

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:53 A.M. on February 20, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Jason Thompson, Office of Revisor of Statutes
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

SCR 1602--Constitutional amendment prohibiting valuation increases for certain residential property owned by a person 65 years of age or older for property tax purposes

Chris Courtwright reviewed a memo he wrote to Senator Apple concerning the fiscal note on **SCR 1602**. (Attachment 1) Property taxes would tend to shift to other classes of property and to residential parcels not subject to the valuation freeze as a result of slightly higher mill levies necessary to produce the same amount of revenue on the lower assessed valuation base. Senator Apple said **SCR 1602** effectively takes the ability to freeze property taxes from the Constitution and gives it to the Legislature. Senator Apple wants to target seniors who have contributed to society, and who want to remain in the community and live with peace of mind their property valuation will not be increased. Chairman Allen expressed concern the Legislature cannot force future legislators to take action on bills. The property affected by **SCR 1602** must be owned and be the principal residence of the person receiving the tax benefit. Senator Lee said it appears the purpose of this bill is to lower property tax for senior citizens, and there is no guarantee that will happen. In fact, Senator Lee said it would give false hope to seniors in her county. It could cause a shift for school mill levies, and conceivably be of benefit to the poor counties because property valuation would be decreased. Senator Bruce said the intent of the bill is not to lower seniors' property taxes, but to limit the amount of property tax increase. It may result in a property tax shift to those who are younger.

Senator Bruce moved to amend **SCR 1602** on page 1, line 27 by changing the word "shall" to "may" and by changing the word "prohibit" to "limit" and make the appropriate language changes as needed in other places in the bill. Senator Apple seconded the motion, and the motion carried.

Senator Schmidt said **SCR 1602** appears to protect seniors from the county appraiser, but not from the county commissioners. Senator Lee expressed concern this is an equal protection issue. She said it discriminates against renters.

Senator Apple made a motion to recommend **SCR 1602**, as amended, favorably for passage. Senator Bruce seconded the motion. The motion carried with Senator Lee voting No.

Richard Cram, KDOR, said the current fiscal note on **SB 240** is not accurate, and a new fiscal note would be prepared.

Chris Courtwright reviewed the Subcommittee Report on Tax Reductions. (Attachment 2) He presented a multi-year profile summary of fiscal notes on various tax exemption bills currently in Senate Tax Committee. (Attachment 3) If all these tax bills were passed, there would be a fiscal note of \$187 million in FY 2008.

SB 278--Sales tax exemption for precision farming equipment

Senator Pine questioned the \$5 million fiscal note on **SB 278**. Richard Cram testified it was because ATVs were included in the bill. If the ATV portion of the bill was taken out, it would probably be reduced to a \$2

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million fiscal note. Senator Pine said ATVs should be removed from the bill, as it was never his intent to include them. Mr. Cram will bring a balloon amendment to the next Committee meeting reflecting these changes.

SB 298--Property tax exemption for storage structures used for the storage of cellulose matter

Senator Pine made a motion to report SB 298 favorably for passage. Senator Donovan seconded the motion, and the motion passed.

SB 115--Revocation of retailer's sales tax registration certificate in certain circumstances and prescribing certain unlawful acts related thereto

Gordon Self reviewed balloon amendments to **SB 115**. (Attachment 4) Under current law, selling without a sales tax registration certificate is an unclassified misdemeanor; the penalty is described in KSA 79-3615. The KDOR wants the same penalty provisions to apply to persons who have a sales tax certificate which has been revoked or suspended, who continue to sell illegally.

Senator Donovan made a motion to amend SB 115 per the balloon proposal and to further amend SB 115 by striking lines 15 and 16. Senator Bruce seconded the motion, and the motion carried.

Senator Schmidt moved to report SB 115, as amended, favorably for passage. Senator Bruce seconded the motion, and the motion carried.

Senator Bruce moved to approve the minutes of the February 8, February 13 and February 14 Committee meetings. Senator Jordan seconded the motion, and the motion carried.

Being no further business, the meeting adjourned at 11:54 a.m. The next meeting will be February 21.