

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:08 a.m. on January 26, 2000 in Room 519-S of the Capitol.

All members were present except: Senator Sandy Praeger – 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: Senator Nancey Harrington
Lloyd Swor
Marc Hess, Sedgwick County
Shirley Sicilian, Kansas Department of Revenue
Randy Allen, Kansas Association of Counties
Don Moler, League of Kansas Municipalities
Karen Persinger, Osage County Clerk

Others attending: See attached list.

SB 376–Property taxation; authority for boards of county commissioners to abate or provide credit against property taxes levied upon residential property destroyed by calamity

Senator Nancey Harrington, sponsor of **SB 376**, testified in support of the bill. To illustrate the need for the bill, she discussed the devastation caused by a tornado that ripped through portions of Sedgwick County in May of 1999. She noted that the bill applies only to individuals who lose their homes as a result of a disaster declared a major disaster by the President of the United States. She pointed out that language in the bill is “may,” not “shall;” therefore, it is not a mandate from the state to local units of government. (Attachment 1)

Lloyd Swor, a resident in an area one mile south of Haysville, explained that he was a victim of the May 1999 tornado. His home was totally destroyed as were many other homes. Although he has insurance, he has been unable to rebuild quickly because contractors are currently too busy. He commented that, basically, his house does not exist. Thus, he feels it is fair that his house be removed from the tax rolls as of May 3. He emphasized his belief that individuals deserve relief under these circumstances. He noted that he is not asking for a continued abatement, only for the time period in which he does not have a home.

Marci Hess, Sedgwick County, testified in support of **SB 376**. She noted that Sedgwick County experienced two presidentially-declared disasters in less than one year. She supports the concept of the bill; however, she questioned the clarity of some of the details in the bill. (Attachment 2)

In response to questions Ms. Hess raised in her testimony, Mr. Hayward explained that “destroyed” does not have a technical definition. As to who would validate the destruction, he noted that lines 30 and 31 of the bill provide that the county commissioners are to make findings regarding the property destroyed. With regard to appeals, he explained that there is no appeal. He noted that it was the hope of the sponsor of the bill that it would remain a local concern rather than proceeding to an appeal process at the state level.

In addition, Mr. Hayward noted that a mistake was made when the bill was drafted as the title indicates “residential property,” but the body of the bill indicates “any property.” He was uncertain if the sponsor intended to limit the bill to residential property. Senator Harrington said her intent was to limit the bill to residential property, but she had no objection to expanding it to include all property if the Committee wishes to do so.

SB 407–Administration of the intangibles gross earnings tax

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE
Room 519-S, Statehouse, at 11:08 a.m. on January 26, 2000.

Shirley Sicilian, Kansas Department of Revenue, reminded the Committee that the Department requested the introduction of **SB 407**. She explained that the provisions of the bill would move the state's administrative role for the local intangibles tax back to the counties. The purpose of the bill is to eliminate a barrier for individual income taxpayers filing electronically. She outlined the role the state and counties play in the administration of the local option tax, noting that the Department's role comes down to mailing blank forms out to taxpayers and then mailing the completed forms back to the counties. (Attachment 3) Ms. Sicilian stated that she realizes the bill could cause concern for local governments, but the Department is willing to work with them to resolve any problems created by the bill.

Randy Allen, Kansas Association of Counties (KAC), testified in opposition to **SB 407**. Mr. Allen's primary objection is that the Department of Revenue advised KAC that the bill was going to be introduced only days before the 2000 legislative was to begin. Thus, there was not adequate time to have a thoughtful discussion and exchange of information about the proposal. In addition, he believes that **SB 407** must be viewed within the context of other proposals this session which negatively impact counties. (Attachment 4)

Don Moler, League of Kansas Municipalities (LKM), followed with further testimony in opposition to **SB 407**. While the modification suggested by the Department of Revenue does not currently impact cities by requiring them to collect the intangibles tax, he opposes **SB 407** because it very easily could be modified to require cities to collect the intangibles tax, and he feels it could impact the ability of cities, counties, and townships to receive all of the tax that is due. He noted that the Department recommended in 1983 that the intangible tax forms be collected at the state level. Mr. Moler contended that the state is still the appropriate level of government to collect the intangibles tax as it is a natural to be collected at the time of the state income tax. He pointed out, since some cities and counties do not have the ability to collect an income tax, there is no logical time for cities and counties to collect the intangibles tax. He contended that collections will suffer, expenses will increase, and the system will become unworkable if the bill is passed. (Attachment 5)

Karen Persinger, Osage County Clerk, reported that a poll of county clerks concerning **SB 407** showed that they are not in favor of the bill's provisions. She followed with an itemization of reasons the clerks object to the bill. The objections concern the inconvenience to the taxpayer, enforcement, and administrative costs. (Attachment 6)

The meeting was adjourned at 11:55 a.m.

The next meeting is scheduled for January 27, 2000.