

Approved: March 17, 1994
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:15 a.m. on March 16, 1994 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 Lee, Senator Reynolds, Senator Sallee, Senator Wisdom

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: Larry Clark, Kansas County Appraisers' Association
David Cunningham, Director, Property Valuation Division

Others attending: See attached list

APPROVAL OF MINUTES

Senator Sallee moved to approved the minutes of March 15, 1994. The motion was seconded by Senator Martin. The motion carried.

HB 2621--ELECTRONIC TRANSMISSION OF APPRAISALS

Larry Clark, Kansas County Appraisers' Association, spoke in support of HB 2621. (Attachment 1) He said there was a similar bill last session but it got sidetracked. In the recent reappraisal efforts all counties in the state were computerized. This bill would allow counties to transfer data electronically between offices, saving county employee's time and taxpayers' money. Now it is time to take advantage of the computerization.

Senator Feleciano moved to amend HB 2621 to become effective at the printing in the Kansas Register and to pass the bill favorably as amended. The motion was seconded by Senator Reynolds. The motion carried.

SB 771--COUNTY APPRAISER CAN'T INCREASE VALUE OF REAL ESTATE IF BERM OR CONTAINMENT AREA IS REQUIRED BY STATE OR FEDERAL AGENCY

Senator Sallee presented an amendment for SB 771. (Attachment 2) He said he was not satisfied with the directive of David Cunningham, Director, Property Valuation Division. (Attachment 3)

Senator Sallee made a motion to amend SB 771 with new section 1.

The committee asked of staff if the bill was constitutional and staff said it was not constitutional in their opinion. They also asked would the bill be constitutional with the proposed amendment and staff said the bill would still have a problem. A statement was made why pass the bill if the directive has more than taken care of it and if the Property Valuation Division would write Rules and Regulations to go along with it. There was disagreement in the committee if the improvements would add market value and then the taxes could not be raised. The committee felt there were far reaching ramifications with the bill.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:15 a.m. on March 16, 1994.

Senator Sallee withdrew his motion.

David Cunningham, Director, Property Valuation Division, spoke on **SB 771**. He said the directive is just a draft and it will take some time to write Rules and Regulations which embodies what is in this directive. He also said the appraiser should strive to reach market value.

No action was taken on the bill.

HB 2687--INCOME TAX CREDIT FOR DISABLED PERSONS ACCESSIBILITY TO CERTAIN BUILDINGS

The committee turned their attention to **HB 2687**. This bill would reduce the income tax burden and expand the privilege tax credits for someone who is disabled. Committee asked staff if this applied only to a building owned by a disabled person or if a rental could be fixed for accessibility and the same tax relief would be given. Staff said it could be a rental. There were also questions regarding tax credits and expenses, staff said the individual or business could only claim one or the other. The committee discussed if the improvements would add value to the property. It was determined that it would add value if the person who bought the property was disabled, but if not, it would not add value.

No action was taken on the bill.

The meeting adjourned at 12:00 noon.

The next meeting is scheduled for Thursday, March 17, 1994.

DATE: March 16, 1994

[illegible]

HOUSE BILL 2621

SENATE ASSESSMENT AND TAXATION COMMITTEE

MARCH 16, 1994

Madame Chairman and members of the Senate Assessment and Taxation Committee, my name is Larry Clark and I am here representing the Kansas County Appraisers' Association in support of passage of House Bill 2621.

One of the most important achievements of the recent reappraisal effort was the computerization of all counties in the state. The next logical step is to take advantage of the savings inherent in using that technology. It makes no sense to manually transfer records from one office of county government to another when the same results can be achieved electronically. It is absurd to extract records from a computer, print a copy and take that copy to another office so that the staff there can re-enter the data back into the computer. Unfortunately, a strict interpretation of the current statutes requires the latter to take place, even where the computer capability exists to do otherwise.

The Appraisers's Association supports a change in the law to allow counties to transfer data electronically between offices, saving county employee's time and taxpayers' money.

Senate Assessment + Tax

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attach 1-1

Proposed Amendment to SB 771

By striking all in lines 12 to 16, inclusive; after line 16, by inserting a new section to read as follows:

"Section 1. The following described property, to the extent specified by this section, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

Any improvement required to be made to real estate for the primary purpose of complying with federal, state or local law concerned with the abatement or control of water, soil or air pollution, if any such improvement does not significantly increase the output or capacity or reduce the total operating costs of such real property, or alter the nature of any manufacturing or production process or facility.

The provisions of this section shall apply to all taxable years commencing after December 31, 1993.";

In the title, in line 8, by striking all after "concerning"; in line 9, by striking all before the period and inserting "property taxation; exempting improvements required by environmental laws therefrom"

Senate Assess & Tax
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attach 2-1

STATE OF KANSAS

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Department of Revenue
Division of Property Valuation

--DRAFT--

DIRECTIVE #94-029

TO: **County Appraisers**

SUBJECT: **Appraisal of Pollution Control Structures**

This directive is adopted pursuant to the provisions of K.S.A. 1993 Supp. 79-505, and shall be in force and effect from and after the Director's approval date.

K.S.A. 2-1227 was enacted in 1989 authorizing the State Board of Agriculture to adopt rules and regulations for the safe handling and storage of commercial fertilizers and fertilizer materials to protect ground and surface waters. These regulations (K.A.R. 4-4-1 to K.A.R. 4-4-954, inclusive) became effective January 14, 1991, and required each facility to submit a compliance plan to the State Board of Agriculture within one year of the regulation's effective date, i.e., by January 14, 1992. Once the prescribed plan is approved, the facility has two years to complete the requirement for a concrete loading pad and three years to construct a dike around their storage area. Many facilities have completed the construction of these fertilizer containment dikes and loading pads.

Under Kansas property tax laws, the loading pads and dikes must be listed for taxation. However, in valuing such loading pads and dikes, the appraiser must ascertain whether such improvement contributes value to the facility. It is arbitrary to claim property has value solely because it exists, particularly where the property exists because of government regulations. The market establishes value, not government regulations. In summary, the appraiser must ascertain whether these loading pads and dikes add value to the property.

Appraisers shall list these loading pads and dikes with the storage facilities; however, they should be valued only if the market establishes that they contribute value to the facility.

APPROVED: March __, 1994

David C. Cunningham
Director of Property Valuation

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attach 3-1*