

Approved: February 13, 2012
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:35 a.m. on February 1, 2012, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research Department
Christopher Sevedge, Kansas Legislative Research Department
Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Mary Jane Brueck, Committee Secretary

Conferees appearing before the committee:

Kent Eckles, Kansas Chamber of Commerce
Randy Stookey, representing the KS Grain & Feed Association and Kansas Co-Operative Council
Kevan Vick, Executive Vice President and General Manager of Coffeyville Resources Nitrogen Fertilizers, LLC
Dan Murray, Kansas State Director, National Federation of Independent Business
Randy Pryor, Plant Manager, Ash Grove Cement Company, Chanute KS
Randall Allen, Executive Director, Kansas Association of Counties
Albert Oller, Elsworth County Commission
Steve Woolf, Superintendent, USD 112

Others attending:

See attached list.

Sen. Les Donovan opened the meeting and accepted personal bill requests from those present. He then opened the hearing on **SB 317 AN ACT concerning property taxation; defining real and personal property.** He recognized Kent Eckles, Kansas Chamber of Commerce. Kent reminded the committee of the 2006 tax exemption on business machinery and equipment that was passed, and the positive results it brought to the state. He pointed out some counties in Kansas are attempting to tax business machinery and equipment as “real property, which was not the intent of of the 2006 bill. He presented an amendment to clarify the language and prevent the spread of such attempts by other counties throughout Kansas. (Attachment 1)

The next testimony was from Randy Stookey, representing the KS Grain & Feed Association and Kansas Co-Operative Council. The organizations he represents stand in full support of this bill as an attempt to ensure the continued strength and viability of Kansas agribusiness. (Attachment 2)

Kevan Vick, Executive Vice President and General Manager of Coffeyville Resources Nitrogen Fertilizers, LLC gave support to this bill. He is concerned about the massive increases in property taxes as a result of the incorrect classification of commercial and industrial machinery & equipment as real

property instead of as personal property. ([Attachment 3](#))

The National Federation of Independent Business was represented by Daniel Murray. He told the committee that his organization understands this amendment and supports it. ([Attachment 4](#))

Randy Pryor, Plant Manager, Ash Grove Cement Company, Chanute, Kansas spoke in favor of this bill. His company considers it to be an important clarification to the Kansas tax code. He gave information about a January 2012 Court of Tax Appeals decision, which upheld a county's reclassification of commercial and industrial personal property as real property. ([Attachment 5](#))

There was written testimony in favor of SB 317 provided by Secretary Pat George, Department of Commerce ([Attachment 6](#)); Kent Stos on behalf of the National Cooperative Refinery Association ([Attachment 7](#)); Jennifer Bruning, Overland Park Kansas Chamber of Commerce ([Attachment 8](#)); Christy Caldwell, Greater Topeka Chamber of Commerce ([Attachment 9](#)); Brad Harrelson, Assistant Director of, Kansas Farm Bureau Government Relations ([Attachment 10](#)); Ross T. Hendrickson, President, Board of Directors for the Chanute Area Chamber of Commerce and Office of Tourism ([Attachment 11](#)); Bob Jacobi Executive Director Labor Management Council of Greater Kansas City ([Attachment 12](#)); and Robert Vancrum, Legislative Policy and Government Affairs Consultant for The Greater Kansas City Chamber of Commerce ([Attachment 13](#)); Fredrick J. Nicely, Senior Tax Counsel for the Council on State Taxation (COST). ([Attachment 14](#))

Chairman Donovan then recognized the people who presented oral testimony in opposition of this bill. Randall Allen, Executive Director, Kansas Association of Counties ([Attachment 15](#)); Albert W. Oller, Chariman and Terry L. Kueser, Commissioner with Ellsworth County Board of Commissioners; ([Attachment 16](#)); and Steve Woolf, Superintendent, USD 112 Central Plains. ([Attachment 17](#))

Sen. Holland asked for an interpretation of the '06 as related to today's testimony. Bill Waters, Division of Property Evaluation spoke to several questions regarding discussion about personal property vs real estate in taxation issues.

Sen. King asked a question about refineries and personal property vs. real estate. The attorney, who drafted some of the language in **SB 317** and has represented the Dodge City Cement Plant in litigation, was present and gave examples, and said he thought this bill would clarify differences in the future.

Sen. Apple requested information from the Department of Revenue regarding whether this bill will take back the intent of the bill or open more issues.

Sen. Hensley asked for information from the court of tax appeals. Sen. Donovan said we will get that information.

Seeing no further questions or comments, Sen. Donovan closed the discussion and adjourned the hearing.

The next meeting will be Thursday, February 2.

The meeting was adjourned at 11:33 a.m.