

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 19, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Office of the Revisor of Statutes
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Mike Murray, Embarq
Representative Gordon
Representative Colloton
Representative Mah
Representative Wahl
Representative Carlson
Representative Siegfried
Mark Beck, Director, Property Valuation Department (PVD)
Roger Hamm, Property Appraiser, Property Valuation Department (PVD)
Tony Folsom, Deputy Director, Property Valuation Department (PVD)

Others attending:

See attached list.

The Chairman called for introduction of bills.

Mike Murray, Director of Governmental Affairs, Embarq, requested a bill for a sales tax refund on purchases of telecommunications equipment. Representative Owens moved the introduction, seconded by Representative Wilk. The motion carried.

Representative Gordon requested a bill be introduced that would exempt the Area Agency on Aging. Representative Carlson moved the introduction, seconded by Representative Owens. The motion carried.

Representative Colloton requested a bill for a sales tax exemption for the American Cancer Society. Representative Owens moved the introduction, seconded by Representative Treaster. The motion carried.

Representatives Colloton and Proehl requested an introduction of a bill regarding an exemption for sales tax for all 501-C3. Representative Owens moved the introduction, seconded by Representative Goyle. The motion carried.

Representative Colloton requested the introduction of a Committee bill, that would mirror a bill recently passed in Missouri, that would allow an individual who works in Kansas and gives to a Missouri charity, credit on their income tax. Representative Wilk moved the introduction, seconded by Representative Dillmore. The motion carried.

Representative Mah proposed a bill be introduced that would give tax credit for college tuition in the amount of 10% of the federal tax credit. Representative Holland moved the introduction, seconded by Representative Wilk. The motion carried.

Representative Wahl proposed a bill be introduced that would allow the City of Leawood to use their hotel transient tax to pay off their transportation district bond. Representative Owens moved the introduction, seconded by Representative Dillmore. The motion carried.

Representative Carlson made a motion that a bill be introduced that would authorize Wabaunsee County to levy a .05 percent additional sales tax specifically for road and bridge use. The motion was

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seconded by Representative Owens. The motion carried.

On behalf on Secretary Jenkins, Chairman Wilk, made a motion to introduce legislation regarding a deduction from federal adjustment gross income for citizens that make personal savings a priority. It was seconded by Representative Owens. The motion carried.

The Chairman directed attention to **HB 2044**, regarding distributions from the business machinery and equipment and the telecommunications and railroad machinery and equipment tax reduction assistance fund.

Representative Siegfried made a motion to amend a technical correction into **HB 2044**. It was seconded by Representative Worley (Attachment 1). He explained that the full intent of the Legislature, during the 2006 session, was that the Slider provision was to be measured against the ad valorem taxes, collected by business machinery and equipment at the county level. The proposed amendment clarifies that it goes against commercial and industrial machinery and equipment and not the entire property tax base.

After discussion, Representative Siegfried closed his motion. The motion carried.

Representative Dillmore moved the House Taxation Committee recommend **HB 2044**, as amended, favorable for passage. Representative Owens seconded the motion. The motion carried.

Chairman Wilk invited Mark Beck to the podium for continuation of a briefing on property tax. Mr. Beck distributed a packet of information, explaining that he would review many of the policies, forms, and data pertaining to property tax, however there was additional information in the packets for their perusal.

He reviewed the following:

1. A section of the Kansas Constitution - Article 11 - Finance and Taxation (Attachment 2). He called attention to the uniformity clause, which acts as a limiter. He gave an explanation of Class 1 that consists of real property and Class 2 consisting of tangible personal property.
2. Sample copy of a Shawnee County 2006 Annual Notice of Value (Attachment 3).
3. An informational brochure, available through KDOR and county appraisers, which provides answers to citizen's common questions (Attachment 4).
4. Sample copy of a Shawnee County 2005 Real Estate Tax Statement (Attachment 5).
5. An excerpt from a study by Dr. Glenn Fisher, Chart 6 - Median Appraisal/Sales Ratio, 1933 - 2004 (Attachment 6).
6. Information on County Tax Base, Property Tax Revenue, and the County Mill Levy Calculation (Attachment 7).
7. Spreadsheets on the 2005 Value and Tax per Capita, by Mill Levy and County (Attachment 8).
8. Samples of 2005 Real and Personal Property Value and Tax Summary for Counties (Attachment 9).

Mr. Beck called attention to three other memorandums: 1) Property Tax Calendar; 2) Memorandum on Valuation of Public Utilities; and 3) Memorandum on Valuation Process (Attachment 10).

Roger Hamm, PVD, gave a brief explanation of the Statute and Overview (Attachment 11). He said the two commonly used valuation standards in ad valorem tax systems, are market value and use value, and he explained the formulas used in compilation. He also explained the Personal Property Classification and Assessment by class and subclass; as well as how personal property is valued and assessed.

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Tony Folsom, PVD, briefed the Committee on property tax exemptions. He said that property tax is still the largest, single source of revenue in Kansas and funds local services at the city and county levels. The number of exemptions has increased from approximately 12 in 1967 to more than 70 today and are broken down into eleven categories (Attachment 12). A chart reflecting the Chronology of Constitutional and Statutory Departures from Uniform and Equal Taxation of Property, from 1861 -2006 and a map showing the Total Exempt Value Per County was distributed (Attachment 13).

The meeting was adjourned at 11:20. The next meeting is January 23, 2006.