

Approved: 3/3/00
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson Wagle at 9:00 a.m. on March 7, 2000, in Room 519-S of the Capitol.

All members were present except: Representative Wilk - excused
Representative Howell - excused
Representative Campbell - excused
Representative Kirk - excused
Representative Tomlinson - excused
Representative Edmonds - excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann Deitcher, Committee Secretary
Edith Beaty, Taxation Secretary

Conferees appearing before the committee: Dr. Janice S. Barton, Prof. of Chemistry, Washburn Univ.
Rex Buchanan, Kansas Geological Service
Larry Skelton, Wichita Kansas Geological Survey
Representative Peggy Long
George Petersen, Kansas Taxpayers Network
Hal Hudson, National Fed. Of Independent Business
Bob Corkins, Kansas Public Policy Institute
John Koepke, Kansas Association of School Boards

SB 116 - Sales tax exemption for Kansas Academy of Science purchases

The Chair introduced Dr. Janice S. Barton, Professor of Chemistry at Washburn University who spoke to the Committee as a proponent for **SB 116**. (Attachment 1).

Next to appear in support of **SB 116** was Rex Buchanan, Director for Public Relations for the Kansas Geological Service. (Attachment 2).

Larry H. Skelton, Assistant Director for Wichita, Kansas Geological Survey appeared as a proponent for **SB 116**. (Attachment 3).

In answer to Representative Long's question as to what items would be tax exempt, Dr. Barton said most of the tax is on the cost of publishing the journal and bulletin and other materials that they have to purchase, in order to disseminate information about scientific education matters

The hearing on **SB 116** was concluded.

HCR 5064 - Amend constitution to prohibit increase of rate of certain taxes.

Speaking as proponents for **HCR 5064** were: Representative Long, (Attachment 4); George Petersen of the Kansas Taxpayers Network, (Attachment 5); Hal Hudson of the National Federation of Independent Business, (Attachment 6) and Bob Corkins of Kansas Public Policy Institute, (Attachments 7 and 8).

John Koepke, Executive Director of Kansas Association of School Boards, spoke to the Committee as an opponent to **HCR 5064**. (Attachment 9).

The hearing on **HCR 5064** was concluded.

CONTINUATION SHEET

HB 2715 - an act relating to property taxation; concerning the valuation of land devoted to agricultural use.

Representative Aurand spoke to the Committee in regard to a balloon amendment to **HB 2715**.
(Attachment 10).

It was moved by Representative Aurand and seconded by Representative Sharp to adopt the balloon amendment to **HB 2715**. The motion carried on a voice vote.

Representative Minor made the motion to adopt **HB 2715** as amended. The motion was seconded by Representative Gilbert and passed on a voice vote.

The meeting was adjourned at 10:15 a.m. The next meeting will be Wednesday, March 8, 2000.



Honorable Representative Susan Wagle
Chairperson of the House Taxation Committee
Kansas State House
Topeka, KS 66612

Representative Wagle, ladies and gentlemen of the Taxation Committee, I am Janice Barton of Topeka, the current treasurer and a former president of the Kansas Academy of Science (KAS) and Professor of Chemistry at Washburn University. Thank you for this opportunity to talk to you about Senate Bill S116. My remarks will address primarily the financial impact of the sales tax on the KAS.

The KAS is a 501(c)(3) federal income tax exempted non-profit organization whose goal is to promote education in and interest in science. Until 1992, KAS also enjoyed exemption from the Kansas sales tax. In 1992, the KAS began paying sales tax on the cost of publishing the *Transactions*, its scholarly scientific journal, and the *Bulletin*, its official newsletter. Since June 1993, the KAS has been engaged in the process of petitioning the Kansas Department of Revenue for relief from the burdensome sales tax on the basis that the KAS is an educational scientific organization and an extension of the colleges and universities of Kansas. A very brief history of the process may be helpful. The initial petition for a sales tax exemption to the Tax Policy Group was denied 1993. Appeal of that decision was followed by an evidentiary hearing conducted by the Kansas Department of Revenue before an Administrative Law Judge in 1995. In 1996, the Final Order (for the evidentiary hearing) of the Director of Taxation denied the KAS appeal. Unfortunately, for some unknown reason, the Final Order was not received until after the deadline for appeal of the ruling had expired. In August 1998, a private letter ruling was requested from the Office of Policy and Research of the Kansas Department of Revenue. The denial of the tax waiver in that private letter asserted the KAS exemption is a political decision for the legislature. Having exhausted all other appeals, KAS respectfully requests your support to exempt it from paying sales tax for production of its publications.

KAS income derives primarily from membership dues (56%) with page charges (27%), bound journal volumes (10%), and charitable contributions (7%) constituting the remainder. Sales tax is paid on the costs of publishing the *Transactions* and the *Bulletin* which are distributed at no additional charge to members.

During the past four years (1996 - 1999), the KAS has on average expended 92% of its income to publish the *Transactions*. The sales tax paid over these four years averaged \$ 980 and amounted to 6.6% of total income. For the first two years of this 4 year period, the sales tax represented 9 % of income. During this four-year period, income lagged behind expenditures, and the average resultant deficit was nearly equivalent to the amount of sales tax. To put its financial affairs in order, the KAS reduced the deficit by decreasing the number of pages published in its educational journal and by increasing membership dues.

House Taxation
Date 3/7/00
Attachment # 1-1

Even though membership fees are quite modest at \$ 25 for regular members, KAS experienced a loss of members in 1999, the year dues were elevated. In 1999 KAS had 55 fewer members compared to the average for the previous three years. Membership not only decreases income but it also decreases the KAS ability to achieve its science education goals. Consequently, KAS educates fewer Kansas citizens at all levels. Moreover, fewer publication pages limit the number of Kansas scientists and students having the opportunity to publish the outcomes of their research work in the *Transactions*.

A sales tax of \$1000 is a significant strain on the financial viability of the KAS and increases the pressure for raising membership fees, which the Academy strives to minimize to the benefit of the Kansas' students and faculty. KAS attempts to keep membership in the academy affordable and inclusive. Every dollar of sales tax is one less the KAS can expend for its educational publications and other educational activities.

In summary, the 132 year old Kansas Academy of Science exists to promote education and interest in science and to disseminate scientific information and concepts on a multi-disciplinary basis for the benefit of students and faculty throughout the State of Kansas. It provides a unique service to the state and the educational institutions of the State of Kansas. Although not particularly significant in dollar amount to the State of Kansas, the sales tax is a financial burden to the KAS, a venerable institution and Kansas asset. The KAS respectfully requests your support for Senate Bill 116 to lift the financial burden by providing a sales tax exemption, permitting KAS to spend more of its dollars on the science education of Kansas citizens. Thank you for this opportunity to address this committee.

Testimony of Janice S. Barton
Treasurer, Kansas Academy of Science
March 7, 2000



TESTIMONY ON SENATE BILL 116
House Taxation Committee
7 March 2000

Rex Buchanan, President
Kansas Academy of Science
Associate Director for Public Outreach
Kansas Geological Survey, the University of Kansas
1930 Constant Ave., Lawrence, KS 66047
785-864-3965, rex@kgs.ukans.edu

Madam Chairperson, Members of the Committee. Thank you for the opportunity to appear today in support of Senate Bill 116. I am here as President of the Kansas Academy of Science. As you will hear, the Kansas Academy of Science is among the oldest organizations of its kind in the United States. It is composed of more than 300 scientists and educators, nearly all of whom live in Kansas. The Academy's purpose is "to encourage education in the sciences and dissemination of scientific information."

The Kansas Academy is a not-for-profit, educational organization. In an attempt to include students and members from smaller colleges in the state, dues are kept extremely low. The Academy currently pays sales tax that annually amounts to less than a thousand dollars. That amount of money, while extremely small in terms of the state budget, makes a substantial difference in the Academy's ability to operate. This bill would provide a sales tax exemption for the Academy, similar to the exemption for other educational organizations. Such an exemption seems consistent, reasonable, and fair.

Clearly the Academy's purpose is to support scientific education in a fashion that greatly benefits the state. The Academy holds an annual meeting, this year at Hutchinson Community College and the Kansas Cosmosphere. That meeting will provide a place for researchers, and particularly undergraduate and graduate students, to present their work in a collegial setting. The Academy also publishes a scientific journal that is a primary outlet for technical articles, most of them related to the flora, fauna, geology, or other aspects of the state. The Academy sponsors the Kansas Junior Academy of Science, which provides an avenue for high school students to do research and present results. The Academy holds an annual fall field trip, this year to a fossil

House Taxation

Date 3/7/00

Attachment # 2-1

quarry in Greenwood County. The Academy does all this without the direct support of the state of Kansas. All we ask is exemption from sales tax.

The Academy's first president was Benjamin Franklin Mudge. When the Academy was formed here in Topeka in 1868, Mudge was a professor of geology at Kansas State Agricultural College. Before that, he was the first state geologist of Kansas. When you go into the House chamber today, you will see Mudge listed among those prominent Kansans whose names line the top of the hall. I am certain that Benjamin Franklin Mudge would agree with me when I ask your support of Senate Bill 116. Thank you.

TESTIMONY
of
Lawrence H. Skelton

SENATE BILL 116

before

THE HOUSE TAXATION COMMITTEE

7 March 2000

GOOD MORNING REPRESENTATIVE WAGLE AND MEMBERS OF THE TAXATION COMMITTEE. I APPRECIATE THE OPPORTUNITY TO ADDRESS YOU ON THE BACKGROUND OF THE ACADEMY AND HOPE THAT THE INFORMATION PRESENTED WILL BE USEFUL DURING YOUR CONSIDERATION OF SENATE BILL 116.

THE KANSAS ACADEMY OF SCIENCE HAS BEEN IN CONTINUOUS EXISTENCE SINCE ITS FOUNDING AT LINCOLN COLLEGE (NOW WASHBURN UNIVERSITY) ON SEPTEMBER 1, 1868. THAT DATE ESTABLISHES THE ACADEMY AS PROBABLY THE SECOND OLDEST SUCH STATE INSTITUTION IN THE NATION, JUNIOR ONLY TO A SIMILAR ORGANIZATION IN CONNECTICUT.

IN 1873, FIVE YEARS AFTER ITS FOUNDING, THE ACADEMY BECAME "BY LAW, A COORDINATE DEPARTMENT OF THE STATE BOARD OF AGRICULTURE", ESTABLISHING A RELATIONSHIP WITH STATE GOVERNMENT THAT WOULD LAST MORE OR LESS CONTINUOUSLY UNTIL 1959. FROM ITS BEGINNING, THE ACADEMY, COMPLYING WITH THE LEGISLATION SUBORDINATING IT TO THE AGRICULTURE BOARD, ASSEMBLED A PUBLIC-ACCESSIBLE SCIENCE LIBRARY WHICH COLLECTED SCIENTIFIC VOLUMES AND JOURNALS THROUGHOUT THE NATION AND WORLD. MOST WERE BOUND BY THE STATE PRINTING OFFICE AND BY 1911, THE LIBRARY CONTAINED OVER 6000 BOUND VOLUMES. THE PRINTING OFFICE ALSO PRINTED AND DISTRIBUTED THE ACADEMY'S ANNUAL TRANSACTIONS OR REPORT OF SCIENTIFIC STUDIES. THE SAME LEGISLATION THAT ESTABLISHED THE LIBRARY ALSO SET UP A MUSEUM THAT WAS TO "KEEP FOR PUBLIC INSPECTION THE GEOLOGICAL, BOTANICAL AND OTHER SPECIMENS" COLLECTED AND ASSEMBLED BY THE ACADEMY. SINCE THE FOUNDING OF THE STATE, KANSAS' SCIENTISTS, EDUCATORS AND PHYSICIANS HAD ASSIDUOUSLY COLLECTED NATURAL HISTORY SPECIMENS FROM AROUND THE STATE, THE GREAT PLAINS AND ELSEWHERE IN NORTH AMERICA. TO THESE HAD BEEN ADDED THE KANSAS EXHIBITIONS DISPLAYED AT

House Taxation

Date: 3/7/00

Attachment #: 3-1

THE U. S. CENTENNIAL IN PHILADELPHIA AND AT THE LOUISIANA PURCHASE EXPOSITION AT ST. LOUIS IN 1904.

BOTH, LIBRARY AND MUSEUM, WERE HOUSED IN THE ACADEMY'S OFFICES IN THE STATE CAPITOL BUILDING UNTIL 1915 WHEN THEY WERE TO BE MOVED TO THE NEWLY CONSTRUCTED MEMORIAL BUILDING ACROSS THE STREET. THE MOVE DESTROYED MOST OF THE MUSEUM SPECIMENS AND EFFORTS TO RE-BUILD IT WERE UNSUCCESSFUL. THE LIBRARY WAS TO BE CATALOGED AND ARCHIVED WITH THE STATE HISTORICAL SOCIETY'S LIBRARY IN THE NEW BUILDING BUT FOR SOME REASON, THE ACADEMY'S VOLUMES WERE NOT SO INTEGRATED. IN 1922, THE STATE LEGISLATURE REQUIRED THAT THE LIBRARY BE HOUSED AT THE UNIVERSITY OF KANSAS. IN 1930, TRYING TO RAISE MONEY FOR AN ENDOWMENT FUND, THE ACADEMY SOLD ITS LIBRARY TO K.U., KANSAS STATE UNIVERSITY AND THE THEN FORT HAYS STATE COLLEGE FOR A TOTAL SUM OF \$5000.00.

BEGINNING IN 1914, THE ACADEMY MET PROBLEMS HAVING ITS LIBRARY VOLUMES BOUND BY THE STATE PRINTER AND BUILT UP A 500 VOLUME BACKLOG. THEN APPARENTLY SMARTING FROM ITS UNSUCCESSFUL COORDINATION OF ITS LIBRARY WITH THE HISTORICAL SOCIETY AND LOSS OF THE MUSEUM, THE 1917 ANNUAL MEETING OF THE ACADEMY VOTED TO APPOINT A COMMITTEE "TO CONFER WITH THE GOVERNOR ON THE FUTURE OF THE ACADEMY." SUBSEQUENT MINUTES FAIL TO REPORT SUCH A MEETING BUT 1919 MINUTES REPORTED THAT "A BILL TO ABOLISH THE ACADEMY WAS KILLED WHEN INTRODUCED INTO THE SENATE AND THE HOUSE." NO ISSUES OF THE ACADEMY'S TRANSACTIONS WERE AGAIN PUBLISHED UNTIL 1922 WHEN A SINGLE VOLUME ENCOMPASSING THREE YEARS REPORTS WAS ISSUED BY THE STATE PRINTING OFFICE. 1922'S MINUTES RECORD THAT "THE LAST LEGISLATURE FAILED TO APPROPRIATE ANY MONEY FOR THE ACADEMY." MINUTES OF THE 55TH ANNUAL MEETING IN 1923 RATHER PLAINTIVELY REPORTED THAT "VOLUME 31 [TRANSACTIONS] WAS PREPARED AS FAR AS POSSIBLE FOR THE STATE PRINTER BUT INVESTIGATION SHOWED THAT LAWS RELATING TO THE ACADEMY HAD BEEN REPEALED." I SPECULATE THAT GOVERNOR CAPPER TRIUMPHED IN THE 1917 CONFRONTATION INITIATED BY A MINOR STATE AGENCY AND DECIDED TO SHOW THE COMMITTEE "HOW THE COW EATS THE CABBAGE." THE NEXT TRANSACTIONS WAS PUBLISHED IN 1928 AT THE ACADEMY'S EXPENSE.

WHATEVER CAUSED THE SCHISM HAD HEALED BY THE 1930'S SINCE NOT ONLY DID THE STATE PRINTER RESUME PUBLISHING THE TRANSACTIONS UNTIL THE FIRST

HALF OF THE FORTIES BUT ALSO AND EQUALLY IMPORTANT TO THE ACADEMY, THE KANSAS LEGISLATURE INITIATED AN ANNUAL APPROPRIATION. THIS BEGAN WITH \$300.00 IN 1933 AND INCREASED RECURRENTLY TO \$3000.00 PER YEAR IN 1955. IN 1959, GOVERNOR DOCKING VETOED APPROPRIATIONS TO SEVERAL SMALL AGENCIES, AMONG THEM THE KANSAS ACADEMY OF SCIENCE. MORE FISCAL HARM ENSUED IN THE EARLY SEVENTIES WHEN THE ACADEMY DISCOVERED THAT ITS TREASURER HAD EMBEZZLED APPROXIMATELY \$10,000.00. THE K.B.I. INVESTIGATED AND CORRECTIVE AUDIT MEASURES WERE PROMPTLY ENACTED BUT THE MONEY WAS NEVER RECOVERED.

SINCE 1960, THE ACADEMY HAS RELIED ON MEMBERSHIP FEES AND DONATIONS FOR OPERATING FUNDS. MEMBERSHIP HAS DECLINED SUBSTANTIALLY DURING THE PAST HALF CENTURY AS SCIENTISTS HAVE BECOME LESS INTERESTED IN EFFORTS OUTSIDE THEIR OWN DISCIPLINES. MEANWHILE, EXPENSES HAVE INCREASED FAR BEYOND FEASIBLE DUES INCREASES AND PUBLICATION AND POSTAGE FOR THE TRANSACTIONS HAVE INCREASED BY SEVERAL ORDERS OF MAGNITUDE. IN THE MEMORY OF MANY HERE, FIRST CLASS POSTAGE HAS INCREASED 1100 PERCENT AND THE COST OF PAPER HAS GONE UP BY MORE THAN A THIRD THE PAST 25 YEARS. PRINTING COSTS HAVE CLIMBED 28 PERCENT SINCE 1982 AND THE SALES TAX HAS INCREASED FROM 3.5 TO 6.9 PERCENT SINCE 1980. THAT BRINGS ME TO THE POINT OF THIS PRESENTATION WHICH IS TO REQUEST RELIEF FROM PAYMENT OF KANSAS SALES TAX.

THE KANSAS ACADEMY OF SCIENCE DURING ITS EXISTENCE HAS PUBLISHED MORE THAN 3500 SCIENTIFIC PAPERS COVERING TOPICS FROM A TO Z...FROM ALGAE IN KANSAS RESERVOIRS TO ZINC CONTENT IN KANSAS GROWN ALFALFA. MANY OF THE PAPERS PRESENTED RESEARCH BY STUDENT SCIENTISTS WHO CONTINUED THEIR ENDEAVORS AND BECAME NATIONALLY OR INTERNATIONALLY KNOWN. OTHER PAPERS ARE BY AUTHORS WHO HAD ALREADY ACHIEVED THAT STATUS. THE ACADEMY OF SCIENCE HAS BEEN, IS AND WILL CONTINUE TO BE A KANSAS ASSET. WE ASK YOUR INDULGENCE IN HELPING US BY PASSAGE OF SENATE BILL 116. THANK YOU FOR THIS OPPORTUNITY TO ADDRESS YOU.



TOPEKA

HOUSE OF
REPRESENTATIVES**TESTIMONY**
HOUSE TAXATION COMMITTEE
MARCH 7, 2000

PEGGY LONG
REPRESENTATIVE, 76TH DISTRICT
HC-1, BOX 58
HAMILTON, KANSAS 66853
(316) 673-3826

ROOM 427-S CAPITOL BLDG.
TOPEKA, KANSAS 66612
(785) 296-7671

COMMITTEE ASSIGNMENTS
BUSINESS, COMMERCE & LABOR
HEALTH & HUMAN SERVICES
JUDICIARY

Since coming into the Kansas Legislature in 1997, I have seen prosperity throughout our great state of Kansas and enjoyed the endless possibilities of spending tax dollars on worthwhile programs. The biggest challenge faced thus far for me on fiscal issues were based on how much we could give back to the taxpayer and what priorities do we place on the validity and needs of existing programs.

This session has offered a different challenge with talk of budget shortfalls and the need to cut funding of some programs along with bills being introduced that call for tax increases for various reasons. It is for that reason that I stand before you today. I came to Topeka, just as you did with the best of intentions to do all in my power to represent a great group of people who are currently struggling, just as the State is, with financial challenges. The young family has aspirations of sending their children on to college. The middle aged family is beginning to worry about where the money is going to come from when they decide to retire, and the elderly are concerned that the money may not hold out and that their savings may not be enough. They also worry that our decisions up here will have a negative impact on their senior transportation programs or their friendship meals. The last thing that they should have to worry about is more taxation. We continually expect them to live within their means, yet I feel we should be setting the example.

The Resolution before you would give us the opportunity to show them that we mean business. This Resolution tells them that they can rest a little easier when we are in session knowing that it will take a 2/3 majority vote to pass a tax increase.

At a time when we are challenged to show leadership and offer vision for a struggling economy, let us step up and meet that challenge responsibly. We all know, if a tax increase is necessary, we will do the necessary thing and implement it; this resolution will ensure that we have all given it adequate time and attention. Thank you for this hearing.

House Taxation
Date 3/7/00
Attachment # 4

KANSAS TAXPAYERS NETWORK

P.O. Box 20050
Wichita, KS 67208
7 March 2000

web:www2.southwind.net/~ktn

316-684-0082

FAX

316-684-7527

TESTIMONY TO THE HOUSE TAXATION COMMITTEE ON HCR 5064

By George Petersen

My name is George Petersen and I have lobbied for several years on behalf of Kansas taxpayers and in support of limiting government spending growth in this state. HCR 5064 is strongly supported by the Kansas Taxpayers Network since it would make it harder to raise taxes and provides additional limits on the growth of state government.

In 1992 Oklahoma voters approved Initiative 640 which requires the state of Oklahoma to have either a 2/3 super majority of both houses of their legislature or a majority vote of the people to approve any state tax hikes. In Oklahoma the requirement of a super majority approving tax hikes extends well beyond the state. A 60 percent super majority is needed to approve local school bond issues in the Sooner state. Other states which require super majorities for tax hikes at either the state or local levels include Missouri, Arkansas, and California.

The use of super majorities for approving certain actions is well established in the federal government. The U.S. Constitution has numerous requirements for a 2/3 super majority. In Article 1 of the U.S. Constitution there are at least four separate requirements for a super majority for this section which covers the U.S. Congress alone.

Next month, on April 15 the U.S. House of Representatives will again vote on a constitutional amendment which would require a 2/3 majority to raise federal taxes. This will be the sixth time the U.S. House of Representatives has taken up this proposal at the federal level. Each time, this proposal has fallen short of receiving the 2/3 majority needed to meet the constitutional requirements. Each time this federal proposal has received well over a simple majority.

In the Kansas Constitution there are already several requirements for super majorities for a variety of legislative enactments. In Article 2 of the Kansas Constitution, which covers the legislature, there are already at least five different provisions (sections 8, 13, 14, 15, and 27) where a 2/3 super majority is currently required. In Article 11 which covers taxation there is already a 2/3 majority required in section 9 concerning certain internal improvement tax funded bonding.

The principle of requiring a super majority before certain actions can be undertaken by elected officials is well established at both the national and state levels. This requirement has existed over 210 years at the federal level.

Obviously, it is tougher to get a super majority than a simple majority. Raising taxes should be hard. Raising taxes should be the last option and not the first action by elected officials in Kansas. KTN appears as a strong proponent for this legislation and urges its prompt adoption by this committee

House Taxation

Date 3/7/00

Attachment# 5

NFIB Kansas

Statement By
Hal Hudson, State Director
Kansas Chapter, National Federation of Independent Business
Before the
Kansas House Taxation Committee
On HCR 5064
Tuesday March 7, 2000

Madam Chair and Members of the Committee:

My name is Hal Hudson, and I am State Director for the 7,000-member Kansas Chapter of the National Federation of Independent Business. I am here today to support enactment of HCR 5064.

Recently an opponent on another issue said to me in a derisive tone of voice, "I suppose you have taken a survey of your members on this issue." And, I replied, "Of course." Those of you who are familiar with NFIB know that's how we operate. We don't have a Board of Directors or a legislative committee to decide our position on issues. We go directly to our members and ask their opinion. Otherwise, I would not be here today taking a stand on HCR 5064.

On a special ballot survey conducted in December 1999, our Kansas members were asked, **"Should a 'Super Majority' of Kansas legislators be required to pass a state-levied tax increase?"**

Of those responding, 82% said, "YES." When asked how much of a "Super Majority" should be required, 40 percent said "66.7%," and 35 percent said "75%." A few said 100%, and a few said 60%.

Why have small business owners taken a stand on this issue? Because they have seen their taxes rise year-after-year, often at a higher rate than the rate of growth in the State's economy -- often at a greater rate than their ability to pay.

Why should you care what these small business owners say? You should care, because small business is the engine that drives the Kansas economy. According to a 1998 report from the U.S. Small Business Administration (SBA), Kansas had 65,155 businesses with employees. Of those, 97.2 % were small businesses with fewer than 500 employees. In addition, Kansas had 134,000 self-employed persons.

Who are these small business owners? Take a walk through the main business district of your hometown, and you'll see: a florist shop, a dentist office, a grocery store, a small manufacturing company, a variety of service types business, and on the outskirts of town, a family farm, that has been the home to three generations. These are some of the folks who make up the membership of NFIB.

Sure, most of these businesses are small, but their cumulative impact is huge. Since the 1970s small business has been the largest job generator in America. Small businesses provide nearly 60 percent of all private sector jobs in America. Small business also acts as a powerful social force, enhancing the quality of life in our towns and cities.

National Federation of Independent Business

3601 S.W. 29th Street, Suite 116B • Topeka, KS 66614-2015 • 785-271-9449 • Fax 785-273-9200

House Taxation

Date 3/7/00

Attachment # 6-1

It's the locally-owned small businesses that most often sponsor Little Leagues, buy ads in high school papers and yearbooks, raise money for band uniforms, and provide food, drink, materials and manpower for community volunteer projects. They also pay a large percentage of local property taxes and they are the collectors of sales tax for the state without compensation for that job.

The small business owners that I represent are the ones who sign their names to the front side of paychecks for thousands of your constituents, who routinely sign only the back side of their checks.

Small business is the local economic powerhouse that knows you by your first name, and that's why you should care what they say and think about legislation – especially legislation that affects their ability to operate their business.

Now you may ask, why should we approach this issue with a Constitutional Amendment? That's because it's only through a Constitutional Amendment, approved by the voters of the state, that you can commit and bind future legislatures.

We fully understand that approval by this Committee of this resolution is a long way from our goal, and this proposal may not even make it through the full process this year. But it is a first step in shoring up the confidence of your constituents in your ability to manage the fiscal affairs of the State of Kansas without always coming back for more of their money to pay the State's bills.

This resolution, if enacted, says to voters of Kansas, the Legislature will not, hereafter, take tax increases lightly. Tax increases will happen only if a two-thirds majority of this Legislature finds no other way to meet the State's obligations.

Reading between the lines, this resolution also says that the Legislature will have to consider the source of funds before approving any new programs or increases in funding for any existing programs.

Unlike proposals that would limit state spending to some predetermined percentage, this resolution just says you have to be willing to put your vote on the line and be accountable to the people you represent if legislation is enacted to increase any state-levied tax.

I hope each of you will support HCR 5064, vote to recommend it to the full House, and then work to see it enacted. If this issue makes it to the ballot, you can be sure NFIB will work for voter approval.

Thank you for listening.

Hal Hudson, State Director
Kansas Chapter, NFIB
3601 SW 29th St. – Suite 116-B
Topeka, KS 66614-2015
Phone: 785/271-9449
Fax: 785/273-9200
E-mail: Hal.Hudson@nfib.org

For more information about NFIB, go to our Web site at: <http://www.nfibonline.com>

National Federation of Independent Business

Kansas

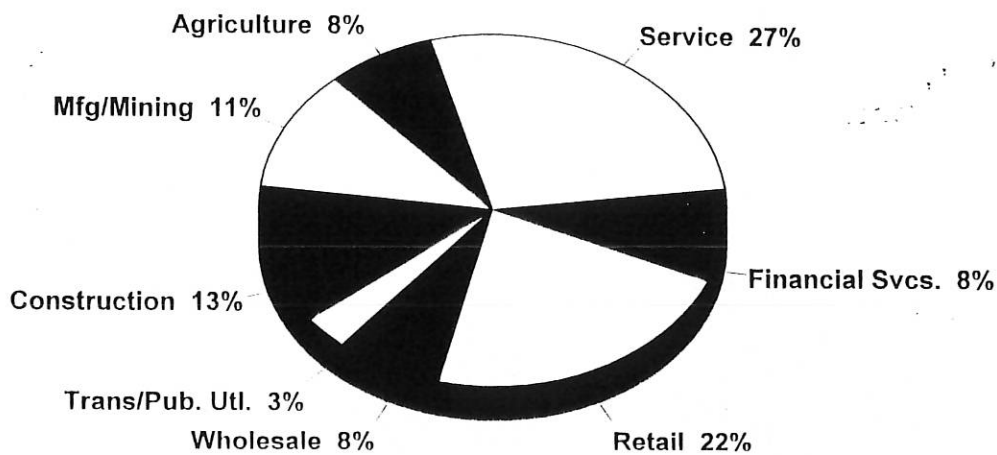
About NFIB-Kansas

Since 1943, business owners from all walks of commercial life have joined the National Federation of Independent Business to have a powerful, united voice in government decision making. Today, NFIB's Kansas chapter has more than 7,000 members, making it the largest small-business advocacy group in the state.

Each year, NFIB-Kansas polls its entire membership on a variety of state legislative and regulatory issues. The federation uses the poll results to set its legislative agenda and aggressively promotes those positions approved by a majority vote.

This democratic method of setting policy assures that the positions advanced by NFIB reflect the consensus view of the entire small-business community rather than the narrow interests of any particular trade group. Lawmakers wanting to know how proposed legislation and regulation will affect Main Street businesses can get the authoritative answer from NFIB's legislative office in Topeka.

NFIB-Kansas by Industry Classification

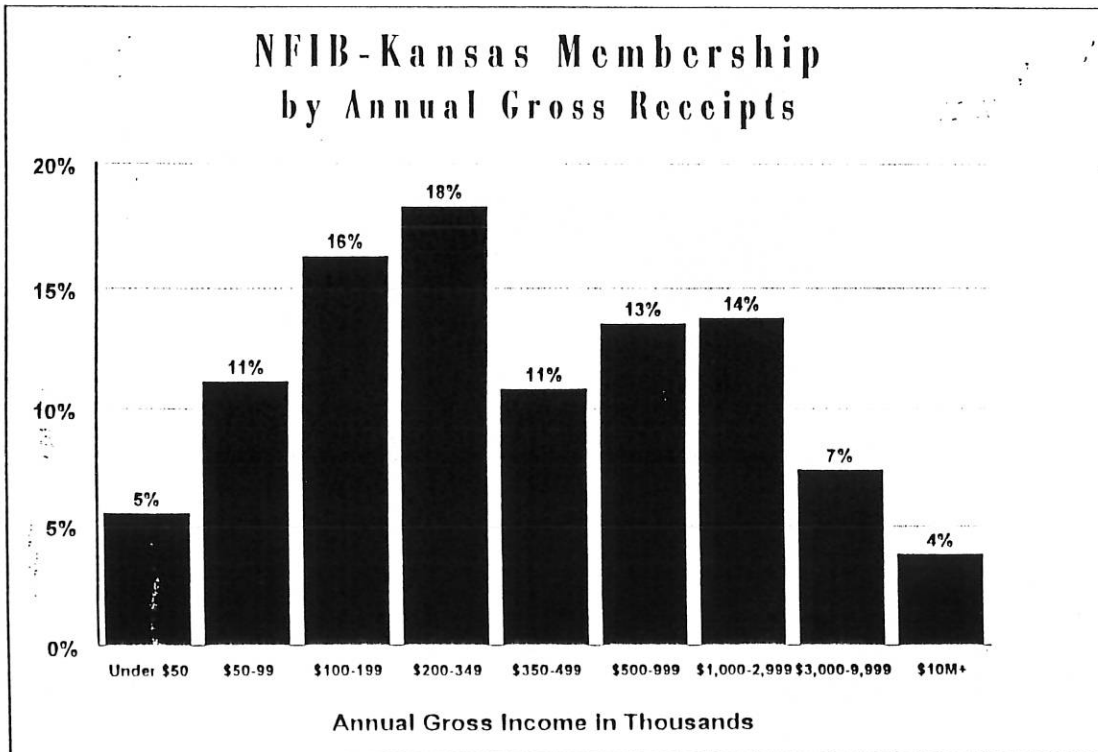
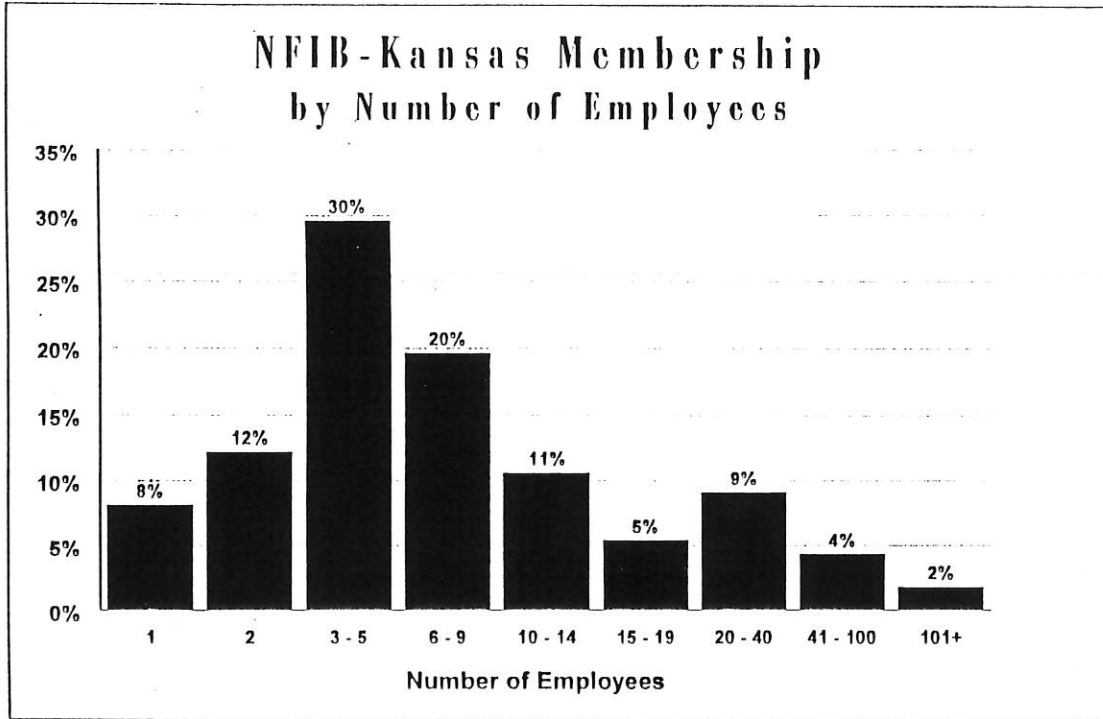


...and NFIB works for small business.

Hal Hudson, Kansas State Director
3601 S.W. 29th St. - Suite 116-B - Topeka, Kansas 66614-2015
Tel. 785/271-9449 - Fax. 785/273-9200 - E-mail: hal.hudson@nfib.org

NFIB-Kansas Membership Profile

NFIB-Kansas represents the entire spectrum of independent business, from one-person home-based operations to enterprises employing more than 100 people. The typical NFIB-Kansas member is quite small, employing six workers and ringing up gross sales of about \$340,000 per year. Yet, in aggregate, the membership is a potent economic force, employing more than 110,000 and earning about \$8 billion (gross) annually.



6-4



KANSAS PUBLIC POLICY INSTITUTE

P.O. Box 1946 • Topeka, KS 66601-1946

Ph: 785/357-7709 • Fax: 785/357-7524

Executive Director
Bob L. Corkins

Board of Trustees
Martin K. Eby, Jr.
(Chairman)
Wichita

E.C. Brookover
Garden City

Kent Garlinghouse
Topeka

John Humphreys
Shawnee Mission

Eric Jager
Kansas City

George Pearson
Wichita

Nestor Weigand, Jr.
Wichita

Gerritt Wormhoudt
Wichita

Trustee Emeritus
Merrill Werts
Junction City

Research Advisory Council
Doug Houston, Ph.D.
(Chairman)
University of Kansas

William W. Beach
Heritage Foundation

Tom W. Bell
Cato Institute

Henry N. Butler, Ph.D.
University of Kansas

Myron Calhoun, Ph.D.
Kansas State University

Keith W. Chauvin, Ph.D.
University of Kansas

Joe Cobb, Ph.D.
Heritage Foundation

James D. Gwartney, Ph.D.
Florida State University

Felix R. Livingston, Ph.D.
Foundation for Economic
Education

Phil May, Ph.D.
Wichita State University

James C. Miller III, Ph.D.
George Mason University

Walter Williams, Ph.D.
George Mason University

Gene W. Wunder, Ph.D.
Washburn University

March 7, 2000

Testimony before the Kansas Legislature
House Committee on Taxation
Re: supermajority vote for tax increases

Madam Chair and Members of the Committee:

My name is Bob Corkins, executive director of the Kansas Public Policy Institute. KPPI is a nonpartisan, nonprofit research firm that educates people about free-market economic principles in the context of today's important public policy debates. KPPI was founded in Wichita in 1996, is now based in Topeka, and continues to decline any government funding of our work.

KPPI's direct involvement with the Legislature is minor, but our research into the topic of state fiscal policies warrants my appearance today. The idea of a supermajority vote to increase taxes is highly compatible with KPPI's mission – a mission to advance the constitutional principles of limited government, the rights of individuals, personal responsibility and free markets.

Many people believe constitutional rights are designed to protect all citizens collectively. Actually, these rights are for the protection of each individual citizen. There are times when the interests of the majority can work an injustice upon the minority and it's up to the constitution to protect the individual in these cases.

Kansas' constitution also wisely provides a means for amending the constitution itself. If the Legislature approves a supermajority procedure for tax increases that is ratified by a public vote, we will enhance the constitutional protection for taxpayers in cases where they might otherwise be overrun by a simple majority. This proposal would not allow one person to thwart the interests of 2.5 million other Kansans as, in theory, some of the most fundamental of constitutional rights would allow. It would, however, add tax increases to an already healthy list of issues that warrant a special degree of legislative consensus.

Supermajority votes are nothing new. The federal constitution requires supermajorities of Congress in 10 instances, e.g. veto override, treaty ratification and impeachment. Congressional rules also call for supermajorities to end debate on a bill, to depart from certain budget procedures, and to suspend still other rules. As of April 1997, 12 states adopted a supermajority requirement before their legislatures can raise taxes; more than a third of all Americans live in these states. In addition to these states, 11 others require supermajorities for various budget and tax issues.

(over)

House Taxation

Date 3/7/00

Attachment # 7-1

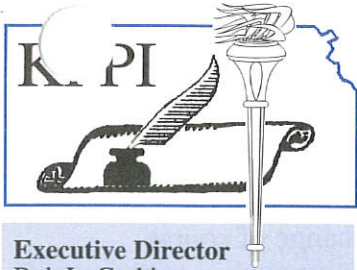
The point here is not that a bandwagon makes things right, it's that supermajority voting need not pose even the slightest threat to democracy. The real question, in matters of taxation, is whether Kansas places a high enough value on the interests of the minority. As the influence of special interest groups grow, and as the ranks of those benefiting from government expenditures grow, the "path of least resistance" for legislators is too often a tax increase rather than budget item prioritizations. Political relationships have evolved to the point where proposals such as HCR 5064 may be the only effective way to give meaning to the phrase "limited government".

Pragmatic considerations make up the remaining justification for supermajority tax votes. KPPI published a report in 1996 that I have distributed with this testimony. It simply points to the attractive economic advantages enjoyed by those states that by then had implemented tax limitations. Supermajority states, in comparison to all other states, boast the following: smaller tax and spending increases, faster economic growth, higher growth in employment rates, and less accumulation of debt.

Of course, this tax limitation alone cannot guarantee improved economic performance or sound economic policies for the state. In the last four years in Kansas, a mandatory supermajority tax increase vote would have had little or no effect on any state policies. Even last year's \$13 billion transportation program, which included a tax increase, was approved with a majority-dwarfing 89 House votes and 30 Senate votes. Such fiscal climates argue more for a constitutional limit on spending rather than on taxation, but both approaches have strong merit.

Requiring legislators to deal with a supermajority tax requirement is not a straight jacket. It's simply a way to assure a broader consensus on the need for higher taxes and on the wisdom of the spending those taxes will fund.

Thank you for your time and consideration.



KANSAS PUBLIC POLICY INSTITUTE

P.O. Box 1946 • Topeka, KS 66601-1946

Ph: 785/357-7709 • Fax: 785/357-7524

Executive Director
Bob L. Corkins

Board of Trustees
Martin K. Eby, Jr.
(Chairman)
Wichita

E.C. Brookover
Garden City

Kent Garlinghouse
Topeka

John Humphreys
Shawnee Mission

Eric Jager
Kansas City

George Pearson
Wichita

Nestor Weigand, Jr.
Wichita

Gerritt Wormhoudt
Wichita

Trustee Emeritus
Merrill Werts
Junction City

Research Advisory Council
Doug Houston, Ph.D.
(Chairman)
University of Kansas

William W. Beach
Heritage Foundation

Tom W. Bell
Cato Institute

Henry N. Butler, Ph.D.
University of Kansas

Myron Calhoun, Ph.D.
Kansas State University

Keith W. Chauvin, Ph.D.
University of Kansas

Joe Cobb, Ph.D.
Heritage Foundation

James D. Gwartney, Ph.D.
Florida State University

Felix R. Livingston, Ph.D.
Foundation for Economic
Education

Phil May, Ph.D.
Wichita State University

James C. Miller III, Ph.D.
George Mason University

Walter Williams, Ph.D.
George Mason University

Gene W. Wunder, Ph.D.
Washburn University

September 30, 1996

The Case for Tax/Spending Limits in Kansas

by Daniel J. Mitchell with Bryan Riley¹

Kansas Governor Bill Graves and the 1996 state legislature deserve credit for accomplishing something that few governments -- state, local, or federal -- ever achieve: reducing spending. For fiscal year 1997, the state legislature approved a budget that cuts spending by nearly \$80 million, shaving a percentage point from 1996 spending levels. Although a 1 percent cut might not sound like much, a comparable reduction in the 1997 federal budget would have lowered federal spending by almost \$16 billion.^{2***} To inside-the-beltway policy makers, such a cut would be unthinkable. Even the most conservative members of the U.S. Congress proposed simply to slow the growth of government spending, not to reduce it.

The fiscal year 1997 Kansas budget is a dramatic contrast to the fiscal year 1997 federal budget proposed by Congress. At the federal level, the Republican-controlled Congress proposed to increase federal spending by \$49.6 billion in 1997 -- the equivalent of \$750 in new federal spending for a family of four.³ In contrast to continued federal budget growth, Gov. Graves and the Kansas legislature actually cut spending.

¹Daniel J. Mitchell is the McKenna Senior Fellow in Political Economy at The Heritage Foundation, and Bryan Riley is Executive Director of the Kansas Public Policy Institute. This paper is based on "The Case for a Tax Supermajority Requirement: A Look at the States," Citizens for a Sound Economy Foundation Issue Analysis Number 25, April 12, 1996. For more information on tax/spending limits, see Karl Peterjohn, "Tax/Expenditure Limits and Kansas," Kansas Taxpayers Network, January 1993, and Dean Stansel, "Taming Leviathan: Are Tax and Spending Limits the Answer?" Cato Institute Policy Analysis #213, July 15, 1994.

^{2***}Revised figures for FY96 showed a cut of about \$36 million, and the Governor's proposed FY98 budget calls for FY97 spending to increase by about \$51 million (a little more than half a percent) above FY96 levels.

³Calculations based on House Budget Committee summary, "Conference Agreement on the Budget for Fiscal Year 1997 (H. Con. Res. 178), June 11, 1996, and Office of Management and Budget, Fiscal Year 1997 Historical Tables.

House Taxation

Date 3/7/00

Attachment # 8-1

The question is, does this recent fiscal restraint represent a permanent change of course for government in Kansas, or is it merely a speed bump on the road to resumed increases in state spending? Over the last ten years, state government revenues grew more than twice as fast as the average Kansan's income.⁴ As a result of this trend toward ever-growing government, the concept of constitutional limits on government spending is increasingly popular. As Gov. Graves put it in his 1996 legislative message:

I also want to use this occasion to reiterate my support for a constitutionally mandated cap on the rate of growth in government spending. Although I can assure you I will continue to propose state budget expenditures which grow no more than the rate of growth in our state's citizens' personal income, I still see great merit in the enactment of reforms that impose discipline and restraint on the rate of growth of government spending.⁵

Many critics charge that such a constitutional limit is a risky, untested idea. This accusation is false. Many states, including Colorado, Oklahoma, and Missouri, have adopted constitutional limits on either taxes or spending. Nationwide, ten states require at least a three-fifths vote of lawmakers to raise some or all taxes.

Supermajorities, needless to say, are just one of many factors that influence these states' economic performance. It stands to reason, however, that making it harder to raise taxes would be at least partially responsible for the above-average economic performance charted by states that have adopted a supermajority requirement. Three of the states instituted the tax limit in 1992, but seven states have lived under this requirement for some time. In these states -- Arkansas, California, Delaware, Florida, Louisiana, Mississippi, and South Dakota -- the evidence shows that, on average, supermajority states:

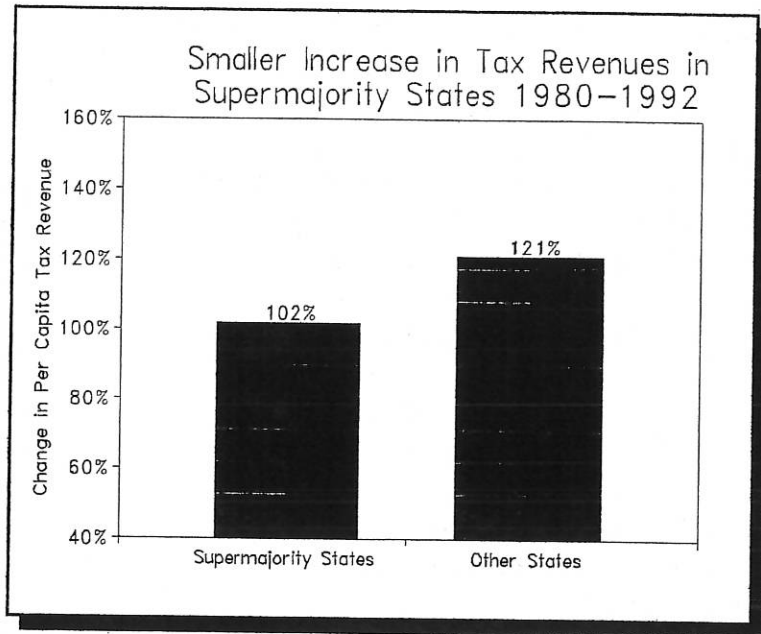
- Have smaller tax and spending increases .
- Grow faster.
- Create more jobs.
- Accumulate less debt.

⁴Bryan Riley, "Independence Day in Kansas," The Wichita Eagle, July 3, 1996.

⁵Gov. Bill Graves, The Governor's Legislative Message to the 1996 Legislature, January 8, 1996, p. 13.

Supermajority States Control Tax Burden

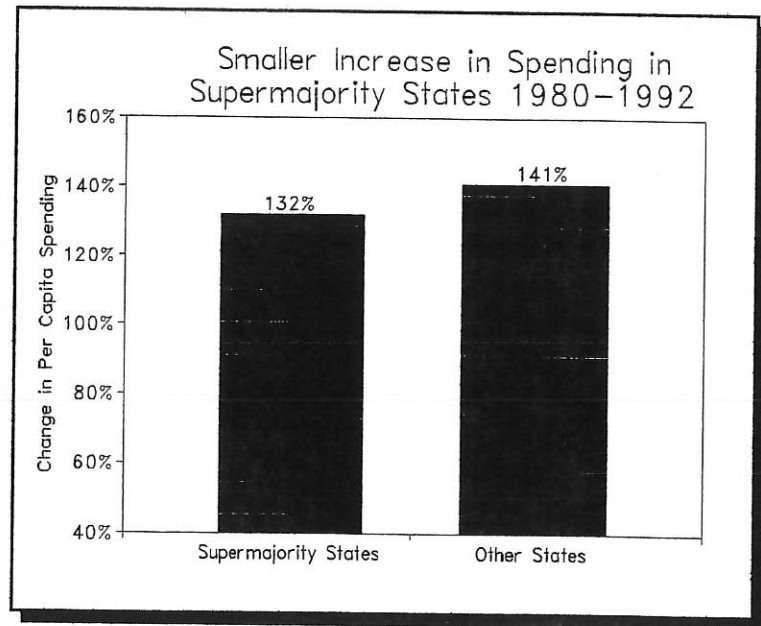
On average, states with supermajorities saw their per capita tax collections jump by 102 percent between 1980 and 1992. This is too high, but it is much better than the average 121 percent increase in per capita tax collections that occurred in states without these supermajority protections. In other words, the tax burden rose nearly 20 percent faster in states that did not limit the ability of politicians to raise taxes.



Source: Department of Commerce, Bureau of the Census

Lower Spending Increases in Supermajority States

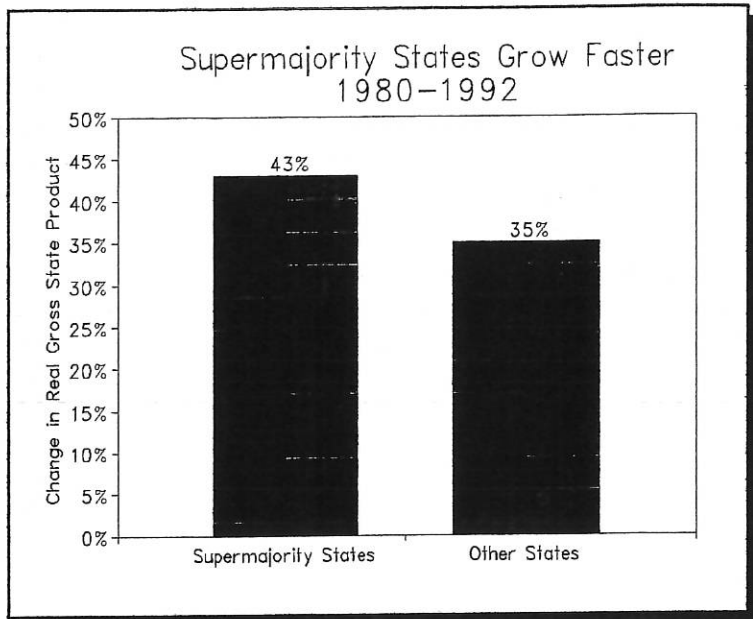
In the supermajority states, per capita state spending on average increased by 132 percent between 1980 and 1992. While this is hardly a record to be proud of, states without supermajority tax requirements experienced average total per capita spending increases of 141 percent. This difference may not be very large, but taxpayers are grateful for even modest improvements in their state's fiscal performance.



Source: Department of Commerce, Bureau of the Census

Supermajority States Grow Faster

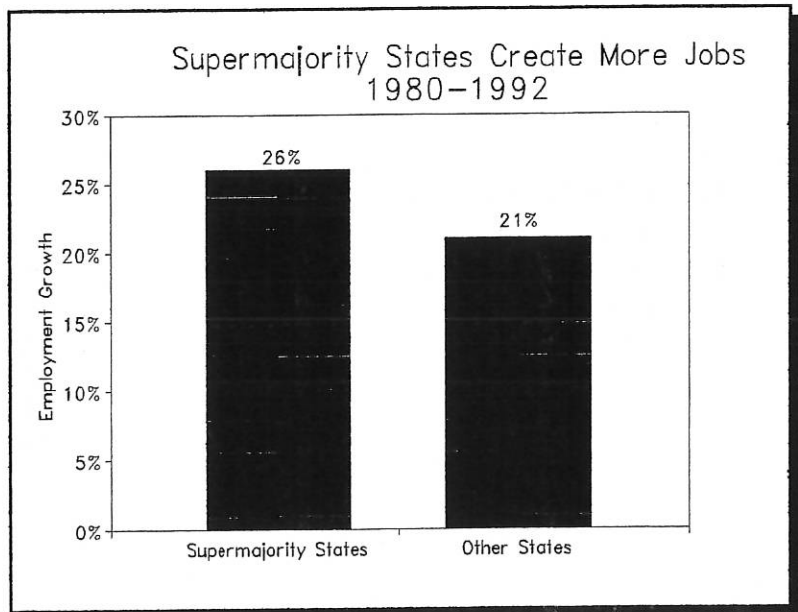
Lower taxes and lower spending are desirable, but the real reason for controlling the size of government is to promote prosperity. Not surprisingly, a supermajority is associated with faster economic growth. States with restrictions on the ability to raise taxes grew by an average of 43 percent in real terms from 1980 until 1992. States that made it easier for politicians to raise taxes, by contrast, only grew an average of 35 percent during the same period.



Source: Department of Commerce, Bureau of Economic Analysis

Supermajority States Create More Jobs

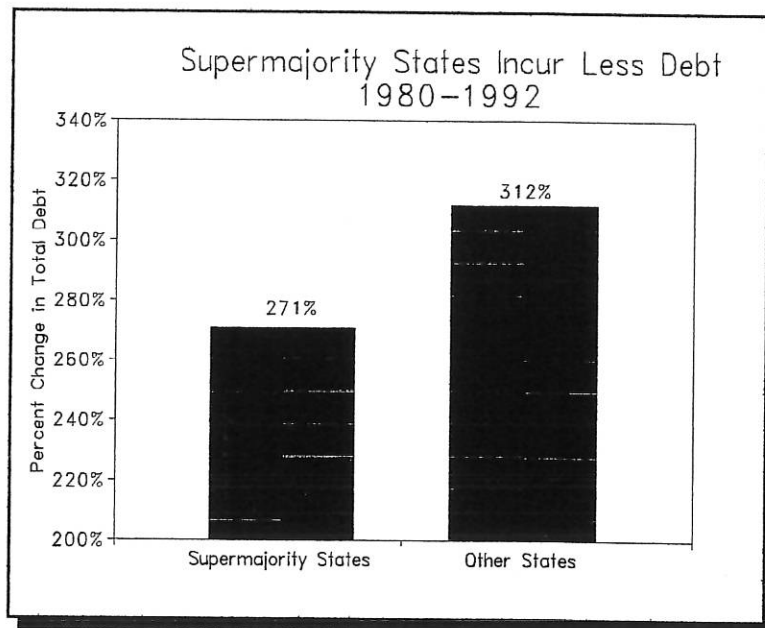
The combination of smaller government and faster growth in supermajority states means that there is more money available for the productive sector of the economy. This means more jobs. In states with supermajorities, total employment increased by an average of 26 percent between 1980 and 1992. In states that allow taxes to be raised by a simple majority, on the other hand, the number of jobs increased by an average of only 21 percent.



Source: Department of Labor, Bureau of Labor Statistics

Supermajority States Incur Less Debt

One of the criticisms of supermajority requirements is that politicians would not have the power to raise taxes in times of fiscal crisis, thus subjecting state residents to higher levels of debt. Evidence from the states, however, appears to dispel this fear. In the seven states with supermajorities, state debt increased by an average of 271 percent between 1980 and 1992. This is not a good track record, but states without limits on higher taxes saw average debt increases of 312 percent in the same period.



Source: Department of Commerce, Bureau of the Census

Conclusion

Empirical data from the states suggest that tax supermajority requirements serve their intended purpose -- helping to limit the growth of government and enabling a more rapid pace of economic growth and job creation. To be sure, a supermajority requirement does not guarantee sound economic policy. The record tax increase in California, for instance, was enacted in spite of a two-thirds majority requirement. And many states without supermajority requirements, such as Tennessee and Nevada, scored well in most categories (not surprisingly, the lack of a state income tax seems to be associated with more growth and less government).

Nevertheless, examining the performances of states with and without supermajorities seems to confirm the well-established relationships between sound fiscal policy and good economic performance. Other controls on the growth of government, such as spending lids, are likely to generate similar benefits. If Kansas adopts such limits, there is every reason to expect positive results.

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony on House Concurrent Resolution 5064
before the
House Committee on Taxation

by
John W. Koepke
Executive Director
Kansas Association of School Boards
March 6, 2000

Madam Chairman and members of the Committee, we appreciate the opportunity to appear before you on behalf of the member boards of education of the Kansas Association of School Boards with regard to House Concurrent Resolution 5064. This proposed amendment to the Kansas Constitution would require a super majority vote of both houses of the Kansas legislature in order to increase the rate of any tax or to impose any new tax in the state of Kansas. We do not believe that this would be wise public policy.

For well over a century, the people of Kansas have entrusted tax policy to a majority vote of the Kansas legislature. We are not aware of any real or imagined abuse of the trust placed in the legislature that would require the change proposed in this measure. We would hope the members of this body would continue to exhibit confidence in the majority of the members of these public bodies to make wise public policy by rejecting the proposal before you in HCR 5064.

As always, we appreciate the opportunity to appear before you, and I would be happy to answer any questions.

House Taxation

Date: 3/7/00

Attachment #: 9

HOUSE BILL No. 2715

By Committee on Taxation

1-25

9 AN ACT relating to property taxation; concerning the valuation of land
10 devoted to agricultural use; amending K.S.A. 1999 Supp. 79-1476 and
11 repealing the existing section.
12

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

14 Section 1. K.S.A. 1999 Supp. 79-1476 is hereby amended to read as
15 follows: 79-1476. The director of property valuation is hereby directed
16 and empowered to administer and supervise a statewide program of re-
17 appraisal of all real property located within the state. Except as otherwise
18 authorized by K.S.A. 19-428, and amendments thereto, each county shall
19 comprise a separate appraisal district under such program, and the county
20 appraiser shall have the duty of reappraising all of the real property in
21 the county pursuant to guidelines and timetables prescribed by the di-
22 rector of property valuation and of updating the same on an annual basis.
23 In the case of multi-county appraisal districts, the district appraiser shall
24 have the duty of reappraising all of the real property in each of the coun-
25 ties comprising the district pursuant to such guidelines and timetables
26 and of updating the same on an annual basis. Commencing in 2000, every
27 parcel of real property shall be actually viewed and inspected by the
28 county or district appraiser once every six years. Any county or district
29 appraiser shall be deemed to be in compliance with the foregoing re-
30 quirement in any year if 17% or more of the parcels in such county or
31 district are actually viewed and inspected.

32 Compilation of data for the initial preparation or updating of invento-
33 ries for each parcel of real property and entry thereof into the state com-
34 puter system as provided for in K.S.A. 79-1477, and amendments thereto,
35 shall be completed not later than January 1, 1989. Whenever the director
36 determines that reappraisal of all real property within a county is com-
37 plete, notification thereof shall be given to the governor and to the state
38 board of tax appeals.

39 Valuations shall be established for each parcel of real property at its
40 fair market value in money in accordance with the provisions of K.S.A.
41 79-503a, and amendments thereto.

42 In addition thereto valuations shall be established for each parcel of
43 land devoted to agricultural use upon the basis of the agricultural income

1 or productivity attributable to the inherent capabilities of such land in its
2 current usage under a degree of management reflecting median produc-
3 tion levels in the manner hereinafter provided. A classification system for
4 all land devoted to agricultural use shall be adopted by the director of
5 property valuation using criteria established by the United States depart-
6 ment of agriculture soil conservation service. For all taxable years com-
7 mencing after December 31, 1989, all land devoted to agricultural use
8 which is subject to the federal conservation reserve program shall be
9 classified as cultivated dry land for the purpose of valuation for property
10 tax purposes pursuant to this section. Productivity of land devoted to
11 agricultural use shall be determined for all land classes within each county
12 or homogeneous region based on an average of the eight calendar years
13 immediately preceding the calendar year which immediately precedes the
14 year of valuation, at a degree of management reflecting median produc-
15 tion levels. The director of property valuation shall determine median
16 production levels based on information available from state and federal
17 crop and livestock reporting services, the soil conservation service, and
18 any other sources of data that the director considers appropriate.

19 The share of net income from land in the various land classes within
20 each county or homogeneous region which is normally received by the
21 landlord shall be used as the basis for determining agricultural income
22 for all land devoted to agricultural use except pasture or rangeland. The
23 net income normally received by the landlord from such land shall be
24 determined by deducting expenses normally incurred by the landlord
25 from the share of the gross income normally received by the landlord.
26 The net rental income normally received by the landlord from pasture or
27 rangeland within each county or homogeneous region shall be used *solely*
28 as the basis for determining agricultural income from such land, *and soil*
29 *classifications for such land shall not be considered.* The net rental income
30 from pasture and rangeland which is normally received by the landlord
31 shall be determined by deducting expenses normally incurred from the
32 gross income normally received by the landlord. Commodity prices, crop
33 yields and pasture and rangeland rental rates and expenses shall be based
34 on an average of the eight calendar years immediately preceding the cal-
35 endar year which immediately precedes the year of valuation. Net income
36 for every land class within each county or homogeneous region shall be
37 capitalized at a rate determined to be the sum of the contract rate of
38 interest on new federal land bank loans in Kansas on July 1 of each year
39 averaged over a five-year period which includes the five years immediately
40 preceding the calendar year which immediately precedes the year of val-
41 uation, plus a percentage not less than .75% nor more than 2.75%, as
42 determined by the director of property valuation.

43 Based on the foregoing procedures the director of property valuation

Add the following:
"For all taxable years commencing after December 31, 1999 all land devoted to agricultural use which is subject to the federal wetlands reserve program shall be classified as cultivated dry land for the purpose of valuation for property tax purposes pursuant to this section."

Strike 2
insert 3

1 shall make an annual determination of the value of land within each of
2 the various classes of land devoted to agricultural use within each county
3 or homogeneous region and furnish the same to the several county ap-
4 praisers who shall classify such land according to its current usage and
5 apply the value applicable to such class of land according to the valuation
6 schedules prepared and adopted by the director of property valuation
7 under the provisions of this section. *Notwithstanding the foregoing, any*
8 *county or district appraiser may apply adverse influence factors to any*
9 *such value and deviate from such value accordingly.*

10 It is the intent of the legislature that appraisal judgment and appraisal
11 standards be followed and incorporated throughout the process of data
12 collection and analysis and establishment of values pursuant to this
13 section.

14 For the purpose of the foregoing provisions of this section the phrase
15 "land devoted to agricultural use" shall mean and include land, regardless
16 of whether it is located in the unincorporated area of the county or within
17 the corporate limits of a city, which is devoted to the production of plants,
18 animals or horticultural products, including but not limited to: Forages;
19 grains and feed crops; dairy animals and dairy products; poultry and poul-
20 try products; beef cattle, sheep, swine and horses; bees and apiary prod-
21 ucts; trees and forest products; fruits, nuts and berries; vegetables; nurs-
22 ery, floral, ornamental and greenhouse products. Land devoted to
23 agricultural use shall not include those lands which are used for recrea-
24 tional purposes, other than that land established as a controlled shooting
25 area pursuant to K.S.A. 32-943, and amendments thereto, which shall be
26 deemed to be land devoted to agricultural use, suburban residential acre-
27 ages, rural home sites or farm home sites and yard plots whose primary
28 function is for residential or recreational purposes even though such prop-
29 erties may produce or maintain some of those plants or animals listed in
30 the foregoing definition.

31 The term "expenses" shall mean those expenses typically incurred in
32 producing the plants, animals and horticultural products described above
33 including management fees, production costs, maintenance and depre-
34 ciation of fences, irrigation wells, irrigation laterals and real estate taxes,
35 but the term shall not include those expenses incurred in providing tem-
36 porary or permanent buildings used in the production of such plants,
37 animals and horticultural products.

38 The provisions of this act shall not be construed to conflict with any
39 other provisions of law relating to the appraisal of tangible property for
40 taxation purposes including the equalization processes of the county and
41 state board of tax appeals.

42 Sec. 2. K.S.A. 1999 Supp. 79-1476 is hereby repealed.

1 Sec. 3. This act shall take effect and be in force from and after its
2 publication in the statute book.

Strike period and
add "subject to
review of the
assistant director
of property
valuation for use
value appraisal of
agricultural lands."

Add the following: "There is hereby established, within and as a part of the department of revenue, division of property valuation, an assistant director of property valuation for use value appraisal of agricultural land. Under the supervision of the director of property valuation, the assistant director of property valuation for use value appraisal of agricultural lands shall administer, manage, oversee, and direct the implementation of the appraisal of agricultural land. The secretary of revenue shall immediately reclassify an existing position to create this position. The secretary of revenue shall appoint the assistant director of property valuation for use value appraisal of agricultural land, subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto. The assistant director of property valuation for use value appraisal of agricultural land shall serve at the pleasure of the secretary. The assistant director of property valuation for use value appraisal of agricultural land shall be in the unclassified service and shall receive an annual salary fixed by the secretary of revenue and approved by the governor. The assistant director of property valuation for use value appraisal of agricultural land shall be a member in good standing of the Appraisal Institute, meet the requirements of, and maintain the designation of MAI, and have extensive experience in use value appraisal of agricultural lands."