

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:45 A.M. on January 25, 2007 in Room 519-S of the Capitol.

All members were present except:
Derek Schmidt- excused

Committee staff present:
Chris Courtwright, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Jason Thompson, Office of Revisor of Statutes
Judy Swanson, Committee Assistant

Conferees appearing before the committee:
Senator Pat Apple
Senator Susan Wagle
Tony Folsom, KDOR
Mark Desetti, KNEA/KASB
Allen Dinkel, League of Kansas Municipalities
Randall Allen, Kansas Association of Counties

Others attending:
See attached list.

The legal opinion concerning the requiring of social security numbers from licensure applicants and licensees requested by the Committee during the hearing on **SB 91** was distributed. (Attachment 1)

Dan Morgan, Kansas Builders Association, requested introduction of a bill to repeal the sales tax on labor services for commercial remodeling construction. Senator Bruce moved to introduce the bill as requested. Senator Jordan seconded the motion, and the motion carried.

David Corbin, KDOR, requested introduction of a bill containing the Governor's 2007 tax proposals. Senator Lee moved to introduce the bill as requested. Senator Bruce seconded the motion, and the motion carried.

Senator Pine moved to introduce a bill granting sales tax exemption to all 501(c)(3) Lions Clubs. Senator Bruce seconded the motion, and the motion carried.

SCR 1602--Constitutional amendment prohibiting valuation increases for certain residential property owned by a person 65 years of age or older for property tax purposes

Hearing was opened on **SCR 1602**. Tony Folsom, Deputy Director of Property Valuation, explained what a value cap would do to residential properties. (Attachment 2) Neighborhoods that are showing a substantial growth will benefit most with value caps. He also provided a list of all Kansas counties showing the percentage of residents 65 and older. KDOR's position is there may be better options to target individuals to whom the Committee would like to provide property tax relief. Senator Lee commented the tax burden would be shifted to younger taxpayers under this proposal. She said expanding the homestead exemption law might be a better choice to accomplish tax relief for those over the age of 65. Agricultural land is taxed by the use-value method, and those values will remain low. They are figured by using an eight-year window.

Senator Pat Apple testified he has been working for over a year on a tax relief proposal for the elderly. (Attachment 3) The Homestead exemption would be difficult to use for this purpose, and modifying it would not accomplish what he wants to accomplish. This legislation, if adopted by the voters, would require the Legislature to cap property taxes for persons sixty-five and older in their primary residence. The Legislature would also be allowed to place a means test on personal income level or home value. Kansas retirees face many challenges in their retirement years, and this would be one tool to assist them.

Senator Susan Wagle thanked Senators Apple and Bruce for their work on **SB 1602**. She said when she campaigned as a statewide candidate across the State of Kansas, this was a very popular issue with voters.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:450 A.M. on January 25, 2007 in Room 519-S of the Capitol.

She said she is having a different version of this bill introduced soon. Her version would raise the age to 67 and not include a dollar cap on property. She requested the Committee members to consider her bill favorably when they receive it.

Mark Desetti, Kansas National Education Association, testified on behalf of KNEA and Kansas Association of School Boards, from a neutral position. (Attachment 4) A limit on valuation increases does not decrease the need for revenue on the local level. KNEA is concerned the amendment would treat all seniors, regardless of wealth, the same. KNEA believes the legislature should make a comprehensive examination of the entire tax system.

Allen Dinkel, League of Kansas Municipalities President, testified in opposition to **SCR 1602**. (Attachment 5) LKM opposes the bill because it would create a shift in taxes, erode the tax base and create tax inequity. He does not think this resolution would make much difference in counties with low property evaluations.

Randall Allen, Kansas Association of Counties, testified in opposition to **SCR 1602**. (Attachment 6) KAC objected because limiting the growth in appraised valuation of real estate would not guarantee the lowering of property taxes, and inequity would be created by applying the cap to all properties of senior citizens, including those who have a much greater ability to pay. KAC would support a statutory change to the homestead property tax refund program.

David Corbin said KDOR would not endorse this bill because it will create a tax shift. In response to Senator Apple's question, Mr. Corbin said KDOR supported the property tax exemption for Machinery & Equipment because it was a stimulator for business. **SCR 1602** would cause erosion, not stimulation, of the tax base.

Gordon Self said when a constitutional amendment is written, a balance must be struck between general language and discretionary language.

The hearing was closed.

Being no further business, the meeting adjourned at 11:50 a.m. The next meeting will be January 30.