/General Counsel  
Kansas Association of School Boards

March 5, 1992

Thank you, Mr. Chairman, Committee members. Thank you for the opportunity to appear on S.B. 629.

We have not taken a position on this specific bill because we recognize that it is an attempt to alleviate a problem in a particular area.

However, we once again ask you to carefully consider the short and long term effects of statutory tax exemptions. The myriad exemptions under the constitution, various statutes and those granted by local units of government create a confusing array of policy decision making. Our concerns are not intended to thwart attempts to solve past difficulties but to ensure that we don't make the situation worse.

Thank you.

SENATE ASSES. & TAX

3-5-92  
ATT-12