

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 20, 2006 in Room 519-S of the Capitol.

All members were present except:
Representative Lana Gordon- excused

Committee staff present:
Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:
Representative Frank Miller
Ed Jaskinia, TALK, Assn. Landlords
Karl Peterjohn - KS Taxpayers Network
Doris Riley, Private Citizen
Mark Beck, Director, DOR, Division of Property Valuation
Randall Allen, KS Assn. Of Counties

The Chairman announced that with the beginning of the 2006 session the minutes would be sent via E-mail to each Representative for their perusal. If changes are needed they are to notify the Committee Secretary within two weeks. After that time the minutes will be considered approved as written. After discussion it was agreed that a copy of the minutes should also be forwarded to Representatives' secretaries.

Representative Brunk requested a bill be introduced regarding a change in the capital gains tax. It was seconded by Rep. O'Malley. The motion passed.

Randall Allen, KAC Executive Director requested a bill introduction regarding the expansion of the Board of Tax Appeals from three members to five members. Representative Carlin made the motion to introduce the BOTA bill and Representative Huff seconded. The motion carried (Attachment 1).

HCR 5009 - Concerning a Constitutional Amendment providing formula for appraised valuation of residential property.

Gordon Self briefed the Committee on the resolution that had been introduced last session. It is a proposition to amend Section 1 of article 11 of the Kansas Constitution relating to property taxation and the system of taxation; classification; and exemptions.

The Chairman opened the hearing on **HCR 5009**.

PROPONENTS:

Representative Frank Miller said that **HCR 5009** would influence the appraised value of a property based on the sale price of the property or as close as any appraiser would ever get to the market value. Attached to his testimony was a chart that showed the percent increase in the appraised value of Residential and Commercial property for Kansas as compared to the CPI-U index adjusted for population growth for the years 1993-2004 (Attachment 2). He provided an amendment to **HCR 5009** which would add language "or commercial and industrial purposes" to the resolution (Attachment 3).

Ed Jaskinia, TALK, Assn. Landlords appeared in support of **HCR 5009**. He stated that the whole purpose of property tax appraisals was to reach a fair market value and suggested that the buyers, sellers, mortgage companies, and the counties held vastly different opinions on fair market value. He stated that the resolution would be a short term fix for a major problem (No written testimony).

Karl Peterjohn - KS Taxpayers Network testified that a recent regional survey of effective

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property tax rates indicated that Kansas property taxes were higher on residential property than all four neighboring states with the exception on Nebraska. He suggested that the Legislature needs to consider a Proposition 13 which provided stability to the property tax structure in California beginning in 1978 (Attachment 4).

Testimony from Doris Riley, Private Citizen in Overland Park was read into the record by Mrs. Nancy Hanahan. Her testimony inferred that **HCR 5009** would provide a way to correct the current appraisal system and she gave four reasons that the current system did not work (Attachment 5). Ms. Hanahan added that, in her opinion, the system in place is just a taxing vehicle for all governmental entities and a change is needed, as they are pricing people out of their homes.

Material was distributed from Mark Beck, KDOR which raised ten issues that need to be acknowledged and discussed prior to implementation (Attachment 6).

OPPOSITION:

Larry Bear, KS League of Municipalities, testified that there were three principal points for consideration of **HCR 5009**: 1) Artificial decrease in value 2) Departure from current policy 3) Violation of the "uniform and equal" requirements of the Kansas Constitution. The League opposes any amendment to the Constitution that alters the current fair market value approach to valuing residential property or that would place any cap or limitation on increases in valuation or that would artificially decrease the valuation of residential property. (Attachment 7).

Randall Allen, KS Assn. Of Counties submitted written testimony in opposition to **HCR 5009**, because for purposes of taxation it would treat one type of residential property (i.e. property which has been recently sold) differently than another type of residential property (i.e. property which has not been recently sold). It appears that iniquities would be created in the tax system for residential property where they currently do not exist (Attachment 8).

The Chairman closed the hearing on **HCR 5009**.

The meeting adjourned at 10:00 A.M. The next meeting is January 24, 2006.