

Approved: February 9, 1993  
Date

## MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:04 a.m. on February 1, 1993 in Room 519-S of the Capitol.

Members present: Senator Langworthy, Senator Tiahrt, Senator Martin, Senator Bond, Senator Corbin, Senator Feleciano Jr., Senator Hardenburger, Senator Reynolds, Senator Sallee

Committee staff present: Tom Severn, Legislative Research Department  
Chris Courtwright, Legislative Research Department  
Bill Edds, Revisor of Statutes  
Don Hayward, Revisor of Statutes  
Elizabeth Carlson, Committee Secretary

Conferees appearing before the committee: Fred Hirsch, Board of Tax Appeals  
Senator Christine Downey  
Phil Kloster, City Manager, Newton  
Craig Simons, Administrator of Harvey County

Others attending: See attached list

### **Confirmation Hearing: Fred Hirsch, Board of Tax Appeals, term expiring June 30, 1996**

Senator Martin introduced Mr. Hirsch to the committee by listing his qualifications for this position.

Mr. Hirsch read from a prepared statement. (Attachment 1) Mr. Hirsch stated that he is a farmer but has served as a member of the County Board of Equalization in Mitchell County which he feels has given him a good background for this position on the Board of Tax Appeals. He also said he has taken a very extensive course on appraisal techniques. Included in his attachment, he had a chart which listed the number of appeals over a nine year period for the Board of Tax Appeals.

The committee expressed a concern for the backlog of cases and how he saw working through this and getting up to date on the cases. He said some cases have been around for a long time but they are beginning to catch up now. He was also asked about his average work day. He said he had hearings in Salina for 4 days last week and then was in the office Friday to sign orders on several hearings in the past. For seven or eight weeks they are scheduled out of town. He said it is a full time commitment. He was asked about the necessary qualifications to be a member of the Board of Tax appeals and his qualifications. He reiterated his working experience and the IAAO II course he had taken in Hutchinson.

### **SB 28 - Newton city-county airport; property tax exemption**

Senator Christine Downey appeared before the committee to introduce SB 28. She said the Newton city-county airport needed to be competitive with the Wichita airport, Salina airport and also Strother field which were granted exemptions last year and the Newton city-county airport did not receive this exemption. She requested their airport be included with the exemption.

Phil Kloster, city manager, Newton, said they felt there is some vagueness for the airports not listed in the bill passed in 1992. SB 28 would equalize this situation.

Craig Simons, Harvey county administrator, said the Newton city-county airport is disadvantaged in competing for business. Most of the operations are essential to the airport. Under the present law, he stated we cannot tell businesses who would be interested in locating at the airport that they will be tax exempt. SB 28 would clear up this confusion. (Attachment 2)

Chairperson Langworthy asked why did they not appear last year when this legislation was being worked.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:04 a.m. on February 1, 1993.

Mr. Simons said they did appear in 1991 before the interim committee. Mr. Kloster also responded that he did not think they realized that just a few airports would be specifically exempt. They felt the passage of SB 28 would be good for the state of Kansas and also the city of Newton. During the discussion the members inquired about the size of the airport in acres and how many businesses were located there. Bob Myers, Airport manager, said the total was 561 acres and 17 businesses with 150 employees. There were questions about partial exemptions and staff said the courts have frowned on this. There was also a statement about equality and fairness to all airports.

Motion made by Senator Bond and seconded by Senator Martin to approve the minutes of January 19, 20 and 22, 1993. Motion carried.

The meeting adjourned at 12:00 noon.

The next meeting is scheduled for February 2, 1993.

## GUEST LIST

COMMITTEE: Senate  
ASSESSMENT & TAXATION

DATE: Feb 1, 1993

[illegible]

Fred J. Hirsch, Member, State Board of Tax Appeals  
Testimony before the Senate Confirmations Committee

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Mr. Chairman and Members of the Committee:

I am very pleased to be here with the Committee today to introduce myself to you and to answer any questions that you might have.

I am a farmer by trade and lifelong occupation. I was appointed by Governor Finney on May 18, 1992 to a four year term on the State Board of Tax Appeals. That term runs from July 1, 1992 to June 30, 1996. On June 30, 1992 I resigned from my position as Mitchell County Commissioner to accept this appointment. As a former county commissioner, I believe that the experience I gained sitting as a member of the County Board of Equalization in Mitchell County provided me with a good background for this position on the State Board of Tax Appeals. Before sitting on the County Board of Equalization I, of course, had to attend the required set of classes concerning property valuation. Upon my appointment by the Governor, and at my own personal expense, I attended a week long school on appraisal techniques for the IAAO II course in Hutchinson. This schooling acquainted me with the needed requirements in my position as a member of the State Board of Tax Appeals.

The Governor, as you know, is prohibited from appointing more than 3 members of any political party to the State Board of Tax Appeals. There are currently three

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Democrats serving on the State Board of Tax Appeals. I have been a registered Republican all of my life, being registered in Mitchell County for the last approximately forty years. I am a resident of Mitchell County and I am a resident of the First Congressional District.

The State Board of Tax Appeals, composed of five members, are empowered to hear and rule on tax grievances, tax exemptions, no-fund warrants, appraisal problems, appeals of tax rulings of the State Department of Revenue, and other tax and appraisal-related duties. Our present caseload is tremendous. During 1992, [REDACTED] cases were either heard or were pending final decisions. Another [REDACTED] cases are currently docketed for hearing. A total of [REDACTED] cases were closed in 1992. Finally we are beginning to see the light at the end of the tunnel as far as reappraisal cases are concerned. The reappraisal process simply swamped the board not that anyone could have expected any different.

Let me say that I thoroughly enjoy my job although there are some hard decisions to make every single day. I believe that I am capable and qualified to serve on the State Board of Tax Appeals and would appreciate your favorable recommendation for confirmation.

# Board of Tax Appeals

## Workload Measures

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
<b>Special Appeals</b>									
Protests	0	0	0	0	1,053	1,242	15,468	3,831	3,619
Exemptions	1,041	856	955	1,403	3,691	4,023	3,635	4,263	6,562
Grievances	<u>3,622</u>	<u>3,492</u>	<u>3,921</u>	<u>6,867</u>	<u>1,056</u>	<u>1,620</u>	<u>1,607</u>	<u>2,093</u>	<u>2,734</u>
<b>Subtotal Special Appeals</b>	4,663	4,348	4,876	8,270	5,800	6,885	20,710	10,187	12,915
<b>Other Appeals</b>									
County Boards of Equilization	32	49	176	74	55	361	1,769	1,058	2,309
Director of Taxation	29	6	15	44	29	32	54	66	69
Director of Property Valuation	14	16	11	28	0	3	20	26	28
No-fund Warrants	60	36	27	37	27	27	48	43	23
School Districts	2	6	2	5	9	44	72	0	0
IRBs	201	249	204	148	28	41	47	22	34
Eco-Devo Exemptions	0	0	0	0	27	46	76	71	71
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>
<b>Subtotal Other Appeals</b>	338	362	435	336	175	558	2,087	1,286	2,534
<b>Subtotal All Appeals</b>	5,001	4,710	5,311	8,606	5,975	7,443	22,797	11,473	15,449 -
<b>Informal Results Reviews</b>	0	0	0	0	0	0	51,598	13,186	12,614
<b>Misc.</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>11</u>	<u>13</u>	<u>11</u>	<u>5</u>
<b>Subtotal Reviews</b>	0	0	0	0	10	11	51,611	13,197	12,619
<b>Total Findings Documented</b>	5,001	4,710	5,311	8,606	5,985	7,454	74,408	24,670	28,068
<b>Cases Closed</b>					5,782	7,023	7,397	21,259	16,426
<b>Open Cases at Year-end</b>				5,971	6,164	6,584	21,984	12,198	11,221

TESTIMONY IN SUPPORT OF HOUSE BILL NO. 2027 AND SENATE BILL NO 28,  
EXEMPTING THE NEWTON CITY-COUNTY AIRPORT FROM AD VALOREM TAXATION

On September 11, 1991, I testified before the Joint House-Senate Committee concerning the property taxation of municipal airport property. This testimony was prior to legislative approval in the 1992 session establishing the guidelines for the property taxation of municipally owned airports. At that time, I testified all municipal airports should be treated the same throughout Kansas and not treated differently from city to city. The legislation passed in 1992 did not treat the airports equally, as airport authorities such as Wichita, and airports such as the Pratt Municipal Airport and Strother Field, were granted property tax exemptions. The Newton City-County Airport directly competes with these airports for business, and we cannot compete on an even playing field if the businesses at our Airport have to pay property taxes, and businesses at these other airports are exempt from paying property tax. Therefore, this legislation would allow the Newton City-County Airport to compete with these airports on a fair and equal basis, and the legislation is identical to the legislation granted to Airport Authorities, Pratt, and Strother Field in 1992.

Secondly, the legislation approved in 1992 is confusing as to what will finally be exempted, and what will be taxed at municipal airports which were not exempted. For the remaining airports, the 1992 legislation states, "purposes essential to the operation of an Airport", were exempt. We do not know exactly what this means, and we cannot tell prospective businesses what it means. I believe the Board of Tax Appeals will have to define the meaning of this phrase. This could take years to define, especially with the number of cases facing the Board of Tax Appeals. As a result, prospective businesses are uncertain as to their future tax status, and may not be willing to locate at the Newton City-County Airport, or invest large amounts of monies at the Airport. This legislation would clear the confusion.

Thirdly, properties at the Newton City-County Airport will be paying a lease amount similar to a tax payment. This would provide fairness between Airport businesses, and other businesses in the County located away from the Airport. This lease payment lowers the amount of taxes which the City of Newton and Harvey County assess to operate the airport. In competing with other exempt airports, it becomes difficult for the Newton City-County Airport businesses to pay a property tax and a lease payment, a distinct disadvantage for the Newton City-County Airport unless this legislation is approved.

Fourthly, the impact on the present amount of taxes going to the school district and taxing entities in Harvey County would be minimal from previous years. Property owned by the Newton City-County Airport has not been taxed in previous years.

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This paper is presented by Craig Simons, who was employed by the City of Liberal, Kansas from June of 1978 to September of 1989 as Assistant City Manager. From September, 1989 to the present, Mr. Simons is the Harvey County Administrator and a member of the Newton City-County Airport Commission.