

MINUTES OF THE HOUSE COMMITTEE ON TAXATION..

The meeting was called to order by Chairperson Phill Kline at 1:30 p.m. on , March 31, 1998 in Room 519-S of the Capitol.

All members were present except: Rep. Jim Garner
Rep. Vern Osborne
Rep. Cliff Franklin

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann McMorris, Committee Secretary

Conferees appearing before the committee: none

Others attending:

Chair Kline reviewed the action taken last year in passing a bill that required enhanced information on property tax statements - the Tax Fairness Act - and the Property Valuation Division has been working on coming up with a format which would include that information. Mark Beck provided a handout which the committee could study and contact the Property Valuation Division if they had any feedback. (Attachment 1).

Chair Kline provided an update on the latest offer provided to the Conferees on the tax bill. Rep. Larkin, Powell and Kline all signed a conference committee report which was passed out to the committee. (Attachment 2). The compromise that the House made in an effort to obtain sales tax exemptions and refundable earned income tax credit were: elimination of the credit for hiring the developmentally disabled, elimination of the education savings account deductibility, and phasing in the earned income tax credit refundable at 7.5% the first year and 10% the second year. This offer raised the standard deduction, reduced personal exemption to \$2,250 and included what the Senate has requested as relates to the severance tax.

Opened discussion on

SB 6- Interest rates on delinquent property tax and refunds of property tax

Moved by Representative Kline, seconded by Representative Mays, remove the contents of SB 6 and replace it with the 1998 Property Tax Relief Bill, including the following provisions (1) reduce mill levy to 8.5 mills ; and (2) the homestead exemption will be expanded by applying the exemption to other classes of property that is commercial, farm improvements and industrial with the exemption \$40,000. This will be a one year amendment to return the windfall . Also will include indexing standard deductions and indexing personal exemptions. Motion carried. (Attachment 3)

Discussion on inclusion of farm improvements. Legislative Research indicated each parcel would qualify for the \$40,000 exemption . Fiscal note is \$199.7 million. Two year projection shows the fiscal note drops to \$132 million.

Moved by Representative Kline, seconded by Representative Larkin, SB 6 be passed from committee favorably as amended. Motion carried.

Adjournment

Attachments - 3

PROPERTY TAX INFORMATION SHEET

THIS IS NOT A TAX BILL - FOR YOUR INFORMATION ONLY

XYZ County Treasurer

Tax Year: 1997 Tax Unit: 001 Date: 3/25/98

Taxpayer Name and Address
John Doe 19020 W Northsouth St. Somewhere, KS 67812

Property Description
NW PLATT 60 SEC 15 TWP 489 LASKJJ D JFLIF DJKLDJLLLL XXXXXXXX XXXX XXXXXXXX XXXXXXXX Parcel ID: xxx-xx-x-xx-xx-xxx-xxx-xx-x

YOUR ASSESSED VALUE						
Property Class		1996		1997	Value Change	% Change
Residential*	\$	16,089	\$	16,089	0	0.0%
TOTAL	\$	16,089	\$	16,089	0	0.0%

* The first \$2,300 in residential assessed value is exempt from the Statewide USD Mill Levy.

YOUR MILL LEVIES				YOUR TAXES			
Authority	1996	1997	% Chg	1996	1997	\$ Chg	% Chg
Statewide USD*	35.000	27.000	-22.9%	\$ 563.12	\$ 372.30	\$ -190.81	-33.9%
State	1.500	1.500	0.0%	24.13	24.13	0.00	0.0%
City	36.053	32.588	-9.6%	580.06	524.31	-55.75	-9.6%
Local Sch Dist	20.418	21.112	3.4%	328.51	339.67	11.17	3.4%
County	36.668	37.193	1.4%	589.95	598.40	8.45	1.4%
College/Univ.	17.599	17.847	1.4%	283.15	287.14	3.99	1.4%
Cnty Pub. Lib.	6.378	6.588	3.3%	102.62	105.99	3.38	3.3%
Transit Auth.	3.460	2.596	-25.0%	55.67	41.77	-13.90	-25.0%
Airport Auth.	1.702	1.632	-4.1%	27.38	26.26	-1.13	-4.1%
TOTAL	158.778	148.056	-6.8%	\$ 2,554.58	\$ 2,319.97	\$ -234.60	-9.2%

REVENUE FROM PROPERTY TAX LEVIES						
Taxing Authority		From 1996		From 1997	\$ Change	% Change
Statewide USD	\$	7,160,980	\$	5,611,560	\$ -1,549,420	-21.6%
State		1,352,705		1,433,051	80,346	5.9%
City		22,946,271		21,920,747	-1,025,524	-4.5%
Local Sch Dist		4,177,511		4,793,787	616,276	14.8%
County		33,067,320		35,532,968	2,465,648	7.5%
College/Univ.		11,201,049		12,005,020	803,970	7.2%
Cnty Pub. Lib.		5,647,839		6,180,680	532,841	9.4%
Transit Auth.		2,202,150		1,746,234	-455,916	-20.7%
Airport Auth.		1,534,869		1,559,159	24,290	1.6%
TOTAL	\$	89,290,693	\$	90,783,205	\$ 1,492,512	1.7%

THIS IS NOT A TAX BILL - FOR YOUR INFORMATION ONLY

Required by K.S.A. 79-2001

House Taxation Com.
3-31-98
ATTACHMENT 1

House Property Tax Relief Proposal



Mill Levy Reduction

18.5 mill reduction to 8.5 mills

Homestead Property Exemption

Additional \$20,000 on exemption to \$40,000 exemption
(applies to both residential and commercial)

**Total Property Tax Relief:
\$200 million**

\$100,000 Home

State Property tax (current law): \$248.40
 State Property tax (proposed): \$58.65
 Savings: **\$189.75**
 Percent Savings: **76.39%**

\$50,000 Home

State Property tax (current law): \$93.15
 State Property tax (proposed): \$9.78
 Savings: **\$83.37**
 Percent Savings: **89.50%**

\$1,000,000 Business Property

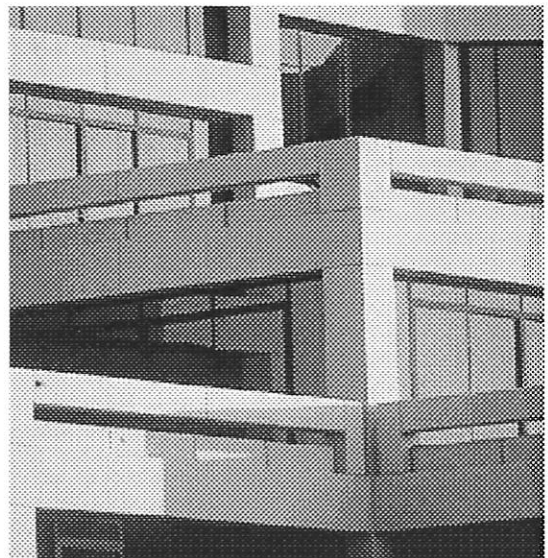
State Property tax (current law): \$6,750
 State Property tax (proposed): \$2,040
 Savings: **\$4,710**
 Percent Savings: **69.78%**

\$10,000,000 Business Property

State Property tax (current law): \$67,500
 State Property tax (proposed): \$21,165
 Savings: **\$46,335**
 Percent Savings: **68.64%**

Also included in the tax package is the indexation of personal exemptions and standard deductions used for income tax. This indexation is to correct the problem Kansans face since Kansas does not adjust exemptions and deductions every year to compensate for inflation.

For example, if the Kansas personal exemption had been indexed by inflation since it was set at \$2,000 in the late 1980's, the exemption today would be \$2,700. Inflationary adjustments alone during that time would exempt \$2,800 of income from the average Kansas family's income tax liability. This hidden tax increase should be stopped.



*HOUSE TAXATION
MARCH 31 1998
ATTACHMENT 2*

Use Offer March 31

ST DED at \$6,000; \$4,500; \$3,000 with elderly/blind as proposed by Governor

(\$ in millions)

	FY 99	FY 2000	FY 2001	FY 2002	FY 2003
Gas Sev Tax Exemptions (SGF only)	\$0.288	\$0.288	\$0.288	\$0.288	\$0.288
Gas Sev Tax Exemptions (local effort)	\$0.011	\$0.011	\$0.011	\$0.011	\$0.011
Food Distribution Programs SGF	minimal	minimal	minimal	minimal	minimal
Business Mach Clarification SGF	unknown	unknown	unknown	unknown	unknown
EITC (7.5% in 1998; 10% thereafter)	\$9.450	\$13.400	\$14.000	\$14.300	\$14.600
Zoo Memberships and Purchases SGF	\$0.437	\$0.495	\$0.515	\$0.536	\$0.557
Severance S603 SGF	\$1.163	\$3.078	\$3.078	\$3.078	\$3.078
Severance S603 Local Effort	\$0.044	\$0.116	\$0.116	\$0.116	\$0.116
Religious SGF	\$3.919	\$4.447	\$4.624	\$4.809	\$5.002
Youth Groups SGF	\$1.281	\$1.453	\$1.512	\$1.572	\$1.635
PTAs/PTOs SGF	\$0.326	\$0.370	\$0.384	\$0.400	\$0.416
SB 250 Educational Institutions SGF	\$0.400	\$0.455	\$0.473	\$0.492	\$0.512
Broadcast Mach and Eq SGF	\$0.543	\$0.616	\$0.640	\$0.666	\$0.693
Humanitarian Dues SGF	\$0.339	\$0.385	\$0.400	\$0.416	\$0.433
Airplane Leased (HB 2668) SGF	minimal	minimal	minimal	minimal	minimal
FS Rebates	\$13.400	\$13.400	\$13.400	\$13.400	\$13.400
Veteran's Dues SGF	\$0.071	\$0.081	\$0.084	\$0.087	\$0.091
NEW Standard Deduction Plan	\$18.400	\$14.400	\$14.600	\$15.000	\$15.200
Accelerate singles' income tax cuts	\$23.000	\$7.900	---	---	---
Pers Exemptions \$2,250 non-indexed	\$36.300	\$28.800	\$29.700	\$30.700	\$31.600
Mill levy cut 27 to 23 mills (local effort)	\$40.300	\$68.900	\$71.900	\$74.600	\$77.400
Bus m and equip income tax credit	\$16.000	\$25.800	\$28.400	\$31.200	\$34.300
Pick-up estate tax	\$23.100	\$54.600	\$57.300	\$60.200	\$63.200
Oil severance tax exemptions SGF	\$1.415	\$1.415	\$1.415	\$1.415	\$1.415
Oil severance tax exemptions (local effort)	\$0.053	\$0.053	\$0.053	\$0.053	\$0.053
Oil property tax exemptions (local effort)	\$0.197	\$0.327	\$0.327	\$0.327	\$0.327
SGF Receipts	\$149.831	\$171.383	\$170.815	\$178.560	\$186.420
Local Effort Reduction -- Mill Levy	\$40.300	\$68.900	\$71.900	\$74.600	\$77.400
Local Effort Reduction -- Oil Property Tax	\$0.197	\$0.327	\$0.327	\$0.327	\$0.327
Local Effort Reduction -- Oil Severance Tax	\$0.053	\$0.053	\$0.053	\$0.053	\$0.053
Local Effort Reduction -- Gas Severance Tax	\$0.011	\$0.011	\$0.011	\$0.011	\$0.011
Local Effort Reduction -- S 603 Sev Tax	\$0.044	\$0.116	\$0.116	\$0.116	\$0.116
Total SGF Implications	\$190.436	\$240.790	\$243.222	\$253.667	\$264.326
SHF Receipts	\$0.392	\$0.448	\$0.465	\$0.484	\$0.503
CMPTF (Counties Only)	\$0.108	\$0.180	\$0.180	\$0.180	\$0.180
Total Revenue Implications	\$190.936	\$241.417	\$243.867	\$254.330	\$265.009

House TAXATION
MARCH 31 1998
ATTACHMENT 3