

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:35 A.M. on March 24, 2008 in Room 519-S of the Capitol.

All members were present except:

Nick Jordan- excused

Committee staff present:

Gordon Self, Office of Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Scott Wells, Office of Revisor of Statutes
Ryan Hoffman, Kansas Legislative Research Department
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Senator Derek Schmidt
Rochelle Chronister, Wilson County
J. D. Cox, City of Neodesha
Joe Morris, City of Fredonia

Others attending:

See attached list.

Senator Derek Schmidt led testimony on a drafted Senate Bill concerning Wilson County, relating to certain capital improvement projects; financing thereof through issuance of revenue bonds by the Kansas Development Finance Authority; countywide retailers sales tax authority; and distribution of moneys from oil and gas depletion trust fund.

Senator Schmidt explained the need for the legislation in the City of Neodesha and the City of Fredonia. (Attachment 1) Neodesha's industrial park is atop an old oil refinery, and is contaminated. Neodesha has acquired a proper site, and now needs the money to develop the infrastructure to transform the farm field into an industrial park at an estimated cost of \$5.5 million. Fredonia's issue is the intersection of US 400 and K-47 where numerous fatalities have occurred. The legislation would allow Wilson County citizens to decide whether to use their own money to finance both projects. It would authorize a county-wide sales tax of up to one-cent for these purposes. It would also allow Wilson County to tap into its severance tax trust fund early for the purpose of paying for these improvements. It would authorize the Kansas Development Finance Authority (K DFA) to handle the bonding for these projects.

Rebecca Floyd, K DFA, said there would be sufficient funds available in Wilson County before K DFA issued the bonds. The State General Fund will ultimately be responsible for any debt payment deficiencies.

Rochelle Chronister, representing the citizens of Wilson County, testified at least two of Neodesha's industries are ready to expand operations, but do not want to expand on contaminated land. (Attachment 2) The City of Fredonia has had response from the Kansas Department of Transportation (KDOT) with an offer to build a roundabout to slow down traffic at its dangerous intersection, but does not like that solution.

J. D. Cox, City Administrator of City of Neodesha, said he appreciated the Committee's attention to the problem in Neodesha. The problem the city has is a good problem, industry wanting to grow in their city. Chairman Allen requested Mr. Cox provide written comments to the Committee.

Joe Morris, City of Fredonia City Administrator, said the requested alteration of the traffic project is appropriate timing. (Attachment 3)

Discussion on the proposed legislation was closed.

Discussion was held on **SB 665-Late filing of property tax returns by public utilities**. Scott Wells, Revisor of Statutes, reviewed the bill. Mark Beck, Property Valuation Department (PVD), presented a proposed amendment which was agreed upon by all interested parties, including utility companies.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on March 24, 2008 in Room 519-S of the Capitol.

(Attachment 4) He also distributed an amended explainer which reviewed Senator Umbarger's proposed amendments. (Attachment 5) Mr. Beck said the bill's intent is to create an incentive to have utilities get their tax returns filed on time. The proposed amended version of **SB 665** accomplishes this intent. Senator Apple presented an amendment to **SB 665** that the county appraiser shall notify the county clerk when the exemption application has been filed. (Attachment 6) He said PVD and county clerks agree on his proposed amendment.

Senator Apple moved to amend **SB 665** by adopting the balloon amendment submitted by PVD. Senator Pine seconded the motion, and the motion passed.

Senator Apple moved to further amend **SB 665** by adopting his proposed amendment. Senator Pine seconded the motion, and the motion passed.

Senator Schmidt moved to insert the contents of amended **SB 665** into **HB 2434**. Senator Apple seconded the motion, and the motion passed.

Senator Schmidt moved to make **HB 2434** a substitute bill and to report **Senate Substitute for HB 2434** favorable for passage. The motion passed.

SB 686--An act concerning income taxation; relating to apportionment of net income was discussed. Chris Courtwright, Kansas Legislative Research Department, said **SB 686** would allow a single factor apportionment formula to be used. The Kansas Department of Revenue (KDOR) said there would be no fiscal note for at least five years.

Senator Schmidt moved to strike all the contents out of **HB 2037** and insert in lieu thereof the contents of **SB 686** and make it a substitute bill. Senator Bruce seconded the motion, and the motion passed.

Senator Schmidt moved to report **Senate Substitute for HB 2037** favorable for passage. Senator Bruce seconded the motion, and the motion passed.

Senator Schmidt moved to strike the contents from **HB 2590**, and replace with drafted language (7rs2474) concerning Wilson County, relating to certain capital improvement projects, give the Revisor discretion to make technical amendments, make it a substitute bill and report **Senate Substitute for HB 2590** favorable for passage. Senator Donovan seconded the motion, and the motion passed.

Senator Schmidt moved to approve the minutes of the March 13 committee meeting. Senator Bruce seconded the motion, and the motion passed.

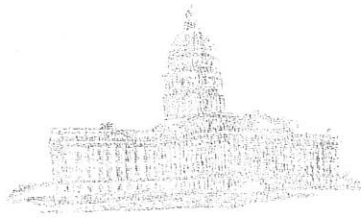
Being no further business, the meeting adjourned. The next meeting will be March 19.

Capitol Office

State Capitol, Room 390-E
Topeka, Kansas 66612-1504
(785) 296-2497

15th District Office

P.O. Box 747
Independence, Kansas 67301-0747
(620) 331-1800



Senator Derek Schmidt
Majority Leader

Committee Assignments

Chair: Confirmation Oversight
Vice Chair: Assessment & Taxation
Organization Calendar & Rules
Member: Judiciary
Agriculture
Legislative Post Audit

Message Only (800) 432-3924

Fax: (785) 296-6718

Email: schmidt@senate.state.ks.us

**Testimony in support of Wilson County legislation
Presented to the Senate Committee on Assessment and Taxation
by Senator Derek Schmidt**

March 24, 2008

Madam Chairman, members of the committee, thank you for the opportunity to testify before you this morning.

Two issues in Wilson County have resulted in this legislation today.

The first issue is in Neodesha. The city's industrial park, which sits atop the old Standard Oil Refinery site, is contaminated. Neodesha's industries need a new place to grow, expand and, in some cases, perhaps relocate. They need a new industrial park that is not atop the contamination and is not in the flood plain.

The City has acquired a proper site. Now, they need the money to develop the infrastructure to transform this farm field into an industrial park. The estimated cost is \$5.5 million.

The second issue is in Fredonia. The construction of US 400 in the 1990s has been a blessing for the community, but it also has resulted in problems that must be addressed. One problem is at the intersection of US 400 and K-47 east of Fredonia, where numerous fatalities have occurred. To address safety, KDOT has proposed building a roundabout at the intersection using \$2.8 to \$3.0 million in existing funds (principally federal safety money). Many people in the local community would prefer that, instead of building a roundabout that is inconsistent with the long-term plan for US 400 to be a four-lane, divided highway, KDOT proceed immediately to building a stretch of four-lane road through the intersection. The estimated cost of building a 1.5 to 2-mile section of four-lane highway in that area is \$4 million to \$5 million.

This legislation would allow Wilson County citizens to decide whether to use their own money to cause both of these important projects to happen. It would authorize a county-wide sales tax of up to 1-cent for these purposes (which would replace part or all of an existing 1-cent sales tax that is paying for the county jail expansion and which should expire this fall). It also would allow Wilson County, which is one of the counties that benefits from the 2005 Senate Bill 128 severance tax trust fund legislation, to tap into its severance tax trust fund early for the purpose of paying for these improvements. Finally, the legislation would authorize the Kansas Development Finance Authority to handle the bonding for these projects.

The fiscal effect on the state from this legislation is zero -- all of the improvements are financed by Wilson County funds. The state would benefit from the enhancement of the industrial base in the region and also from the four-lane upgrade, which is part of our long-range transportation objectives.

For those reasons, I encourage the committee to approve this legislation.

Thank you for the opportunity to appear today. I would stand for questions.

Assessment & Taxation
Date 3-24-08
Attachment # 1

Board of Wilson County Commissioners

Courthouse – Room 202
615 Madison St.
Fredonia, Kansas 66736

Roy Varner, Chairman – District 2
Garry Lambert, Vice Chairman – District 3
Gary Fitzmorris, Member – District 1

Telephone: (620) 378-2502
Fax: (620) 378-3803
Web-site: www.wilson.kansasgov.com

March 17, 2008

Senator Derek Schmidt
State Capitol – Rm. 390E
Topeka, Kansas 66612

Dear Senator Schmidt,

On behalf of Wilson County, Kansas, we are writing in support of pursuing options for assistance in the development of the new Industrial Park in Neodesha, as well as upgrading US-400 to a four lane around Fredonia in lieu of the proposed Round-a-Bout.

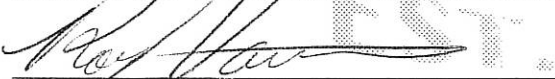
In order to finance the above referenced projects, we request that the Legislature authorize Wilson County to use a combination of local sales tax revenues, a share of our severance tax revenues, along with the KDOT funds already designated for the Round-a-Bout.

The development of these two projects are critical for the economic future of Wilson County, as well as the State of Kansas.

If we can be of further information regarding this matter, please do not hesitate to let us know.

Sincerely,

BOARD OF WILSON COUNTY COMMISSIONERS



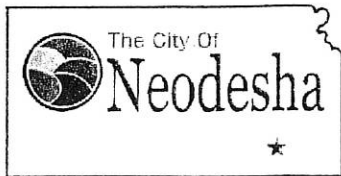
Roy Varner, Chairman



Garry Lambert, Vice Chairman



Gary Fitzmorris, Member



“Small Town, Big Dreams”

THE CITY OF NEODESHA • P.O. BOX 336 • NEODESHA, KANSAS 66757

March 17, 2008

Senator Derek Schmidt
State Capitol - Room 390-E
Topeka KS 66612

Dear Senator Schmidt:

Thank you for taking time to meet with us this weekend concerning our Industrial Park project.

Per our meeting on Saturday, March 15, 2008, please accept this letter as official request by the City of Neodesha asking that you pursue the options discussed to assist the City with the West Granby Street Industrial Park project.

Should you have any questions, or require any additional information, please do not hesitate to contact our office.

We sincerely appreciate all of your assistance in this matter.

Sincerely,

City of Neodesha

J. D. Cox
City Administrator

JC:bgb



FREDONIA CITY
314 NORTH 7TH ST. T
FREDONIA, KANSAS 66736

PHONE: (620) 378-2231
FAX: (620) 378-2693
www.fredoniaks.org

March 17, 2008

Senator Derek Schmidt
State Capitol – Rm. 390E
Topeka, Kansas 66612

Dear Senator Schmidt:

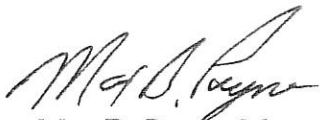
On behalf of the City of Fredonia, I am writing in support of altering the roundabout project at highways US-400 and K-47. Altering this project from a roundabout to a four lane stretch of highway would mitigate safety issues that travelers currently experience, as well as address traffic flow issues.

This alteration, combined with additional issues in Wilson County, has been discussed with Wilson County officials. We would respectfully request that the Legislature pursue options available in altering the project that were recently discussed.

With the ongoing outmigration problems affecting rural communities, such as ours, the alteration of the project would certainly help bolster economic activity that our community desperately needs.

I appreciate the time and attention you give our community. If I may be of further assistance in this matter, please let me know.

Sincerely,


Max D. Payne, Mayor

ROCHELLE CHRONISTER
17124 Bethel Road
Neodesha, Ks. 66757

Thank you Madam Chairman and Members of the Senate Taxation Committee for the opportunity to appear before you today on a bill of great importance to Wilson County. This bill is designed to help solve two problems in the two largest communities in Wilson County – Neodesha and Fredonia. Each community had extensive damage during the 2007 flood and Neodesha has a long term environmental problem which is the result of an oil refinery that was part of the community for 70 years. I'm going to describe both problems and will explain the Fredonia problem first.

The city of Fredonia was bypassed when US 400 highway was built. The intersection between US 400 and Kansas highway 47 on the east side of Fredonia has had some significant development with a gas station, restaurant and motel built on the east side of the highway which has increased cross traffic and also traffic accidents. Fredonia citizens have been asking for something to slow down the north-south traffic on US 400 and the state has responded by offering to build a roundabout. The community does not feel that is an appropriate answer to their problem, and is interested in building a four lane road from their new industrial park on the north to below the US 400/Kansas 47 crossroads on the south. This would serve a dual purpose allowing a reasonable turn lane for industrial traffic and creating a turn lane for the crossroads; thereby increasing the safety of the traveling public in both areas.

Neodesha is a city of 2800 people with around 1400 industrial jobs. The city has recently discovered that there are major areas of pollution under the present industrial park and part of the residential property including two schools in Neodesha. At least two of Neodesha's industries are ready to expand their operations, but do not want to expand on contaminated land. The community has purchased land for a new industrial park adjacent to US 400, but does not have the money to extend the utilities and build the roads needed. Neodesha sued British Petroleum over the issue, but lost the court case in January. Appeals are in place, but it will probably be years before the issue is resolved and our industries are ready to move now.

The two communities are willing to work together to create a local solution, but we need authorization from the legislature for three things. First, to vote to extend the countywide sales tax which is in place, but will expire this January - it is above the sales tax limit and needs your approval for us to go back to the voters. Second, to use part of the severance tax trust fund which is available for Wilson County at this time instead of waiting until the methane gas is exhausted. Finally, we need an authorization to use KFDDA bonding authority. We are willing to ask local voters to help us solve these problems. No state general fund is used. We would appreciate your help.

Thank you, Madame Chairman. I would stand for questions.

Assessment & Taxation
Date 3-24-08
Attachment # 2

WELCOME TO NEODESHA

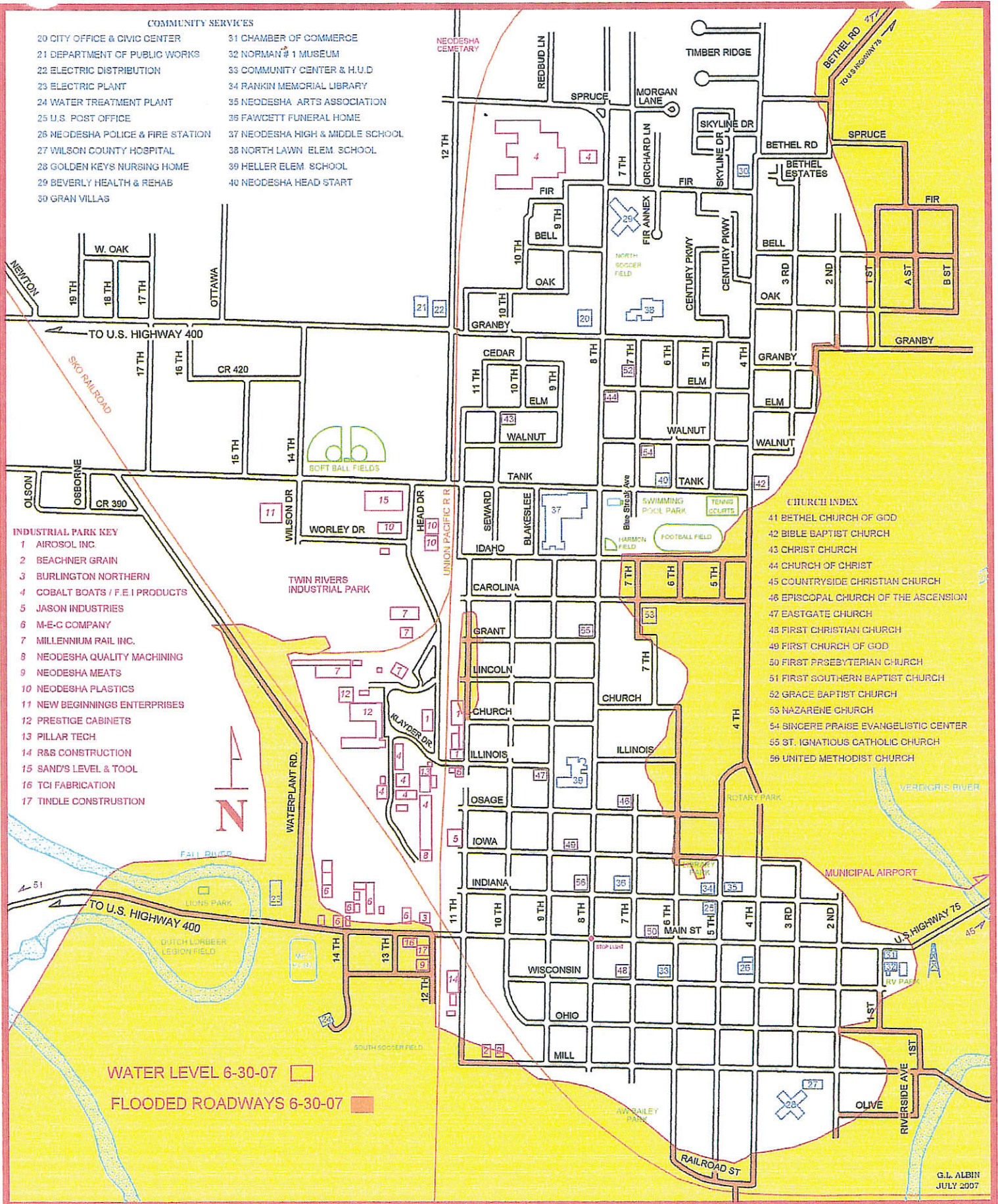
COMMUNITY SERVICES

- 20 CITY OFFICE & CIVIC CENTER
- 21 DEPARTMENT OF PUBLIC WORKS
- 22 ELECTRIC DISTRIBUTION
- 23 ELECTRIC PLANT
- 24 WATER TREATMENT PLANT
- 25 U.S. POST OFFICE
- 26 NEODESHA POLICE & FIRE STATION
- 27 WILSON COUNTY HOSPITAL
- 28 GOLDEN KEYS NURSING HOME
- 29 BEVERLY HEALTH & REHAB
- 30 GRAN VILLAS
- 31 CHAMBER OF COMMERCE
- 32 NORMAN # 1 MUSEUM
- 33 COMMUNITY CENTER & H.U.D
- 34 RANKIN MEMORIAL LIBRARY
- 35 NEODESHA ARTS ASSOCIATION
- 36 FAWCETT FUNERAL HOME
- 37 NEODESHA HIGH & MIDDLE SCHOOL
- 38 NORTH LAWN ELEM. SCHOOL
- 39 HELLER ELEM. SCHOOL
- 40 NEODESHA HEAD START

- ### INDUSTRIAL PARK KEY
- 1 AIROSOL INC.
 - 2 BEACHNER GRAIN
 - 3 BURLINGTON NORTHERN
 - 4 COBALT BOATS / F.E.I PRODUCTS
 - 5 JASON INDUSTRIES
 - 6 M-E-C COMPANY
 - 7 MILLENNIUM RAIL INC.
 - 8 NEODESHA QUALITY MACHINING
 - 9 NEODESHA MEATS
 - 10 NEODESHA PLASTICS
 - 11 NEW BEGINNINGS ENTERPRISES
 - 12 PRESTIGE CABINETS
 - 13 PILLAR TECH
 - 14 R&S CONSTRUCTION
 - 15 SAND'S LEVEL & TOOL
 - 16 TCI FABRICATION
 - 17 TINDLE CONSTRUCTION

CHURCH INDEX

- 41 BETHEL CHURCH OF GOD
- 42 BIBLE BAPTIST CHURCH
- 43 CHRIST CHURCH
- 44 CHURCH OF CHRIST
- 45 COUNTRYSIDE CHRISTIAN CHURCH
- 46 EPISCOPAL CHURCH OF THE ASCENSION
- 47 EASTGATE CHURCH
- 48 FIRST CHRISTIAN CHURCH
- 49 FIRST CHURCH OF GOD
- 50 FIRST PRESBYTERIAN CHURCH
- 51 FIRST SOUTHERN BAPTIST CHURCH
- 52 GRACE BAPTIST CHURCH
- 53 NAZARENE CHURCH
- 54 SINCERE PRAISE EVANGELISTIC CENTER
- 55 ST. IGNATIUS CATHOLIC CHURCH
- 56 UNITED METHODIST CHURCH



Compliments of

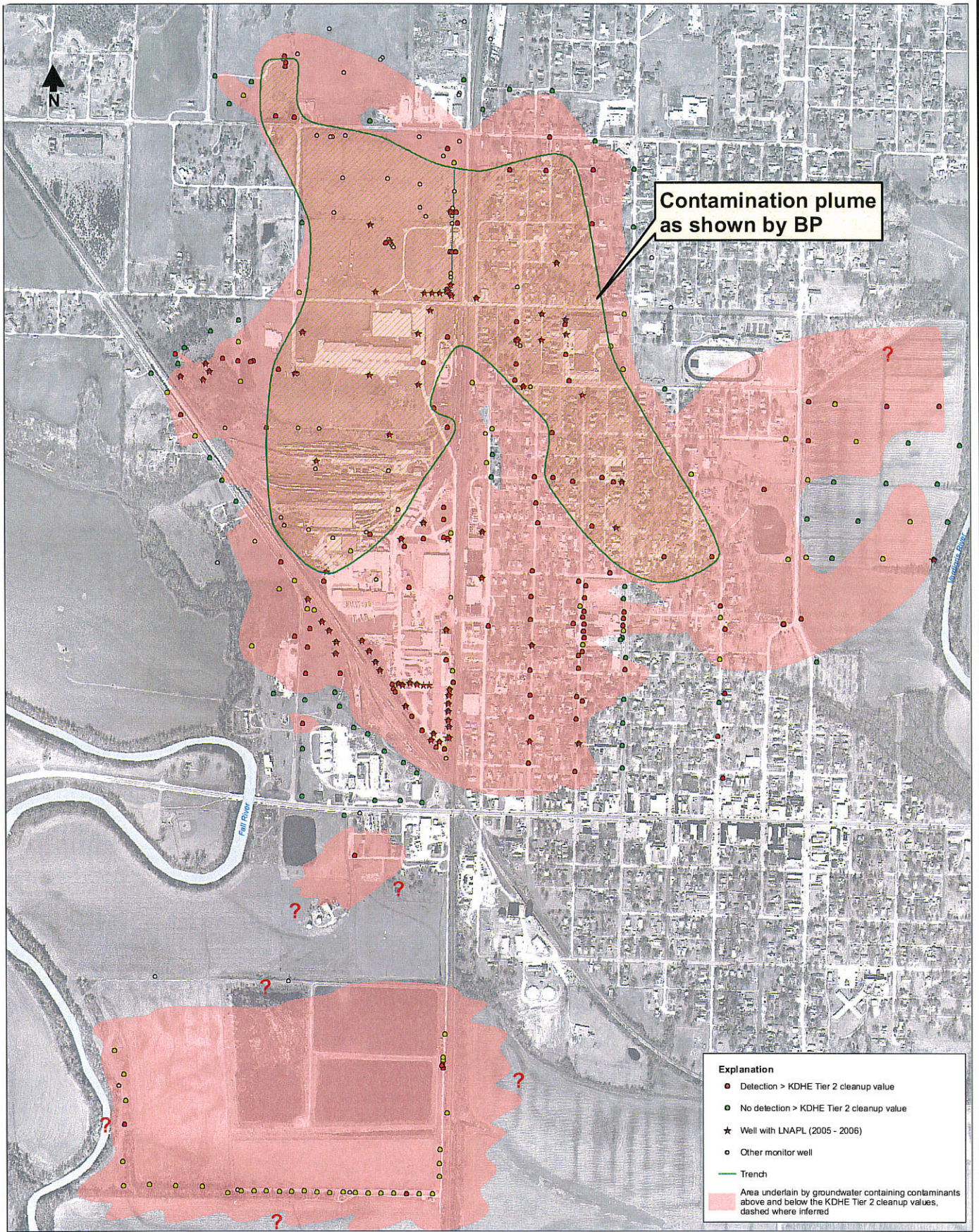
Neodesha Chamber of Commerce

100 SOUTH 1ST. NEODESHA, KS. 66757

(620)325-2055

G.L. ALBIN
JULY 2007

2-2



Notes: 1. DBS&A field investigation or most recent RETEC analytical data since October 2005 is posted.
 2. Chemicals considered include benzene, total petroleum hydrocarbons (gasoline and diesel range organics), n-propylbenzene, and arsenic.

Sources: 1. BP benzene plume, (RETEC, 2006b)
 2. Wilson County aerial photography, 2005



Daniel B. Stephens & Associates, Inc.
 JN LT05.0112

NEODESHA
Groundwater Contamination Greater Than Background Levels as Determined With Interpolation

2-3



Joseph Morris
City Administrator
City of Fredonia
314 N. 7th
Fredonia, KS 66736

Madam Chairman and Honorable Members of the Senate Taxation Committee:

Thank you for the opportunity to speak with you all about the proposed roundabout at the intersection of US-400 and K-47. The roundabout has created citizen concern. One of the most prevalent concerns is oversize loads traveling US-400. With the limited turning radius, oversize loads will have a difficult time negotiating the roundabout and may bypass this route altogether. The concern relates to a reduction in economic activity that highway traffic creates.

The proposed alternative offers the opportunity to address safety concerns, as well as traffic flow concerns. There is no doubt that safety at this intersection is paramount. The community appreciates the response from the State in addressing this issue. The requested alteration of the project is simply appropriate timing. The City of Neodesha faces its own unique issues, and Wilson County has made efforts to work with both communities. Wilson County and both communities are very willing to work together, with the State, and attempt to resolve both issues. Funding mechanisms may be applied with State approval that affords the opportunity to finance the solutions to these issues.

Currently, Wilson County collects a one cent sales tax that expires in January 2009. The County and both communities respectfully request authorization from the legislature to seek approval from the Citizens of Wilson County to extend this sales tax.

Wilson County qualifies for funds through the severance tax trust fund. The County and both communities respectfully request authorization to use monies from this fund as a source of funding.

Thank you, Madam Chairman. I would stand for questions.

Mark Beck
Proposal

SENATE BILL No. 665

By Committee on Ways and Means

2-29

9 AN ACT concerning property taxation; relating to public utilities; late
10 filing of returns, penalties.

11

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

13 Section 1. (a) Any public utility required to make a return in writing
14 to the director of property valuation on forms prescribed by the director
15 showing all the information that the director requires and deems neces-
16 sary for the appraisal and apportionment of values of such public utility's
17 property that fails to make such return on or before the date prescribed
18 by K.S.A. 79-5a02, and amendments thereto, shall be subject to a penalty
19 as follows:

20 The director, after having ascertained the assessed value of the prop-
21 erty of such public utility, shall add 5% thereto as a penalty for late filing
22 if the failure is not for more than one month, with an additional 5% for
23 each additional month or fraction thereof during which such failure con-
24 tinues, not exceeding 25% in the aggregate.

25 For good cause shown the director may grant one extension in time,
26 not to exceed 30 days, in which to make and file such return. Such request
27 for extension of time must be in writing and shall state just and adequate
28 reasons on which the request may be granted. The request must be re-
29 ceived by the director on or prior to the due date of the return. In the
30 event the extension is granted, no penalty shall accrue until the due date
31 of such return. In the event the extension is denied, the public utility
32 shall be notified in writing of such denial and shall file the return within
33 five days following receipt of such notice of denial. Penalties for late filing
34 of such return shall accrue at the end of such five-day period.

35 (b) If, within one year following the date prescribed by K.S.A. 79-
36 5a02, and amendments thereto, any public utility that fails to make a
37 return in writing to the director of property valuation on forms prescribed
38 by the director showing all the information that the director requires and
39 deems necessary for the appraisal and apportionment of values of such
40 public utility's property or fails to make and file a full and complete return
41 for such purposes, the director shall proceed to ascertain the assessed
42 value of the property of such public utility, and for this purpose the di-
43 rector may examine under oath any person or persons whom the director

, or \$100,000 of the assessed value, whichever is less.

, or \$100,000 of the assessed value, whichever is less,

s , or \$ 500,000 of the assessed value, whichever is less,

or more

in aggregate,

five ten

five ten

1 deems to have knowledge of such assessed value of such property. The
2 director, after having ascertained the assessed value of such property,
3 shall add 50% thereto as a penalty for failure to file such statement or for
4 failure to file a full and complete statement.

, or \$1,000,000 of the assessed value, whichever is less.

5 (c) Any public utility may appeal any penalty imposed pursuant to
6 this section to the board of tax appeals as provided by K.S.A. 74-2438,
7 and amendments thereto. Notice of such appeal shall be filed with the
8 secretary of the board within 30 days after the director of property val-
9 uation has notified the public utility in writing of the assessment of the
10 penalty, or within 30 days after the mailing of the notification of the
11 results of the informal conference prescribed by K.S.A. 79-5a05, and
12 amendments thereto, when an informal conference has been requested.

(c) The director of property valuation shall have the authority to abate or reduce any penalty imposed under the provisions of this section for just cause shown.

such decision penalty imposed pursuant to this section

director shall not have the authority to abate or reduce any penalty imposed under the provisions of this section, except that, the

13 The director shall not have the authority to abate or reduce any penalty
14 imposed under the provisions of this section, except that, the board of
15 tax appeals shall have the authority to abate or reduce any penalty im-
16 posed under the provisions of this section and order the refund of the
17 abated penalty, whenever excusable neglect on the part of the public
18 utility required to make and file the statement listing property for as-
19 sessment and taxation purposes is shown, or whenever the property for
20 which a statement of assessment was not filed as required by law is re-
21 possessed, judicially or otherwise, by a secured creditor and such secured
22 creditor pays the taxes and interest due.

director's decision assessment of the penalty

23 Sec. 2. (a) If, the director of property valuation discovers, after the
24 assessed valuation of any public utility's property has been certified to the
25 county clerk, as provided by K.S.A. 79-5a27, and amendments thereto,
26 that the assessed valuation of any real or personal, tangible or intangible
27 property of a public utility subject to taxation was omitted from such
28 certification, the director shall certify to the county clerk of each county
29 the amount of assessed valuation apportioned to each taxing unit therein
30 that was omitted from such certification and the county clerk shall place
31 such property on the tax roll as an added tax, or if, after one year from
32 the date prescribed by K.S.A. 79-5a02, and amendments thereto, for the
33 listing of tangible personal property, the director discovers that any real
34 or personal, tangible or intangible, property of a public utility which was
35 subject to taxation in any year or years within two years next preceding
36 January 1 of the calendar year in which it was discovered has not been
37 listed or has been underreported for whatever reason, such property shall
38 be deemed to have escaped taxation. In the case of property which has
39 not been listed, it shall be the duty of the director to list and appraise
40 such property and, for an added tax, add penalties as prescribed in section
41 1, and amendments thereto, and which shall be designated on the ap-
42 praisal roll as an added appraisal for that year. In the case of property
43 which has escaped taxation, it shall be the duty of the director to list and

, including any assessed valuation attributable to any penalties assessed pursuant to section 1,

for the listing of tangible personal property;

that any listing of such property is incomplete has been underreported for whatever reason

1 appraise such property and add 50% ~~thereto~~ as a penalty for escaping
 2 taxation for each such year during which such property was not listed,
 3 and it shall be designated on the appraisal roll as escaped appraisal for
 4 each such preceding year or years. In the case of property which has been
 5 listed but ~~underreported~~, it shall be the duty of the director to list and
 6 appraise the ~~underreported~~ portion of such property and add 50% thereto
 7 as a penalty for escaping taxation for each such year during which such
 8 property was ~~underreported~~, and it shall be designated on the appraisal
 9 roll as escaped appraisal for each such preceding year or years. The county
 10 clerk, upon receipt of the valuation for such property in either of the
 11 aforementioned cases, shall place such property on the tax rolls and com-
 12 pute the amount of tax due based upon the mill levy for the year or years
 13 in which such tax should have been levied, and shall certify such amount
 14 to the county treasurer as an added or escaped appraisal. The amount of
 15 such tax shall be due immediately and payable within 45 days after the
 16 issuance of an additional or escaped property tax bill by the county trea-
 17 surer. Taxes levied pursuant to this section which remain unpaid after
 18 such 45-day period shall be deemed delinquent and the county treasurer
 19 shall collect and distribute such tax in the same manner as prescribed by
 20 law for the collection and distribution of other taxes levied upon property
 21 which are delinquent.

22 (b) ~~Any public utility may appeal any penalty imposed pursuant to~~
 23 ~~this section to the board of tax appeals as provided by K.S.A. 74-2438,~~
 24 ~~and amendments thereto. Notice of such appeal shall be filed with the~~
 25 ~~secretary of the board within 30 days after the director of property val-~~
 26 ~~uation has notified the public utility in writing of the assessment of the~~
 27 ~~penalty, or within 30 days after the mailing of the notification of the~~
 28 ~~results of the informal conference prescribed by K.S.A. 79-5a05, and~~
 29 ~~amendments thereto, when an informal conference has been requested.~~
 30 ~~The director shall not have the authority to abate or reduce any penalty~~
 31 ~~imposed under the provisions of this section, except that, the board of~~
 32 ~~tax appeals shall have the authority to abate or reduce any penalty im-~~
 33 ~~posed under the provisions of this section and order the refund of the~~
 34 ~~abated penalty, whenever excusable neglect on the part of the public~~
 35 ~~utility required to make and file the statement listing property for as-~~
 36 ~~essment and taxation purposes is shown, or whenever the property for~~
 37 ~~which a statement of assessment was not filed as required by law is re-~~
 38 ~~possessed, judicially or otherwise, by a secured creditor and such secured~~
 39 ~~creditor pays the taxes and interest due.~~

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

, or \$1,000,000 of the assessed value, whichever is less.

where such listing was incomplete ~~underreported~~

~~underreported~~ portion of such

, or \$1,000,000 of the assessed value, whichever is less.

that was not listed

such decision penalty imposed pursuant to this section

The director of property valuation shall have the authority to abate or reduce any penalty imposed under the provisions of this section for just cause shown.

director's decision, assessment of the penalty

director shall not have the authority to abate or reduce any penalty imposed under the provisions of this section, except that, the

listing property

incomplete underreported

34

Sec. 3. K.S.A. 79-1803 is hereby amended to read as follows: K.S.A. 79-1803. As soon as the action of the state board of equalization is certified to the county clerk, the county clerk shall change the valuations as directed and shall notify the county appraiser of such change. After all amounts of ad valorem tax levies have been certified to the county clerk, the county clerk shall compute the final tax levy rate to be applied to each tract or lot of real property, in the name of the owner, if known, and upon the amount of personal property in the name of each person, company or corporation, which shall be levied equally upon all real and personal property subject to the same tax, and set down all taxes on the tax roll. The amount of penalties imposed pursuant to K.S.A. 79-332, sections 1 and 2, 79-1422 and 79-1427a, and amendments thereto, shall not be considered in computing the final tax levy rate. The clerk shall complete the same, and attach a certificate thereto, and deliver it to the county treasurer on or before November 1, and shall charge the treasurer with the amount of the respective taxes assessed on the tax roll.

Umbarger

**AMENDED
SB 665 EXPLAINER**

- Public utility tax returns are due on or before March 20 of each year with no statutory penalties for failing to file or list all taxable property.
- The proposed bill adapts, with some modifications, the statutory penalties currently in place for locally appraised property and applies them to state appraised public utilities.
- The penalties are: (1) for public utility tax returns that are filed not more than one month after the due date, 5% of the assessed value, or \$100,000 of the assessed value, whichever is less, with an additional 5%, or \$100,000 of the assessed value, whichever is less, for each additional month that the return is not filed, up to a maximum of 25%, or \$500,000 of the assessed value, whichever is less; (2) after a year the penalty is 50%, or \$1,000,000 of the assessed value, whichever is less, and the property is deemed to have “escaped taxation.”
- The penalties are also applicable to any property that is not listed (the penalty is added only to value of the property that is not listed, not the property that was timely listed).
- Public utilities may request an extension of the time to file, provided they do it in writing prior to the date the return is due.
- The director of property valuation may grant one or more extensions, not to exceed a total of 30 days.
- If the request for extension is denied, the public utility is to be notified in writing and then will have ten days to file the return before penalties begin to accrue.
- The director may abate or reduce any penalty imposed for just cause shown. The director’s decision may be appealed to the Board of Tax Appeals, who may abate or reduce the penalty based on “excusable neglect” on the part of the public utility.
- Provisions are included for the value and penalties for property that has “escaped taxation” (discovered or reported more than one year from the date it was supposed to be reported) to be placed on the tax rolls as an “escaped appraisal” and, in those cases, the tax is due within 45 days.
- While penalty value is not used in the levy calculation, the taxes attributable to penalties are distributed in the same manner as taxes collected on locally appraised properties.

Assessment & Taxation
Date 3-24-08
Attachment # 5

Senator Appl...

Section 1. When any taxpayer has filed an application requesting an exemption from the payment of all or a portion of the ad valorem property taxes assessed, or to be assessed, against their property ***the county appraiser shall notify the county clerk that the exemption application has been filed*** and the county clerk shall not be required to include the assessed valuation of such property in the applicable taxing districts until such time as the application is denied by the state board of tax appeals or, if judicial review of the board's order is sought, until such time as judicial review is finalized.

Sec. 2. K.S.A. 2007 Supp. 79-5a27 is hereby amended to read as follows: K.S.A. 79-5a27. On or before June 15, 1989, and on or before June 15 each year thereafter, the director of property valuation shall certify to the county clerk of each county the amount of assessed valuation apportioned to each taxing unit therein for properties valued and assessed under K.S.A. 79-5a01 et seq., and amendments thereto. The county clerk shall include such assessed valuations in the applicable taxing districts with all other assessed valuations in those taxing districts and on or before July 1 notify the appropriate officials of each taxing district within the county of the assessed valuation estimates to be utilized in the preparation of budgets for ad valorem tax purposes. If in any year the county clerk has not received the applicable valuations from the director of property valuation, the county clerk shall use the applicable assessed valuations of the preceding year as an estimate for such notification. If the public utility has filed an application for exemption of all or a portion of its property, ***the director shall notify the county clerk that the exemption application has been filed*** and the county clerk shall not ***be required to*** include such assessed valuation in the applicable taxing districts until such time as the application is denied by the state board of tax appeals or, if judicial review of the board's order is sought, until such time as judicial review is finalized.