

Approved April 4, 2002  
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Vice Chairman Huff at 9:05 a.m. on March 28, 2002 in Room 519-S of the Capitol.

All members were present except: Representative Edmonds, excused  
Representative Hutchins, excused  
Representative Kirk, excused  
Representative Mays, excused

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor  
Winnie Crapson, Secretary

Conferrees appearing before the Committee: Bill Waters, Property Valuation Department  
Allie Devine, Kansas Livestock Association  
Janet McPherson, Kansas Farm Bureau

Others Attending: See attached list.

**Hearing was opened on**  
**HB 2724 - County Appraiser Meetings.**

Bill Waters, Attorney in the Property Valuation Department of the Department of Revenue, appeared to present the written testimony of Mark Beck, Director, discussing the bill (Attachment #1). Mr. Beck was unable to attend. Mr. Waters said essentially **HB 2724** changes "shall" to "may" (line 28). Mr. Waters said Mr. Beck does not have a position on this bill and suggested the Committee might consider merely repealing K.S.A. 79-1401 as all its provisions are set forth in other statutes.

In response to questions Mr. Waters said the Director has general supervisory authority over the system of property taxation and also has the authority to remove an assessor with cause. He said the Department did not request introduction of the bill. Counties are obligated to send appraisers to attend a meeting and on repeal of the statute there would continue to be a meeting which provides an opportunity to educate the appraisers.

Mr. Waters said the Department had not heard from appraisers who did not want to come to an every second year meeting and to his knowledge the Director has never disciplined an appraiser for not attending. As written the statute mandates that the Director actually hold a meeting and that it be in the State Capitol. Attempts have been made to find a central location and meetings have been held in Hutchinson, Salina and Wichita.

In response to a question Mr. Waters said to his knowledge the Director has never removed an appraiser. He has to have cause and there is an appeal. County commissioners also have authority to remove an appraiser and a number of appraisers have been removed by county commissioners. He noted that this bill makes some technical changes and makes the meetings discretionary rather than mandatory.

**Hearing on HB 2724 was closed.**

## CONTINUATION SHEET

Hearing was opened onSB 553 - Report required by PVD on land devoted to agricultural use valuation procedures.

Allie Devine presented testimony in support of **SB 553** on behalf of the Kansas Livestock Association (Attachment #2). The Association has been active on the Secretary of Revenue's Agricultural Advisory Board established at the beginning of Governor Graves' administration to go through each factor in use valuation formula to determine whether it was being conducted appropriately. She said many changes have taken place in the methodology and the bill was requested to create a history of changes that have been made.

A special committee of Assessment and Taxation asked the International Organization of Appraisal to come in from out of state and review the use value formula in Kansas. Part of their report was that there had been so many changes that there needs to be public education.

Janet McPherson presented testimony in support of **SB 553** on behalf of the Kansas Farm Bureau (Attachment #3). The Kansas Farm Bureau appreciated the dialogue that took place with leadership at the Special Committee last summer and observed that sometimes institutional knowledge of how those things were applied is lost.

Hearing was closed on SB 553.

Meeting adjourned at 9:30 a.m. Next meeting is March 29.

GUEST LIST

DATE Mar. 28, 2002

NAME	REPRESENTING
Deann Williams	KMCB
GARY DAVENPORT	KXCH
George Peterson	KTN
Jack G. Lars	Nurbs - P 77 of K.M.
Sheila Finkbein	KACC+
Janet McPherson	Ks Farm Bureau
Bernard Barr	Farmer
Ann Danks	DOB
Larry R. Bass	LKM
Bill Waters	PVT

**STATE OF KANSAS**

*Bill Graves, Governor*

**DEPARTMENT OF REVENUE**

*Stephen S. Richards, Secretary*

Mark S. Beck, Director  
Property Valuation Division  
Department of Revenue  
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**Division of Property Valuation**

**MEMORANDUM**

**TO:** Honorable John T. Edmonds, Chairman  
House Committee on Taxation

**FROM:** Mark S. Beck  
Director of Property Valuation

**DATE:** March 28, 2002

**SUBJECT:** House Bill 2724

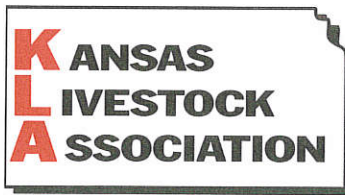
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I appreciate the opportunity to discuss HB 2724. The meeting described in K.S.A. 79-1401 has been traditionally called the Director's Update. The original statute was passed in 1907 and last amended in 1923. While it actually requires us to bring everyone to the state capitol, we do not strictly adhere to that provision and generally look for a more centralized location. The meetings consist of open discussion of current issues and law changes, an overview of the current condition of statewide uniformity and breakout sessions for training in various topics. The time spent in these updates counts toward the county appraisers required continuing education.

I am hesitant to appear in anything other than a neutral position because I think that, in this age of impersonal electronic communication, occasional face-to-face gatherings are beneficial to all involved. If, however, the feeling is the meeting should be made discretionary on the part of the counties, I would suggest you consider repealing the statute as opposed to amending it since the effect would be identical.

If 79-1401 were repealed, there would be nothing prohibiting us from issuing an 'invitation' to a meeting such as that described here. In addition, there would be no other impact. All of the provisions of K.S.A. 79-1401 are duplicated in other statutes, except the provision requiring the biennial meeting of county appraisers. The requirement of the director of property valuation to prescribe a uniform method of keeping the tax rolls and books relating to taxation is in K.S.A. 79-1404, *Twelfth*. The requirement to visit counties to investigate the work and methods of county appraisers is in K.S.A. 79-1404, *Ninth*. The requirement to exercise general supervision over the system of taxation and county appraisers is in K.S.A. 79-1404, *First*. Finally, the requirement for counties to pay the actual and necessary travel and subsistence expense incurred by the county appraiser in the performance of such appraiser's duties is in K.S.A. 19-435. Thus, if the biennial meeting is to be made discretionary, the committee might consider simply repealing K.S.A. 79-1401 in lieu of amending it.

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Attach. No. 1  
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*Since 1894*

### Testimony

To: House Committee on Taxation  
From: Allie Devine, KLA Research and Legal Affairs  
Subject: SB 553  
Date: March 28, 2002

Good morning. My name is Allie Devine, Director of Research and Legal Affairs for the Kansas Livestock Association. KLA is a nonprofit trade association that represents several aspects of the livestock industry including cow-calf producers, seedstock producers, stocker operators, and commercial cattle feeders.

KLA members have a keen interest in property taxes in Kansas. KLA has been active on the Secretary of Revenue's Agricultural Advisory Board, chaired by Senator Lee since its beginning. Many changes to the use value methodology have been proposed and implemented in the past eight years. Some changes are well known to the agricultural taxpayer and others are not. We strongly support SB 553 as a means of recording the changes that have taken place and as an educational tool for the taxpayer.

During the summer meeting of the Special Committee on Assessment of Taxation there was a review of the IOAA report. This report recommended that the Department of Revenue prepare educational materials to assist taxpayers in understanding the methods of valuation of agricultural properties. The report required in SB 553 is a first step in that process. Legislators and taxpayers will use this document to describe what changes have taken place and the use value methodology.

In addition, such a report will serve as the "history" of the program. This administration will be leaving office in approximately eight months, and this report will serve as a status report of what has taken place and why. KLA and many other agriculture organizations have spent hours reviewing proposed changes in the use value methodology. We do not want to reinvent the wheel!

Finally, thank you for considering this report. We think this a simple request and one that needs to be done.

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## **Kansas Farm Bureau**

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### **Public Policy Statement**

## **HOUSE COMMITTEE ON TAXATION**

**RE: SB 553 – requiring the director of the property valuation division to submit a report regarding interpretation and implementation of use value appraisal.**

**March 28, 2002  
Topeka, Kansas**

**Presented by:  
Janet McPherson, Assistant Director  
Public Policy Division**

Chairman Edmonds and members of the House Taxation Committee, thank you for the opportunity to appear today in support of SB 553, which requires the director of the property valuation division of the Kansas Dept. of Revenue to submit a report regarding the interpretation and implementation of use value statutes.

As farmers and ranchers, our members are intrinsically interested in the use value appraisal system in Kansas. As an organization, we are extremely concerned with the procedures utilized to implement the system and are pleased to hold a seat on the Secretary of Revenue's Use Value Advisory Committee.

Kansas Farm Bureau members strongly support use value appraisal as a means for determining the taxable value of agricultural land. Basing the valuation on the land's inherent ability to produce is a sound principal.

The voting delegates at the 83<sup>rd</sup> Annual Meeting of Kansas Farm Bureau reaffirmed existing language and adopted some new language regarding use value appraisal. Two policy statements are of significant relevance to the bill before you:

- The Division of Property Valuation, Kansas Dept. of Revenue, must ensure that data, formulas and resulting calculations for determining the use value of agricultural land are valid; and
- The Dept. of Revenue is encouraged to properly utilize the system in order to assure equity and stability in valuation of agricultural land.

We believe the report required by SB 553 will help provide information that is helpful in determining whether the department is meeting the above policy points and would serve as a valuable reference for future administrations. As such, we respectfully request the committee act favorably on the bill. Thank you.

*Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.*

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