

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:45 a.m. on February 14, 2001, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Meg Duggan, Parkinson's Foundation  
Representative David Huff  
Ron Hein, National Kidney Foundation of Kansas and  
Western Missouri  
Senator Stan Clark  
Leslie Kaufman, Kansas Farm Bureau  
Mark Beck, Property Valuation Division  
Rick Stuart, County Appraisers Association  
Senator Janis Lee

Others attending: See attached list.

**HB 2029–Sales taxation; exempting certain sales to Parkinson's disease support associations.**

Meg Duggan, Executive Director of the Parkinson Association of Greater Kansas City, testified in support of **HB 2029**. She explained that the mission of the Parkinson Association is to fund research and provide support services to those with Parkinson's and their care givers. The Kansas University Medical Center has been designated as a Center of Excellence by the National Parkinson's Foundation, and the Association donated approximately \$90,000 to the Medical Center for research. She noted that the Association is currently exempt from sales tax for purchases made on the Missouri and requested the same treatment for purchases made in its home state. (Attachment 1)

Representative David Huff testified in support of **HB 2029**, noting that the Parkinson Foundation's only goal is to eradicate this crippling disease. The bill would simply amend current Kansas law by adding Parkinson's associations to the list of charitable organizations currently exempt from Kansas sales tax. (Attachment 2)  
In response to committee questions regarding the fiscal impact of the bill, Representative Huff confirmed that the fiscal note is \$700.

Ron Hein, representing the National Kidney Foundation (NKF) of Kansas and Western Missouri, testified in support of **HB 2029**. He noted that NKF spends an average of \$1,400 a year on Kansas sales tax. He submitted a proposed amendment to **HB 2029** which would include NKF in the list of health associations which are exempt from sales tax. (Attachment 3)

There being no others wishing to testify, the hearing on **HB 2029** was closed.

Chairman Corbin called the Committee's attention to copies of a letter to Senator Lee from Jennifer Mathes which was discussed by Senator Lee on February 13 during the hearing on **SB 84**. He noted that Senator Lee wanted to submit the letter as additional testimony for consideration by the Committee. (Attachment 4)

**SB 129–Property taxation; concerning the valuation of land devoted to agricultural use.**

**SB 179–Property taxation; concerning the valuation of land devoted to agricultural use.**

CONTINUATION PAGE

Senator Stan Clark, sponsor of **SB 129**, explained that the bill makes two changes in the current method used to assess the value of agriculture property. He said that the language on page three of the bill, lines 14 through 16, allows the local appraiser to apply “influence factors” to any such value and deviate from such value accordingly. As he continued his discussion, he referred to points made in a letter on the subject from Thomas J. Fuhrmann of Landmark Appraisal, Inc., which was attached to his written testimony. In addition, he discussed the following attachments: (1) An e-mail from former Representative Gayle Mollenkamp pointing out the importance the availability of water plays in valuing grassland, and (2) a page from the 1989 edition of *Opinions of the Attorney General*, which states, “The value of a particular tract of land may be further adjusted by the local appraiser to reflect adverse conditions peculiar to that tract.” He went on to discuss the reasons he believes that assessments based on the current soil type classifications and corresponding values are erroneous. In this regard, he quoted a use value study which recommends that county appraisers be given authority to make changes and apply influence factors. The recommendation also states that the changes should be required to be justified, documented, and approved by some entity other than the Division of Property Valuation, and it contemplates establishing a board to establish controls and requirements and to review and approve changes. Senator Clark had no recommendation for the creation of a board, but stated that he feels most of the issues can be solved if a move is made from crop reporting districts to the specific terms of the current statute of “county or homogeneous region” and with the proper adjustment to carrying capacities due to rainfall, length of grass growing season, and the establishment of a baseline for water availability. He said amending the bill on page 3, line 15, by deleting the word “adverse” would allow the county appraiser to apply both positive and negative “influence factors.” ([Attachment 5](#))

Leslie Kaufman, Kansas Farm Bureau, testified in strong support of both **SB 129** and **SB 179**. She noted that inclusion of soil classification in the formula to determine the use value appraisal on pasture and range land does not meet the statutory methodology which uses net rental income minus expenses. The Bureau supports **SB 129** because it prohibits the use of soil classifications by appraisers when determining the landlord’s income from pasture or range land. She noted that the Bureau supports **SB 129** and **SB 179** because they would allow the appraiser to apply adverse factors to valuations and deviate from the schedules provided them by the Director of Property Valuation. ([Attachment 6](#))

Chairman Corbin called attention to written testimony in support of **SB 129** and **SB 179** submitted by Allie Devine, Kansas Livestock Association. ([Attachment 7](#))

Mark Beck, Director, Property Valuation Division (PVD), discussed the issues relating to **SB 129** and **SB 179**. As part of his presentation, he distributed a handout which includes an outline the formula currently used to value grass land compared to the proposed procedure and several pages of relevant information. ([Attachment 8](#)) Mr. Beck discussed the “stocking rate,” which is determined by the productivity of each individual type of soil. In this regard, he called attention to a summary of the effects of the proposed procedure change, which would not include land productivity as a factor in use value appraisals. He called attention to a Kansas agricultural use value map in his handout, which indicates that, in general, the western part of the valuation district will go up and the eastern part will go down. In addition, he referred to pages concerning specific district changes which would occur if the bills are passed. Mr. Beck also distributed a list titled “Native Grass Land Comparison Using Single Cash Rent” which shows the effect of removing the “stocking rate” county by county. ([Attachment 9](#))

Rick Stuart, Jefferson County Appraiser, testified in opposition to **SB 129** and **SB 179** on behalf of the Kansas County Appraiser’s Association. He began by noting that **SB 129** contains two statutory changes and that **SB 179** contains only the second statutory change in **SB 129**. He explained that the first change in **SB 129** would establish one county value per acre for all pasture or range land regardless of the quality. Mr. Stuart believes this proposed change would create inequity in the valuation of pasture or range land. The second proposed change (also in **SB 179**) provides that an appraiser may apply adverse influencing factors. He recommended that the current guidelines and process for requesting any additional adverse influence be kept in place because not all adjustment by county appraisers would be exactly the same, and equity statewide would not be obtainable. ([Attachment 10](#))

Senator Janis Lee explained that both bills were introduced because of PVD’s interpretation of the current statutes, not because of specific problems with the statutes. She noted that she has served on the use value advisory group since its inception, and many issues have been discussed, including those in **SB 129** and **SB 179**. In most cases, the

group has been able to come to an agreement with PVD; however, the group has not been able to come to an agreement with regard to the issues in these two bills.

#### CONTINUATION SHEET

Senator Lee noted that she is concerned with the use value appraisal of agricultural land as set forth in K.S.A. 79-1476, specifically, the ability of county or district appraisers to have authority to apply influence factors. She contended that, under the current application of the use value appraisal system by PVD, there is no room for local acknowledgment of any unique characteristics which might cause a variation for the valuation rendered through the agricultural use value formula. She explained that PVD contends that, with the implementation of the soil rating for plant growth (SRPG) system, all abnormal situations (adverse influences) have been accounted for. However, she does not believe that the SRPGs can account for all the variations in valuations which may occur across the state. She believes that county appraisers must be given the authority to apply influence factors when they can demonstrate that the valuation adjustments are justified. In closing, Senator Lee suggested two amendments; one would strike “adverse” in **SB 179** on page 3, line 12, and the other would address the suggestion that the changes be approved by some entity other than PVD. (Attachment 11)

There being no others wishing to testify, the hearings on **SB 129** and **SB 179** were closed.

The meeting was adjourned at 11:50 a.m.

The next meeting is scheduled for February 15, 2001.