

Approved: March 18, 1996  
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 March 15, 1996 in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Martin, Senator Bond, Senator Clark, Senator Feleciano, Jr., Senator Hardenburger, Senator Lee, Senator Ranson, Senator Sallee and Senator 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: None

Others attending: See attached list

### DISCUSSION OF SCHOOL FINANCE AND THE 35 MILL LEVY

Senator Langworthy said she did not intend to take any action today but wanted some of the proposals for the school finance 35 mill levy to be discussed. This bill has been placed in the committee rather quickly and the Committee members would then have time over the weekend to reflect on what has been presented. A Committee meeting will be held on Monday at 11:00 a.m. She asked Senator Bond to again present his plan which was presented at the meeting on Monday March 13.

Senator Bond reviewed the interpretation of the property taxation law by court decision that no real property tax plan can be enacted for more than two years. He said it will be necessary to address this subject again in 1998. The property tax receipts from the state wide mill levy would be frozen at a level of \$571 million. An increase in the assessed valuations the past years has been 3.15 percent statewide and the mill levy required to raise that amount of money would be gradually decreased. To fund K-12 the loss is \$10.5 million in 1997 and after that it is \$20 million. These dollars represent 30 percent of school finance.

Senator Martin said he had some questions about how this would impact on individual home owners and he presented figures which he asked the staff to check for accuracy. He spoke of a home with \$50,000 valuation and commercial property of \$100,000 valuation and listed how small the decreases would be over the next few years for both properties.

Senator Bond said reappraisal increases valuations and unless there is a mill reduction, the taxpayers get a tax increase without a vote of the Legislature. This is not a radical proposal but it is offered as a matter of fairness. The savings are not huge but remember the biggest irritant of all to the public is reappraisal.

Senator Martin said he disagreed that reappraisal is the biggest irritant. At the meetings of the Governor's Task Force this summer, the biggest irritant was the level of the property tax in Kansas. The property taxes in this state are higher than in surrounding states and the total burden of the property tax continues to escalate.

Senator Lee said the mill levy in her district is over 100 mills and the property tax on that \$50,000 home would be \$600. The \$6.00 decrease in property tax would probably be eaten up by an increase in the assessed valuation in the cities and counties.

Senator Martin said there was no question in his mind that there will be increases in what the cities and counties will budget for that will offset the one mill decrease which has been proposed. Property taxes will not go down.

Senator Ranson said the property tax in Kansas runs about 5 percent above the average in the nation. But if the figures are pulled out on machinery and equipment and commercial, Kansas is not out of line. Where Kansas is out of line is on commercial property.

Senator Martin said he was looking at Missouri and Oklahoma and they are the biggest competition for Kansas. The dependency on property tax by those two states is significantly less than Kansas. Iowa has taken off the tax on machinery and equipment entirely.

Senator Langworthy said Missouri has not chosen to spend their tax money on education and she pointed out

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:00 a.m. on March 15, 1996.

that the growth in Johnson County has been directly impacted because of the school system in Missouri. She asked the members to bring up other proposals for the school finance.

Senator Martin presented a plan by Representative Wempe which would hold the current year mill levy at 35 mills in 1996. In the second year, the mill levy would be adjusted from 35 mills to 15 mills. A sales tax increase would amount to 5.4 percent total beginning June 1, 1997. The individual income tax would increase in 1998. He would also decrease the gas severance tax to 5 percent.

Senator Ranson said the Governor's Tax Equity Task Force did not recommend a reduction in property tax be funded with increases in the sales and income taxes. She felt this would be devastating to the state of Kansas.

Senator Martin reminded the committee there was a minority report written with the Governor's Tax Equity Task Force report. He also said the professor from Kansas State could not say that Kansas would be hurt by any increase in the sales tax and in SB 41 the sales tax increase was quite a bit larger than the one proposed in Representative Wempe's plan.

Senator Langworthy suggested the committee review the recommendations of the Governor's Tax Equity Task Force.

Senator Sallee compared his district with Buchanan County in Missouri, and with the local option taxes there, his county is still almost 1/2 cent lower.

Senator Feleciano said he thought a great deal of time needed to be spent on this subject and he asked what were the Chairperson plans.

Senator Langworthy said it would be the will of the majority. She asked how many other plans would be presented to the committee.

Senator Martin said he would provide copies of Representative Wempe's plan and another plan by Representative Larkin would be presented. He said there are other plans that are around but those two plans are the only ones that have been presented to him.

Senator Feleciano said the policy decisions are going to be made that will be around for a while and he thought a great deal more time should be spent on this subject. He also said he thought it would be thrown into conference committee. He said he would like to be able to vote for a plan which he could go back to his constituents and tell them he did what he thought was best for his district and also what was best for the entire state of Kansas.

Senator Langworthy responded that this is not a new subject but has been around all Session. This committee was not asked to deal with this until yesterday. Officially there are only two days left of committee time and she thought the committee has a responsibility to come to the conclusions as rapidly as possible. Any other plans and information need to come to the committee immediately.

Senator Bond said this bill has been historically an Education Committee bill. It has not been a Tax Committee bill until it was sent to the Assessment and Taxation Committee yesterday. He did not think it was fair to blame the Chair for not taking up this bill when it was not here. He said it is not a brand new issue. Whatever is sent to the House by the Senate will not be recognized and the issue will be resolved by conference committee.

Senator Wisdom said he agreed with Senator Bond that it was an Education Committee bill and it will be a conference committee decision. He said whatever the Chair decides he will abide by that decision.

Senator Corbin said this issue is before the Senate Assessment and Taxation committee now and a decision needs to be made.

Senator Clark said he had a plan which he would present at the next meeting.

The meeting adjourned at 12:10 p.m.

The next meeting is scheduled for Monday, March 18, 1996.

# SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: March 15, 1996

NAME	REPRESENTING
Craig Grant	HNEA
Roger Myers	Cap Forum
Tom Whitaker	Ks Motor Carriers Assn
Jim Youally	USD #572
Patrick Hurley	KCC/KCO
D. Nemes	Division of Budget
Cheryl A. Caldwell	Topeka Chamber of Commerce
Harriet Lange	Ks Assn Broadcasters
James Ayl	USA
Don Mills	FEC
Kim Duller	League of Ks Municipalities
Bob Corkins	KCCI
Quinton Clouse	Overland Park Chamber of Commerce
Marjorie Kaplan	USD 512
Angel Hunsatz	U.S.D 507
Jacque Dale	S&F
Jamie Clover Adams	Ks Grain & Feed Assn
Sharon Little	USD 485
Fred Kaufman	U.S.D. 489

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