

Approved: Jan 20, 1995
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:00 a.m. on January 18, 1995 in Room 519-S of the Capitol.

Members present:

Senator Audrey Langworthy, Senator David Corbin, Senator Phil Martin, Senator Richard Bond, Senator Stan Clark, Senator Paul Feleciano, Jr., Senator Janice Hardenburger, Senator Janice Lee, Senator Pat Ranson, Senator Don Sallee and Senator Bill Wisdom.

Committee staff present:

Tom Severn, Legislative Research Department
Chris Courtwright, Legislative Research Department
Don Hayward, Revisor of Statutes
Elizabeth Carlson, Secretary to the Committee

Conferees appearing before the committee:

Senator Ben Vidricksen
Senator Don Sallee
Shelby Smith, Rural Kansas Taxpayers Association
Anne Speiss, Kansas Association of Counties
Bud Henson, Former County Commissioner, Sedgwick County
Senator Phil Martin

Others attending: See attached list

SB 20--CRAWFORD AND OTTAWA COUNTY JAIL FACILITY SALES TAX AUTHORIZED

Senator Ben Vidricksen appeared before the committee and asked that Ottawa County be amended out of **SB 20**.

REQUESTS FOR BILL INTRODUCTIONS

Senator Martin made a motion to introduce bills regarding county appraisers. One bill concerns licensure for appraisers, one is for duties of county appraisers, one bill is taxation on motorized bicycles and the fourth bill is the computation of recreational vehicle tax. The motion was seconded by Senator Feleciano. The motion carried.

SB 41--INTEREST ON REFUND OF PROTESTED PROPERTY TAX

Proponents

Senator Don Sallee explained that **SB 41** requires the counties to pay 12% interest within 30 days on refunds after the order has been made on protested property taxes. He said the present bill is not quite in the shape that he wanted it to be and it needs some amendments.

Shelby Smith, Rural Kansas Taxpayers Association, appeared to request an amendment. (Attachment 1) He asked that on page 3, line 17 after the words "protested taxes" all words be stricken through line 18 and line 19 to the words "plus interest."

Senator Langworthy asked about the fourth indented paragraph in his testimony stating the reimbursed interest be charged to the County General Fund and this is not in the bill. Mr. Smith answered that this is the way it should be for the counties. Staff said it would be charged to the fund that receives the protested funds.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:00 a.m. on January 18, 1995.

Opponent

Anne Spiess, Kansas Association of Counties, said the Association had concerns about **SB 41**. (Attachment 2) She thinks the 30 days is a reasonable amount of time for the counties to issue refunds. However, she is concerned about the length of time it takes the Board of Tax Appeals to take any action on appeals. The county should not be penalized for this time. The Kansas Association of Counties suggested the refund only go back to the point at which the order from BOTA or a court is made final.

Senator Sallee spoke of a case in his district in which there was a confrontation between the county employees and the taxpayer. It took 3 years and the taxpayer finally had to go to court. All of this time, the taxpayer's money was being held by the county.

Ms. Spiess suggested maybe this could be worked out by a meeting with the Kansas Association of Counties, the county employees and the taxpayer. She also said the county treasurers usually pay in a few days.

Senator Wisdom asked if the money was invested and is the county making money on the taxpayers money?

Bud Henson, Former County Commissioner, Sedgwick County, spoke as a proponent for **SB 41**. He said he fully agreed with the requirement for counties to pay interest on the taxpayers money when they have been taxed improperly. He said the money is invested, probably every day or on a monthly basis, and the county is making money on the taxpayers money. He also said he thought there would be fewer mistakes by county appraisers and county clerks if it was going to cost money.

The hearing was closed on **SB 41**. No action was taken.

SB 20--CRAWFORD AND OTTAWA COUNTY JAIL FACILITY SALES TAX AUTHORIZED

Senator Martin explained the reason for **SB 20**. He said this bill comes from a request from the County Commissioners for a 1/2 cent sales tax to be used for the Crawford County Jail facility. The sales tax will expire when the jail is paid for and it does require a vote of the people. The County Commissioners felt it would be cheaper to use the sales tax rather than the ad valorem tax because it could be paid off quicker.

Senator Lee asked if this sales tax would go directly to the county. Senator Martin said it would and it would not go into effect if the vote fails. He also said the County would like to hold the election in April.

There were other questions from the committee concerning using property tax instead of sales tax, and Senator Martin reiterated that the County Commissioners felt it would be cheaper to use the sales tax because it could be paid off in less time.

In response to Senator Vidricksen's request to amend out Ottawa County, staff said the bill could be amended to remove any reference to Ottawa County.

Senator Wisdom made a motion to amend **SB 20** to remove any reference to Ottawa County. The motion was seconded by Senator Lee. The motion carried.

Senator Sallee made a motion to pass **SB 20** favorably as amended. The motion was seconded by Senator Martin. The motion carried with Senator Ranson voting No.

The meeting adjourned at 12:00 noon.

The next meeting is scheduled for January 19, 1995.

TESTIMONY

Senate Assessment and Taxation Committee
SB 41, Payment of Interest on Refunds of Protested Real Estate Taxes
January 18, 1995

Madam Chairman:

I'm appearing here today on behalf of the Rural Kansas Taxpayer's Association (RKTA) in support of SB 41.


RKTA is not a tax protest group, but rather a tax equity association of about 500 farmers and agricultural business taxpayers. We were organized in 1994 by Mr. Larry Peterson, President, Property Tax Services, Inc., a tax representative who has specialized in grain elevator and commercial property valuations since 1989.

This bill is good public policy. The current law and practice to charge interest on overdue taxes, and then not rebate with interest on over-payment of taxes is grossly unfair and unjust. Additionally, it creates a disincentive in the appeal process. It's in the County's best interest to not refund in a timely manner. What's good for the goose is good for the gander, to wit:

- The interest rate of 12% per annum is the same rate charged delinquent taxpayers. A precedent 12% rate, I believe, can be found in the Kansas Income tax code.
- Interest computed from the date the taxes are paid or when due, whichever is later.
- 30 day time limit for the County Treasurer to refund protested taxes and interest.
- We also recommend the reimbursed interest be charged to the County General Fund, the account to which delinquent interest received is credited (KSA 79-2004).

We wish to commend Senator Don Sallee for his leadership on this public policy issue.

Respectfully,


Shelby Smith - Lobbyist, RKTA

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PUBLIC AFFAIRS CONSULTANTS

*Senate Assessment & Tax
Jan 18, 1995
attach 1-1*



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TO: Senator Audrey Langworthy
Senate Assessment and Taxation Committee

FROM: Anne Spiess
Director of Legislation

DATE: January 18, 1995

RE: SB 41

Thank you for the opportunity to testify on SB 41. The Kansas Association of Counties has concerns with SB 41 and would like to discuss them with the Committee.

First of all, the KAC agrees that 30 days is a reasonable amount of time for the counties to issue refunds. There is always some amount of time needed to process the "bureaucracy of paperwork," but 30 days should be sufficient.

The concern with the bill has to do with the language on page 3, lines 18-22. Specifically, if the county treasurer does not refund the protested taxes within 30 days the county must refund, at 12% interest, back to "the date such taxes were paid or required to be paid." KAC would suggest that the refund only go back to the point at which the order from BOTA "or a court of competent jurisdiction" is made final. We feel counties should not be required to pay for the extended time BOTA spends on appeals.

Some suggestions for the Committee would be: (1) Require BOTA respond to appeals in a more timely manner; and (2) require that BOTA always send copies of the refund orders to the county treasurer as well as to the county appraiser. This second item mentioned would help those two county offices better coordinate their efforts to get a refund issued in 30 days.

Another suggestion would be to get together the pertinent parties involved in issuing refunds to discuss the refund process and how to better it.

Thank you for your consideration of our concerns.

*Senate Assess + Tax
Jan 18, 1995
attach 2-1*