

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:15 a.m. on March 7, 2000, in Room 519-S of the Capitol.

All members were present except: Senator Hardenburger – Excused

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: Harry Huff, Huff’s Gardens, Inc.
Ben Miller, Stutzman Greenhouse, Inc.
Deborah Hooper, Kansas Greenhouse Growers Association
Mark Beck, Property Valuation Department

Others attending: See attached list.

The minutes of the February 29, 2000, meeting were approved.

Substitute for HB 2702–Property taxation; exempting nursery and greenhouse machinery and equipment

Harry Huff, Huff’s Gardens, Inc., testified in support of **Sub. for HB 2702**. He noted that greenhouse growers have been treated as an agricultural business for several years by various governmental agencies. State law allows a property tax exemption for machinery and equipment for farmers (agriculture), but greenhouse growers have been denied the exemption because “greenhouse crops” is not included in the statutory definition of agriculture. After greenhouse growers hired an attorney and applied for a hearing before the State Board of Tax Appeals (SBOTA), they were designated as agriculture. The bill would amend Kansas statutes to include “greenhouses and ornamental crops” within the definition of agriculture. In Mr. Huff’s opinion, passage of the bill will result in greenhouse growers being treated consistently and fairly in all counties. (Attachment 1)

Ben Miller, Stutzman Greenhouse, Inc., followed with further testimony in support of **Sub. for 2702**. He read written testimony in support submitted by Loren Bloomgren of Grigsby Greenhouse in Salina and Eric Moots of Eureka Greenhouses, Inc., who were unable to attend the meeting. Mr. Bloomgren states that he has been in business more than 63 years and has always been classified as agriculture. With changes in personnel in the county appraiser’s office, the definition of “agriculture” has been inconsistently interpreted, and it became necessary to file an appeal with SBOTA many times. (Attachment 2) Mr. Moots states that he has been in discussion with the Greenwood County Appraiser for the past one and one-half years regarding the taxation status of his commercial greenhouse equipment. He believes that legislative action should be taken to clarify the status of commercial greenhouse equipment statewide. (Attachment 3)

Mr. Miller informed the Committee that Stutzman Greenhouse is located in Reno County. Repeated efforts have been made during the past ten years to prove Stutzman’s agricultural status in Reno County. The efforts were recognized but were eventually denied by the county appraiser. Finally, through a long legal process involving considerable expense, it was concluded that Stutzman Greenhouse is an agricultural business. Mr. Miller contended that the clarifying language in the bill would ensure that greenhouses are not left with the burden of proving their agricultural status in the county in which they are located. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

Room 519-S, Statehouse, at 11:15 a.m. on March 7, 2000.

Deborah Hooper, appearing on behalf of the Kansas Greenhouse Growers Association, testified in support of **Sub. for 2702**. She believes the statutory definition of “agriculture” should be amended to include “greenhouses and greenhouse ornamental crops.” She emphasized that the exclusion of such wording has caused and continues to cause Kansas greenhouse companies undo harm in the form of legal fees, wasted managerial time, and unfair disadvantage in the marketplace. She noted that her Association is not asking for any change in taxation or a new definition of agriculture—it simply requests that the law be clarified. She believes the amendment is necessary to prevent the continued local misinterpretation of state statutes, resulting in unfair treatment of Kansas greenhouse companies. (Attachment 5)

Copies of written testimony submitted by Representative Galen Weiland in support of **Sub. for 2702** was distributed to the Committee. Representative Weiland states, “The concern is that the statutes are not being interpreted uniformly across the state. This bill is to clarify and put into statute what had always been the legal interpretation of the intent of the law.” (Attachment 6) With this, the hearing on **Sub. for 2702** was closed.

In response to Committee questions, Mark Beck, Property Valuation Department, commented that the confusion regards the interpretation of what exactly is a piece of equipment as opposed to what is a structure. He noted that SBOTA’s interpretation of “equipment” and “structure” in the statutes has “flip flopped” over the years. He feels that the bill is necessary to make legislative intent clear and that it will help county appraisers.

Senator Langworthy informed the Committee that Mr. Beck had come to request that **Sub. for 2702** be amended with regard to a different issue. She explained that, should the Committee decide to recommend the bill favorably, it could be amended to include some clarifying language on legislation passed in 1999 dealing with exemptions for windmills and solar power.

Mr. Beck reminded the Committee that **HB 2438** was introduced by Western Resources during the 1999 Legislative Session to address the issue of allowing a property tax exemption for renewable energy resources. The original bill was limited to state assessed property. The House expanded it to include all renewable energy resources without regard to being state assessed property. In doing so, some of the language needed to be corrected. However, there was not enough time to do so before the 1999 session concluded. Mr. Beck explained the need to clarify a property tax exemption that appears in K.S.A. 79-201 Eleventh and to clarify K.S.A. 79-5a01, a public utility valuation statute. The language for the proposed amendments is included in his written testimony. In conclusion, Mr. Beck pointed out that the proposed amendments do not change the intent of the legislation. (Attachment 7)

Senator Donovan moved to amend **Sub. for 2702** as suggested by Mr. Beck, seconded by Senator Corbin. The motion carried.

The meeting was adjourned at 11:45 a.m.

The next meeting is scheduled for March 8, 2000.