

Approved: 2-19-2007  
Date

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 31, 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 Revisor of Statutes  
Richard Cram, Department of Revenue  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Mario Goico  
Representative David Crum  
Randall Allen, Kansas Association of Counties  
Representative Arlen Siegfried  
Charlene Deaver, Private Citizen  
Charlotte O'Hara, Private Citizen  
Alan Cobb, Americans for Prosperity  
April Holman, Kansas Action for Children  
George Lippencott, AARP Kansas Volunteer Coordinator (written only)

Others attending:

See attached list.

Representative Goico requested a bill be introduced pertaining to an exemption on a franchise tax for small businesses under \$3 million. Representative Wilk moved the introduction. Representative Carlson seconded the motion. The motion carried.

Chairman Wilk, on behalf of Representative Powers, made a motion to introduce a bill regarding coin bullion and currency. Representative Owens seconded the motion. The motion carried.

Representative Crum made a motion to introduce a Committee bill that would provide sales tax exemptions to the Augusta Kiwanis and Lion's Club. Representative Treaster seconded the motion. The motion carried.

Randall Allen, Kansas Association of Counties, requested a bill introduction that would allow Kansas counties to impose a countywide sales tax for general purposes in an amount not to exceed 2% and a special purpose countywide sales tax in an amount not to exceed 1%. Representative Wilk moved the introduction and Representative Menghini seconded. The motion carried.

Chairman Wilk announced the appointment of a sub-committee on **HB 2018** - Kansas Board of Tax Appeal. Representative Owens will chair the sub-committee, further appointments are Representatives: Whitham; Crum; Menghini; and Lukert.

**HCR 5006 - Constitutional Amendment to limit appraised valuation increases of all classes of real property to consumer price index-urban for property tax purposes.**

Gordon Self briefed the Committee on Section 1 of article 11 of the constitution. The amendment deals with the idea of a limit on valuation increases for certain residential property. The amendment deals with all real property, and provides that the appraised valuation of all real property shall not increase from one year to the next by a percentage that exceeds the average consumers price index for urban consumers. He reviewed the provisions of the amendment.

The Chairman opened the public hearing on **HCR 5006.**

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 31, 2007 in Room 519-S of the Capitol.

Representative Arlen Siegfried, said the purpose of this resolution is to provide a vehicle for property tax relief to residents, particularly those on fixed incomes, and small businesses without a harmful tax burden shift on the other constitutional real property classes. The problem is not unique in Kansas and he described property tax cases in California and Oregon. He said that the residential appraisal process is probably the most distrusted aspect of the property tax system and frustrates many home owners and businesses. He concluded by saying that when taxes increase faster than the rate of inflation it is poor economic policy and that all interested parties should work together to develop a sound public policy on this tax (Attachment 1).

He called attention to a set of spreadsheets provided by the Legislative Research Department staff and a memorandum on *Funds Expenditures in Kansas Cities, Counties, School Districts, and Special Districts*, stating they were good resources (Attachment 2).

Charlene Deaver, Private Citizen, testified in support of the constitutional amendment. She provided the history of appraisals and appraisal processes for five homes in her Olathe neighborhood. She questioned the disparity in appraisals and added that the system discourages homeowners to enhance their property (Attachment 3).

Charlotte O'Hara, Private Citizen, testified that the current law has brought a lack of transparency and has become a complicated appeals process. It is an unnecessary tax burden, which drives people out of Kansas, especially seniors. She spoke of the lack of affordable housing in Johnson County and said the taxpayers in Kansas deserve a better system (Attachment 4).

Alan Cobb, Americans for Prosperity, distributed charts that provided a snapshot of the growth of local government in Kansas (Attachment 5). He said that Kansas was 7<sup>th</sup> among the 50 states in government job growth and forty-fourth in private sector job growth for calendar year 2006. He reviewed statistics on employment and earnings. He supports **HCR 5006** as it should reduce the growth of local government.

April Holman, Kansas Action for Children, appeared in opposition to the resolution. She said the nature of the property tax dictates that when valuation for one group is artificially suppressed, taxes shift to other taxpayers. She recommended that Kansas should undertake a comprehensive modernization of the Kansas tax system (Attachment 6).

Randall Allen, Kansas Association of Counties, said with few exceptions limiting the growth in appraised valuation of real estate to a cap of a certain percentage growth from the prior year would in no way guarantee lower taxes. If the goal of imposing a cap on growth in appraised value is to somehow limit taxes or spending in the aggregate, this proposal does not accomplish the goal; rather it amounts to a tax shift. Their second concern is that the proposal creates inequity between and among parcels. He urged the committee to refrain from imposing an artificial cap on annual changes and let the values reflect reality (Attachment 7).

George Lippencott, AARP Kansas Volunteer Coordinator submitted written testimony opposing **HCR 5006**. He suggested that Homestead exemptions and credits, Circuit breakers and Property tax deferrals were better alternatives than property tax caps (Attachment 8).

Due to time constraints, the Chairman recessed the hearing on **HCR 5006** and said they would continue the hearing on Friday, February 2.

The Chairman made a request of any of the conferees and interested parties who might have a resource that could determine whether there was some sort of score card for current property tax systems being used by other states. If so, he would like to identify which state has the most effective and fair system.

The meeting was adjourned at 10:30 a.m. The next meeting is February 1, 2007.