

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on April 3, 2003 in Room 519-S of the Capitol.

All members were present except: Representative Jeff Jack - Excused
Representative Tim Owens - Excused

Committee staff present: Chris Courtwright, Legislative Research Department
Gordon Self, Office of the Revisor of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee: Representative Frank Miller
Representative Doug Patterson
Mark Beck, Director of Property Valuation
Department of Revenue
Jeff Bridges, City Administrator, City of Andover,
KS.
Mark Detter, City administrator, Rose Hill, KS.
Larry Baer, Kansas League of Municipalities

Others attending: See attached sheet

Chairman Edmonds opened the meeting for bill introductions. There were no bill introductions.

The Chairman called to the committee's attention to testimony from Secretary Joan Wagon, Department of Revenue regarding **HB 2464** which was heard on April 2, 2003 (Attachment 1); information concerning fiscal estimate for repeal of custom computer software sales tax exemption from Richard Cram of the Department of Revenue (Attachment 2); and research regarding "Resident Trust" definitions in other states also from Richard Cram of the Department of Revenue (Attachment 3). These articles were submitted for committee review in regards to bills previously heard and requests from the committee.

Chairman Edmonds opened the meeting for public hearing on **HB 2255** and recognized Representative Frank Miller as a proponent. Representative Miller explained that this is a simple bill so as not to penalize property owners who make routine maintenance investments on their home. (Attachment 4)

With no further proponents on **HB 2255**, the Chairman introduced Mark Beck, Director of property Valuation, Department of Revenue as an opponent. Mr. Beck explained that while they understand the concept behind this bill and the desire to mitigate some of the issues, we have a constitution that requires uniform and equal basis of evaluation and rate of taxation. The equal basis of valuation has been determined by the Legislature to be fair market value. (Attachment 5)

With no other person wishing to address the bill, the Chairman closed the hearing on **HB 2255** and opened the meeting for public hearing on **HB 2263**.

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on April 3, 2003 in Room 519-S of the Capitol.

Representative Doug Patterson addressed the committee as a proponent of **HB 2263**. In his testimony, Representative Patterson stated that he agreed with Mr. Beck on needing to set fair market value. His bill suggests, maybe for consideration on another day, that tax money needs to be raised the old fashioned way and not the artificial way of establishing appraised valuations based upon computer software without appraisal that raise taxes year after year in absence of a real taxable event such as the issuance of a building permit for a capitol improvement to a property or by the certificate of value filing which means the property was sold and therefore a transaction occurred. Representative Patterson further stated that in Jackson County and Wyandotte County the appraiser is known as the revenue generator and that is not his job. The appraiser is to establish property values. His suggestion is that short of an actual event which improves the value of the property or upon a sale that there be a limit on the assessed evaluation representing what we all realize in every other aspect of our lives, the consumer price index increase of increases in values of property. (No Written Testimony)

With no further proponents on **HB 2263**, Chairman Edmonds recognized Mark Detter, City Administrator, Rose Hill, Kansas as an opponent. Mr. Detter listed constitutional issues, financial impact, and equity as the three reasons the City of Rose Hill opposed the bill. (Attachment 6)

Jeff Bridges, City Administrator, City of Andover, Kansas testified in opposition to **HB 2263**. The opinion of the City of Andover is that this bill is a proposal to limit the growth of the appraised valuation of property by prohibiting an increase in value on existing properties above a set formula. In effect this bill eliminates the entire premise and corner stone of the property appraisal unconstitutional property taxation system. (Attachment 7)

Also appearing as an opponent to **HB 2263** was Larry R. Baer, Assistant Legal Counsel for the League of Kansas Municipalities. It is their understanding that this bill proposes to place a systematic limit or restriction upon the amount of the annual increases in property valuation. The limitation results because the increase is tied to a percentage or fraction derived from the US department of Labor's consumer price index. (Attachment 8)

With no other person wishing to address the bill, Chairman Edmonds closed the meeting for hearing on **HB 2263**.

The chairman called attention to written testimony regarding **HB 2263** from Marlee Carpenter, Director of Taxation and Small Business for KCCI (Kansas Chamber of Commerce and Industry) (Attachment 9), Mark Beck, Director of Property Valuation, Department of Revenue (Attachment 10), and Randall Allen, Kansas Association of Counties (Attachment 11)

There being no further business before the committee, Chairman Edmonds adjourned the meeting at 10:03 a.m.