

SESSION OF 2018

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 2380**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

Senate Sub. for HB 2380 would establish a Property Tax Review Study Commission (Commission) of 19 members, 13 of which would be voting members.

The Commission would be charged with conducting a comprehensive review and analysis of the Kansas property tax structure and, by January 15, 2020, making an initial report to the Legislature with any and all recommendations necessary to ensure such structure is capable of meeting the long-term needs of the people in a fair and responsive manner. By February 1, 2021, the Commission would make a final report to the Legislature.

The members of the Commission would be as follows:

- The chairpersons, vice-chairpersons, and ranking members of the Senate and House standing tax committees or their designees (6 members);
- Two members of the Senate appointed by the Senate Committee on Assessment and Taxation Chairperson (2 members);
- Two members of the House appointed by the House Committee on Taxation Chairperson (2 members);

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- One member appointed by the Governor (1 member);
- One member appointed by the President of the Senate (1 member);
- One member appointed by the Speaker of the House (1 member);
- One licensed real estate attorney appointed by the Senate Committee on Assessment and Taxation Chairperson (1 member);
- One certified or licensed real property appraiser appointed by the House Committee on Taxation Chairperson (1 member);
- One member appointed by the League of Kansas Municipalities (LKM) (1 member); and
- One member appointed by the Kansas Association of Counties (KAC) (1 member).

The real estate attorney, property appraiser, and appointees of the LKM and KAC would be non-voting members. The Secretary of Revenue (or designee) and the Director of Property Valuation (or designee) also would be required to serve as non-voting *ex-officio* members of the Commission.

The Senate Committee on Assessment and Taxation Chairperson (or designee) and House Committee on Taxation Chairperson (or designee) would serve as co-chairpersons of the Commission.

The bill would require appointments to be made within 60 days after the effective date (statute book). Designees selected by legislators would be required to be legislators. The Commission would be required to hold at least five open meetings per year. Members would be paid compensation,

subsistence allowances, mileage, and other expenses as provided in KSA 75-3223.

The Department of Revenue would be required to provide certain data and tax information requested by the Commission. Legislative staff agencies would be required to provide assistance requested by the Commission.

## **Background**

HB 2380, pertaining to the sales tax authority for Marion County, was introduced by the House Committee on Taxation during the 2017 Legislative Session. The bill passed the House in 2017 with amendments pertaining to the sales taxation of previously untaxed services and the reduction of the state sales tax on food from 6.5 percent to 5.5 percent.

On April 6, 2018, the Senate Committee on Assessment and Taxation deleted the contents of the bill, inserted the provisions of SB 459, and further amended the legislation. The following provides the background of SB 459.

### ***SB 459 (Property and Sales Tax Review Study Commission)***

At the April 6 hearing of the Senate Committee, a representative of the Kansas Chamber spoke in favor of the bill, noting Kansas taxes rank relatively high compared to other states' taxes, especially taxes on industrial property. Written-only testimony in support of the bill was provided by a representative of the Kansas Legislative Policy Group, representing 35 rural counties. Representatives of the Kansas Association of Realtors and the LKM provided neutral testimony; the LKM conferee suggested a representative from the cities be appointed to the Commission. There was no opponent testimony.

On April 6, the Senate Committee amended the bill to:

- Increase the size of the Commission by authorizing the LKM and KAC to each appoint one member;
- Specify the real estate attorney, property appraiser, and individuals appointed by the LKM and KAC would be non-voting members;
- Revise the Commission's study scope to property taxes solely and delete references to sales tax;
- Require an initial and final report to the Legislature; and
- Clarify certain designees would be legislators.

According to the fiscal note, Legislative Administrative Services estimates the bill as introduced would require an additional \$37,353 from the State General Fund for FY 2019. This would include \$28,397 for legislator pay and travel costs, \$6,831 for non-legislator pay and travel costs, and \$2,125 for a committee assistant. Similar expenses would be incurred in the following two fiscal years. Any fiscal effect associated with the bill is not reflected in *The FY 2019 Governor's Budget Report*.