

Approved: Approved 25, 1994
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:08 a.m. on January 24, 1994 in Room 519-S of the Capitol.

Members present: Senator Langworthy, Senator Tiahart, Senator Bond, Senator Corbin, Senator Feleciano, Senator Lee, Senator Reynolds, Senator Sallee, Senator Wisdom

Committee staff present: Tom Severn, Legislative Research Department
Chris Courtwright, Legislative Research Department
Bill Edds, Revisor of Statutes
Don Hayward, Revisor of Statutes
Elizabeth Carlson, Committee Secretary

Conferees appearing before the committee: Senator Alicia Salisbury
Ken Hackler, Washburn University
John Howe, Washburn Emeritus
Senator Sandra Praeger
Gary Toebben, Lawrence Chamber of Commerce

Others attending: See attached list

APPROVAL OF MINUTES

Senator Bond moved the approval of the minutes of January 20, 1994. Senator Tiahart seconded the motion. The motion carried.

SB 484--TAXATION OF CERTAIN RETIREMENT ANNUITIES AND BENEFITS

Senator Alicia Salisbury introduced **SB 484** on behalf of Washburn University retirees. She said this group of public employees retirement pay is still subject to state income tax. She feels this bill is in the interest of equity and fairness for these retirees.

Ken Hackler, Washburn University, spoke in support of **SB 484**. (Attachment 1) He said the retirement income of Washburn University retirees is treated differently than that of retired faculty and staff from the other Kansas public institutions of higher education. **SB 484** would place these retired employees in the same or like position as retirees of the Kansas Public Employees Retirement System, Kansas Police and Firemen's Retirement System and other listed in subsection (c) of KSA 74-4923.

John Howe, Washburn University emeritus, also spoke in support of **SB 484**. (Attachment 2) He said this bill excludes retirement annuity payments to Washburn University employees from the state income tax. He feels this bill would bring about fairness and justice to this group of employees, since Washburn University is a public institution. It would put them in the same position as other public employees.

The hearing was closed on **SB 484**.

SB 498--PROPERTY TAX EXEMPTION FOR PROPERTY LEASED BY CERTAIN ECONOMIC DEVELOPMENT ENTITIES

Senator Sandra Praeger introduced **SB 498** on behalf of the city of Lawrence. The bill is a request to provide property tax abatement for non-profit development companies. She introduced Gary Toebben, President, Lawrence Chamber of Commerce.

Gary Toebben, President, Lawrence Chamber of Commerce, appeared in support of **SB 498**. (Attachment 3) He said this is a unique problem in Douglas County. It is a request by Douglas County Development, Inc. to add to KSA 1993 Supp. 79-221, the 501(c)(4) designation. Current law only names 501(c)(6) organizations to receive property tax abatement on leased buildings. The attorney for the Lawrence Chamber of Commerce,

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:08 a.m. on January 24, 1994.

the city of Lawrence and Douglas County applied for the corporation and received a 501(c)(4) designation. The bill is related to economic development.

The hearing was closed on SB 498.

Senator Bond moved to pass out favorably SB 498. The motion was seconded by Senator Wisdom. The motion carried.

SB 459--PROPERTY TAX ACCUMULATED INTEREST AMNESTY PROGRAM

Discussion was held on SB 459. A balloon was presented by the Revisor. (Attachment 4) Don Hayward, Revisor, explained the changes in the bill. There were several questions from the committee. In new Section 2, Senator Bond explained this is to clarify that county treasurers must accept partial payment (of delinquent real property tax which is in an amount equal to or more than 25% of the total amount) of the tax.

Senator Lee moved to adopt the amendments to SB 459. The motion was seconded by Senator Sallee. The motion carried.

Senator Bond moved to pass out favorably SB 459 as amended. The motion was seconded by Senator Wisdom. The motion carried.

SB 460--COUNTY WIDE RETAILERS' SALES TAX FOR SOLID WASTE FACILITY CONSTRUCTION, ALTERATION AND OPERATION

The committee held discussion on SB 460 to amend the bill to include recycling. Committee members think that Kansas needs to have the kind of authority to be able to do this. This is what is going to be happening in the future and it would permit counties to set up recycling systems which at the present time they are not able to do. Some of the members think it is a good idea but objected to another sales tax. They would recommend a user fee system. No action was taken on the bill.

The meeting adjourned at 12:00 noon.

The next meeting is scheduled for January 25, 1994.

Send Assessment + Taxation
 guest list

January 24, 1994

name

address

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Representing

John E. Howe

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Washburn Emeriti

MDonald C. Wright

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Gena McFarland

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OP Chamber of Comm.

Ken Baker

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Bill Sreed

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Am Inv. Life Ins Co

Gary Toebben

Lawrence

Chamber of Commerce

Kenneth HACKER

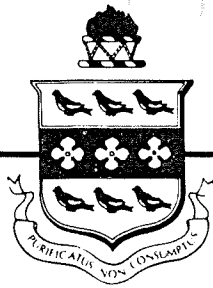
1700 College, Topeka

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MARK A. BURGHART

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REVENUE



WASHBURN UNIVERSITY

Washburn University
Topeka, Kansas 66621
Phone 913-231-1010

Testimony to Senate Assessment and Taxation on Senate Bill 484

January 24, 1994

Kenneth P. Hackler, University Counsel
Washburn University

Madam Chairperson, Members of the Committee

Thank you for permitting me to appear before you today to express Washburn University's support of Senate Bill 484. This bill was introduced by Senator Salisbury when it came to her attention recently that the retirement income of our retirees is treated differently than that of retired faculty and staff from the other Kansas public institutions of higher education.

For Kansas income tax purposes, the retirement income of employees who have retired from any of the state's public higher educational institutions, except Washburn University, is exempt from taxation under a provision of one of the statutes governing the Kansas Public Employees Retirement System (KPERs). Employees of the state's nineteen community colleges are specifically included in KPERs as are the faculty and staff at the six state educational institutions supervised by the Kansas Board of Regents. K.S.A. 74-4923(b) exempts from any state tax "Any annuity, benefits, funds, property or rights..." of retired employees of these other public higher education institutions and, for that matter, of all retired participants of the Kansas Public Employees Retirement System or the Kansas Police And Firemen's Retirement System. This provision, coupled with that of K.S.A 1993 Supp.79-32,117(c)(ii), ensures that retirement income of persons who retired from public higher education institutions other than Washburn University is excluded from Kansas income taxation.

We would like to be able to tell you how many former Washburn employees would be affected by enactment of Senate Bill 484 and the amount of their retirement income. Unfortunately, we do not have that data immediately available to us. I am able to tell you, however, that more than 100 former Washburn employees likely would be affected as our current listing of former faculty and staff having emeriti status contains the names of 95 persons. We have requested our retirement provider, the Teachers Insurance And Annuity Association/College Retirement Equities Fund (TIAA/CREF) for assistance in getting more specific information to share with you and were informed Friday that it will take a massive computer search at its home offices in New York. We will submit this information to you when we receive it.

We believe the issue is one of fairness, placing retired employees of Washburn University in the same or like position as retirees of the Kansas Public Employees Retirement System, the Kansas Police And Firemen's Retirement System and others enumerated in subsection (c) of the statute proposed to be amended by Senate Bill 484. In our view, this proposal represents a straight forward and equitable approach to resolving the difference among the state's retired public higher education employees in the treatment of their retirement income. Thank you for your consideration of this matter.

Senate Assess + Tax
Jan 24, 1994
att 1-1

PRO SENATE BILL NO. 484

- I. SENATE BILL 484 BASICALLY EXCLUDES RETIREMENT ANNUITY PAYMENTS TO WASHBURN UNIVERSITY EMPLOYEES FROM THE STATE INCOME TAX.
- II. THIS BILL ELIMINATES THE UNFAIRNESS AND DISCRIMINATION OF THE PRESENT LAW WHICH TAXES WASHBURN RETIREMENT ANNUITY PAYMENTS, BUT DOES NOT TAX THE SAME TYPE OF PAYMENTS FOR EMPLOYEES OF COLLEGES AND UNIVERSITIES THAT ARE UNDER THE MANAGEMENT OF THE STATE BOARD OF REGENTS.
- III. FROM THE TAXATION STANDPOINT THERE IS LITTLE DIFFERENCE, IF ANY, BETWEEN WASHBURN AND SCHOOLS UNDER THE MANAGEMENT OF THE STATE BOARD OF REGENTS.
 - A) BOTH EDUCATE RESIDENTS AND NON-RESIDENTS OF KANSAS.
 - B) BOTH ARE ACCREDITED INSTITUTIONS OF HIGHER EDUCATION.
 - C) BOTH ARE PUBLIC INSTITUTIONS; REGENTS SCHOOLS BEING SUPPORTED BY STATE TAX MONEY, AND WASHBURN BY MUNICIPAL AND STATE MONEY.
 - D) BOTH HAVE SIMILAR RETIREMENT PLANS AND AT LEAST SOME IF NOT ALL PLANS ARE MANAGED BY THE SAME ORGANIZATION.
- IV. DESPITE THESE SIMILARITIES THE RETIREMENT ANNUITIES OF WASHBURN EMPLOYEES ARE TAXED; THOSE OF THE OTHERS ARE NOT.

IN BARKER -VS- KANSAS [INVOLVING TAXATION OF RETIREMENT PAY OF FEDERAL EMPLOYEES] THERE WAS A UNITED STATES CODE PROVISION THAT WAS INVOLVED. THERE IS NO CODE PROTECTION FOR WASHBURN EMPLOYEES, BUT THE BASIC REASONING IS THE SAME. IT IS UNJUST AND DISCRIMINATORY TO TAX WHEN THE SOLE DISTINCTION IS THE SOURCE OF THE COMPENSATION.
- V. MOST WASHBURN EMPLOYEES ARE PROBABLY NOT SERIOUSLY HARMED BY THE TAX, BUT THERE ARE SOME THAT ARE UNDOUBTEDLY HURT TO SOME EXTENT BY THE TAX. HOWEVER, THIS IS NOT THE GUIDING POINT; THE QUESTION IS WHETHER OR NOT THE PRESENT STATUS IS FAIR AND JUST. IT IS NOT!

Senate Assess + Jey
Jan 24, 1994
att 2-1

Testimony on SB 498
Senate Assessment and Taxation Committee

by Gary L. Toebben, President
Lawrence Chamber of Commerce

Monday, January 24, 1994



(913) 865-4411

(913) 865-4400 FAX

I am here today in support of SB 498. I asked Senator Praeger to introduce this legislation to address a unique problem we have in Douglas County. Simply put, our non-profit economic development organization that owns a spec building has a 501(c)(4) tax status.

In 1986, the Lawrence Chamber, the City of Lawrence and Douglas County created a non-profit economic development corporation to develop and market a new industrial park. At that time, our attorney applied for and the corporation received, a 501(c)(4) designation.

The corporation is named Douglas County Development, Inc. As part of its marketing efforts, Douglas County Development, Inc. raised money in the community and built a spec building. After two years of marketing, we leased the spec building to Pitman-Moore, a veterinary supply company. Pitman-Moore located their midwest distribution center in the building.

With Pitman-Moore as the tenant, Douglas County Development, Inc. applied for a 50% property tax abatement on the building. The Lawrence City Commission gave its unanimous support. But when the city attorney reviewed the state statutes, he discovered that the statute that allows non-profit economic development organizations to apply for a property tax abatement on leased buildings applies only to 501(c)(6) organizations.

It is for this reason that Douglas County Development, Inc. requested the introduction of SB 498. I hope you will support this bill. It is important to our community and to our county.

Thank you.

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*Senate Assess + Tax
Jan 24, 1994
att 3-1*

SENATE BILL No. 459

By Committee on Assessment and Taxation

1-11

AN ACT relating to property taxation; authorizing property tax accumulated interest amnesty programs.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) In accordance with the provisions of this act, the board of county commissioners of any county may institute and administer a property tax accumulated interest amnesty program. Such program shall only be in effect for a 60-day period as specified by such board, and shall only be instituted once each decade. Notice of the institution and time period of such program shall be by publication in a newspaper having general circulation in the county. Also, notices shall be mailed to the owner of any homestead who may qualify to participate in the program.

(b) Upon completion and execution of an application affidavit for eligibility for participation in the amnesty program by a qualified individual and payment of all or a portion of delinquent property tax, the county treasurer shall cancel all accumulated interest which has accrued upon the amount of such tax paid.

(c) As used in this section: (1) "Qualified individual" means an individual or such individual's heirs who own and reside in a homestead upon which is owed delinquent property tax; (2) "homestead" shall have the meaning ascribed thereto by section 9 of article 15 of the Kansas constitution; and (3) "delinquent property tax" means property tax levied upon a homestead which has remained unpaid for at least two years after it became due.

(d) The provisions of this section shall not be construed to conflict or otherwise affect any other provisions of law relating to the redemption, sale or foreclosure of real estate resulting from delinquent property tax.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

section

or other property

person

No qualified person shall be eligible to participate in such program more than once.

or a person, corporation or other association of persons who own real property upon which is owed delinquent property tax

or other real property

Sec. 2. Notwithstanding any other provision of law to the contrary, the county treasurer of every county shall accept partial payment of delinquent real property tax which is in an amount equal to or more than 25% of the total amount of such tax.

Kansas register

Senate Assess & Tax
Jan 24, 1994
att 4-1

ATT-1

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section

or other property

person

No qualified person shall be eligible to participate in such program more than once each period of time offered.

or a person, corporation or other association of persons who own real property upon which is owed delinquent property tax

or other real property

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Kansas register

4-2

ATT 4-2