



BOARD OF COMMISSIONERS

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February 21, 2013

Chairman Richard Carlson
House Taxation Committee
State Capitol, Room 582-N
Topeka, KS 66612

Re: H.B.2285

Dear Chairman Carlson and Members of the Committee:

The Board of Riley County Commissioners unanimously opposes H.B. 2285.

If enacted, H.B. 2285 is projected to take millions in property tax revenue from Riley County. As you are aware, property taxes are the primary source of income for all Kansas counties. We use that revenue to pay for the local services which our constituents demand. That income also allows Riley County to pay the cost of carrying out the state mandates we are assigned by the legislature every session, without accompanying state funds.

Budget cuts at the state level increasingly "push down" to local government the cost of doing daily business. New state criminal statutes, or increased state penalties on existing crimes, increase the cost of county jail operations. Shrinking state funding for in-patient mental health treatment means county jails have an increasing percentage of their population who are mentally ill. Those inmates often require expensive, non-generic medications, which counties must provide. Long ago we lost the Local Ad Valorem Tax Reduction funds promised by the state, and we do not expect that to return soon. Those increased costs are paid largely with property tax revenues.

Like all state property tax exemptions, H.B. 2285 is, in substance, a property tax shift. Large commercial property owners will have the advantage of being able to exempt from taxation significant portions of their real property tax value. Smaller commercial property owners, along with residential and agricultural property owners, will not be able to reduce their property tax values through H.B. 2285.

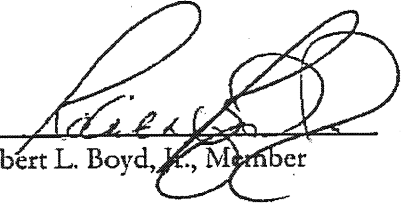
There is no sound public policy basis for shifting property tax liability from big business to small business, homeowners and agricultural producers.

Our constituents are also your constituents.

H.B. 2285 is bad public policy and does not deserve this committee's support.

Sincerely,

BOARD OF COUNTY COMMISSIONERS



Robert L. Boyd, Jr., Member

cc: Dave Lewis, Chair
Ronald E. Wells, Member
Senator Tom Hawk
Representative Sydney Carlin
Representative Vern Swanson
Representative Tom Phillips
Representative Ron Highland



COUNSELOR'S OFFICE

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February 21, 2013

Chairman Richard Carlson
House Taxation Committee
State Capitol, Room 582-N
Topeka, KS 66612

Re: H.B.2285

Dear Chairman Carlson and Members of the Committee:

My client, the Board of Riley County Commissioners, unanimously opposes H.B. 2285.

H.B. 2285 is certain to shift the burden of property taxes from large commercial concerns to smaller businesses, residential property owners and agricultural property owners. What is unknown is specifically how large in real dollars that shift will be.

This uncertainty is caused by the fact that it is impossible to predict how much (and which) of their currently assessed "fixtures" those large covered businesses will decide to exclude from taxation as newly exempt personal property. H.B. 2285 has the effect of allowing each such individual big business, rather than county appraisers, to classify real property for assessment purposes.

Because of that giant "unknown," this legislation has the potential to destabilize every county's system of ad valorem assessment and taxation. Counties will be forced to begin building their budgets with a new level of uncertainty about their assessable tax base. That uncertainty will continue each year thereafter, as some individual taxpayers take advantage of H.B. 2285 to one degree or another, and some do not. The most obvious way that some sort of uniformity in these individual taxpayer classifications of real and personal property will be introduced is through litigation between those taxpayers and counties, both before the Court of Tax Appeals and the appellate courts.

On behalf of my client, I submit the current system of ad valorem property tax assessment and its well-settled rules for the classification of real and personal property is not broken. It does not need to be fixed by H.B. 2285. Those rules are well-known to both county appraisers and large commercial property taxpayers.

Passage of H.B. 2285 and its new exemption available to only some taxpayers would force counties to engage in too much guesswork about their assessable property tax base. That is not good for either counties or taxpayers.

Please do not pass H.B. 2285 out of committee.

Sincerely,

A handwritten signature in cursive script that reads "Clancy Holeman".

Clancy Holeman
Riley County Counselor

cc: Board of Riley County Commissioners
Riley County Appraiser
Representative Sydney Carlin
Representative Vern Swanson
Representative Tom Phillips
Representative Ron Highland



APPRAISER'S OFFICE

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February 21, 2013

Chairman Richard Carlson
House Taxation Committee
State Capitol, Room 582-N
Topeka, KS 66612

Re: H.B.2285

Dear Chairman Carlson and Members of the Committee:

I am the Riley County Appraiser. On behalf of my office and the Board of Riley County Commissioners, I oppose H.B. 2285.

If enacted, H.B. 2285 will likely cause an immediate drop in property tax revenue to Riley County and all taxing entities within Riley County. There are only three options Riley County would have to respond to such a gigantic revenue loss. The first option would be to make a dramatic cut in local services. The second option would be to simply shift that entire lost revenue to smaller commercial property owners, and to residential and agricultural property owners. The third option would be to institute a combination of the first two options. Given those three local options, there is no reason to abandon a tax system which has worked well over many years.

Historically, large commercial property taxpayers and county appraisers have both understood that fixtures are an assessable part of the value of those large commercial enterprises. Case law developed over decades provided certainty to taxpayers and appraisers alike. That certainty helped provide stability to the local property tax base, because citizens and their local government knew what the rules were.

H.B. 2285 was generated by a single local dispute over fixtures at a large commercial enterprise. That isolated dispute continues to wind its way through the appellate court system. In our opinion, it is not logical to change existing law applicable statewide, to change the rules, based upon a dispute between isolated parties. That is particularly true when the litigation involving those parties is unresolved.

There is no good reason to devastate local property tax bases across the state, introduce tax base instability, and discard a well-known set of rules on fixture assessment which have served Kansas taxpayers well for so long.

Please do not pass to the House floor H.B. 2285. It will harm not only Riley County, but many other Kansas counties.

Sincerely,

A handwritten signature in black ink that reads "Greg McHenry". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Greg McHenry
Riley County Appraiser

cc: Board of Riley County Commissioners
Senator Tom Hawk
Representative Sydney Carlin

Representative Vern Swanson
Representative Tom Phillips
Representative Ron Highland