

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 19, 2005 in Room 519-S of the Capitol.

Committee members absent: Representative Paul Davis - excused  
Representative Bruce Larkin - excused

Committee staff present: Chris Courtwright, Legislative Research Department  
Gordon Self, Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Gordon, Legislator  
Representative Goico, Legislator  
Representative Kirk, Legislator  
Representative Wilk, Legislator  
Mark Beck, Director, Property Valuation Division  
Roger Hamm, Supervisor of Abstract and Personal Property  
Tony Folsom, Deputy Director of Property Valuation

Others attending:  
See attached list.

The Chairman opened the floor for bill introductions.

Representative Gordon requested and moved that a bill be introduced relating to sales tax exemptions of municipal golf courses. Representative Siegfried second the motion. The motion carried.

Representative Goico requested and moved that a bill be introduced concerning sales tax on motor vehicles relating to sales tax refunds. Representative Siegfried second the motion. The motion carried.

Representative Kirk requested and moved that a bill be introduced regarding homestead exemption regarding disability payments. Representative Treaster seconded the motion. The motion carried.

Representative Wilk requested, on behalf of Salina, that a bill be introduced regarding sales tax exemption for a Salina project. Representative Huff seconded the motion. The motion carried.

The Chairman welcomed back Director Beck, PVD for presentation of part 2 of the briefing on PVD taxes.

A 2003 Ad Valorem Tax sheet was distributed, in response to the Committee's request (Attachment 1). It listed the total amount and percentage of the Ad Valorem tax total paid by each county.

He called the Committee's attention to the 2003 Value and Tax per Capita reports from the previous day (Attachment 2). The two reports are sorted by counties and mill levy. He reviewed the tax structure of Wyandotte county for illustration on tax compilation.

Copies of *sample data* on a "County Tax Base" were distributed (Attachment 3). Director Beck explained the processes of setting mill levy's and the relationship between rates and values, citing various scenarios that would have an impact on a county's tax base. The process of setting mill levy's is a very complicated process and he believed that most taxpayers do not understand its complexities. Discussions followed regarding who has the authority to take official action to set the mill levy and tax ramifications of consolidation of County Extension agencies. An explanation of the \$20,000 Homestead was given.

A sample Shawnee County Real Estate Tax Statement (Attachment 4) was reviewed. The relationship between assessed values, mill levies and tax for a two year period was explained. Computer Assisted Mass Appraisal (CAMA), the process and time lines Authorizing countywide retailers' sales tax for Sedgwick county arena. used to determine valuation of property was explained. The County Appraiser has the authority to adjust any valuation of property. The Chairman stated that representatives are often questioned by constituents on these processes, therefore new representatives should become very familiar with these matters.

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 19, 2005 in Room 519-S of the Capitol.

Property Tax Exemptions handouts were distributed ([Attachment 5](#)). Director Beck stated that tax exemptions directly affect tax bills by raising them and invited Tony Folsom, Deputy Director, PVD to explain exemptions. He referred the Committee to the *Kansas Constitution, Article 11, subsection (b) All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation*, stating that all exemptions start with that statute. He explained a simplified example of how the mill levy was computed. A correction was noted in the language on page 3, first paragraph (1) second sentence. *All doubts are to be resolved against **exemption** and in favor of taxation.*

He reminded members that when property becomes exempt, services are still provided those properties, thus the cost does not vanish, rather, the cost of protecting exempt property shifts to taxable property. In response to a question on whether the only exemptions granted are those listed in the Constitutions he responded that under Kansas law the Legislature has the authority to adopt property tax exemptions beyond those found in the Constitution as long as the exemption has a public purpose and promotes the public welfare, however it cannot limit any entities listed in the Constitution. History of tax exemptions in the Kansas Court was reviewed and he concluded by calling the committee's attention to the seventy-one exemptions listed on the last two pages.

The meeting was adjourned at 10:25 a.m. The next meeting is January 20, 2005.