

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 11:00 A.M. on January 25, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research
Martha Dorsey, Kansas Legislative Research
Gordon Self, Revisor of Statutes Office
Judy Swanson, Secretary

Conferees appearing before the committee:

Senator Pete Brungardt
Chris Wilson, Kansas Building Industry Association
Richard Jensen, Branson, MO
Tom Folsom, Department of Property Valuation
Delton Guilliland, Kansas Association of Counties

Others attending:

See attached list.

Hearing on: **SB 423**--Award of attorney fees to taxpayer in certain appeals by county of orders of board of tax appeals

Senator Pete Brungardt testified **SB 423** would cause the Saline County appraiser to follow the statute and abide in Board of Tax Appeals rulings. (Attachment 1)

Chris Wilson, Kansas Building Industry, testified **SB 423** would be good public policy. (Attachment 2) The Special Committee on Assessment & Taxation recommended this bill to the 2005 Legislature.

Richard Jensen, Branson, Missouri, testified about the problems he is having with the Saline County Appraiser. (Attachment 3) He showed a picture of a single family dwelling as an example of what the appraiser had used for a comparable property to his 122-unit apartment building.

During Committee discussion Chris Wilson said she is unaware of any other counties with this problem. County Commissioners hire the County Appraiser. The Saline County Commissioners renewed their appraiser's contract in 2005 for another four years, by a vote of 2-1. The contract was renewed after the Legislature passed the fair market appraisal bill.

Tony Folsom, Deputy Director of Property Valuation, testified his department does not step into county problems unless it is requested to do so. PVD is aware of the Saline County situation, but Mr. Folsom did not know if PVD had been asked to intervene. He will let the Committee know after checking with his department.

Senator Bruce suggested amending the bill on page 2, line 8, by deleting the word, "shall" and inserting in lieu of, the word "may".

Delton Guilliland, Osage County Counselor, testified on behalf of the Kansas Association of Counties, in opposition to **SB 423**. (Attachment 4) He felt the bill as drafted is unfair to counties as it puts an unfair burden on the counties to pay legal fees. If the bill was amended as recommended by Senator Bruce, it would be more acceptable, but still not acceptable to KAC. If passed, the bill should be reciprocal, requiring the taxpayer to be responsible to the county for its legal expenses should the taxpayer lose a case.

Hearing on **SB 423** was closed.

Committee discussion was held on:

SB 356—concerning estate tax taxation
SB 365—enacting the Kansas estate tax law

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on January 25, 2006 in Room 519-S of the Capitol.

Several Senators voiced support of **SB 356**. Chris Courtwright, Legislative Research, presented information concerning other states with stand-alone estate taxes (Attachment 5), and an estate tax table reflecting fiscal impact and receipts under 1) Current Law; 2) SB 365 and 3) SB 356. (Attachment 6) The Federal estate tax goes away in 2012. The Kansas revenue stream will decrease over the next several years, because it is tied to the Federal phase-out of the estate tax. Senator Schmidt made several clarifications of how the estate tax would be phased out, and said the primary question is whether Kansas wants to have an estate tax or not. Senator Donovan said the Committee has the option of doing nothing and just phasing out the Kansas estate tax with the Federal estate tax. Senator Jordan said he thought all options should be explored, because there are other tax issues such as the commercial machinery and equipment exemption proposal that will impact State finances if passed into law.

Chairman Allen appointed a sub-committee to further study **SB 356** and **SB 365**. Senator Bruce will serve as sub-committee chair with Senators Apple, Lee and Pine. The sub-committee will meet on January 31 during the regular scheduled Committee time, since the full Committee is not scheduled to meet. Chairman Allen urged Committee members to submit their suggestions to the sub-committee.

Senator Schmidt made a motion to approve the January 19 Committee meeting minutes. Senator Donovan seconded the motion, and the motion passed.

Being no further business, the committee adjourned at 12:00 noon.