

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 February 8, 2000, in Room 519-S of the Capitol.

All members were present except:

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 Dwayne Umbarger
Senator Tim Emert
Linus Thuston, Neosho County Attorney
Robert Krehbiel, Kansas Independent Oil & Gas Association
Shirley Sicilian, Kansas Department of Revenue

Others attending: See attached list.

SB 545–Sales taxation; authorizing Neosho county to impose a countrywide sales tax for jail facility purposes

As author of **SB 545**, Senator Dwayne Umbarger testified in support. He explained that the bill would allow Neosho County to be added to a list of 15 other counties with special distribution authority to retain the entire amount of a one-half cent raise in a countywide sales tax to finance a courthouse, jail, law enforcement center, or administrative building. Senator Umbarger reminded the Committee that an election for voter approval is required and that such special purpose taxes are required to sunset when the costs of financing facilities are paid in full. ([Attachment 1](#))

Senator Tim Emert stood to request that Wilson County be included in the bill, noting that Wilson County falls into the same category as Neosho County.

Linus Thuston, Neosho County Attorney, testified in support of **SB 545**. He explained that Neosho County is in need of a new jail due to the age, condition, and over crowding of its present jail. The present jail was built in 1947 with a maximum capacity of 17 inmates. He noted that his office had an increase of over 200 cases as opposed to the previous year. The average number of inmates held per day is 22, and on occasion there is an excess of 40 inmates. Many times, inmates must be transported to Labette County Jail because there is no space. Projected figures show that the jail population will continue to increase continually over the next few years.

Mr. Thuston also noted that, with today's type of criminal and the greater number of inmates, the facility design is grossly inadequate. The over crowding creates a poor level of security for the inmates as well as the jail employees. Due to the design, blind spots exist, allowing inmates to abuse correctional officers during routine checks of the cells. In addition, Mr. Thuston noted that some areas of the jail are without heat in the winter, without air conditioning in the summer, and flood during heavy rains.

Mr. Thuston commented that, in the ten years he has been an elected official in Neosho County, he has found that citizens are not receptive to an increase in property taxes. However, a sales tax increase has passed in previous years, and he feels an increase for the purpose of building a new jail would most likely pass. Mr. Thuston distributed copies of written testimony in support of **SB 545** by Hugo Spieker, a member of the Neosho Board of County Commissioners ([Attachment 2](#)) and data on the population and employees of the Neosho County Jail from the Neosho County Sheriff's Department ([Attachment 3](#)).

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Senator Langworthy announced that the hearing on **SB 545** was not closed because it is possible that other counties may request to be included in the bill.

Senator Stephens moved to amend **SB 545** to include Wilson County, seconded by Senator Lee. The motion carried.

SB 502—An act allowing certain oil lease working interest property tax refunds

Senator Langworthy noted that **SB 502** was introduced at the request of Senator Lee and called upon her for testimony. Senator Lee introduced Robert Krehbiel of the Kansas Independent Oil & Gas Association (KIOGA) to present testimony in support of the bill.

Mr. Krehbiel reminded the Committee that a bill passed in the 1999 Legislative Session provided an income tax credit for property taxes paid on marginal oil wells making less than 15 barrels of oil per day when the price of crude oil is less than \$16 per barrel. The implementation of the bill required each working interest owner in a qualifying oil lease to claim the credit on their individual income tax returns. He noted that, while this procedure works, simply allowing the operator of the well to file for a property tax credit would save hundreds of man hours and paperwork for both the industry and the Department of Revenue. He emphasized that the only purpose of **SB 502** is to simplify the procedure for claiming the credit by allowing the operator to claim the credit for the property. In conclusion, Mr. Krehbiel called attention to an example of a joint interest billing for Pickrell Drilling Company attached to his written testimony. He pointed out that, according to the statute enacted in 1999, each of the 18 owners listed would have to file; however, **SB 502** would allow Pickrell Drilling to file for all owners. (Attachment 4)

Shirley Sicilian, Kansas Department of Revenue, submitted proposed technical clean-up amendments for **SB 502**. She explained that the bill was patterned after the Homestead Refund Act, and there were a few provisions in the Homestead Refund Act that did not apply to an oil and gas program. The amendments would allow informal reconsideration before formal appeal to the Board of Tax Appeals and would allow more flexibility to grant extensions and waivers of the filing deadline. (Attachment 5) Don Hayward, Revisor of Statutes Office, informed that Committee that the amendments are not necessary because the bill is silent on appeals; therefore, the normal appeals procedure pertaining to the Department applies. With this, the hearing on **SB 502** was closed.

Senator Langworthy turned the Committee's attention to **SB 411** concerning property tax appeals procedures for certain valuation controversies. She reminded the Committee that, at the February 7 meeting, a question was raised by Senator Lee regarding written notification that single-family residential appeals are required to go through the Small Claims Division as a prerequisite to going to the Board of Tax Appeals. Senator Lee reported that Mr. Hayward had confirmed that written notification is required by statute (K.S.A. 79-1460).

Mr. Hayward informed the Committee that he was preparing an amendment requested by Senator Steineger to clarify that county representation extends to unified governments.

Senator Steineger moved to amend **SB 411** with clarifying language prepared by Mr. Hayward. Senator Hardenburger seconded. The motion carried.

Senator Hardenburger moved to report **SB 411** as amended favorable for passage, seconded by Senator Donovan. The motion carried.

The meeting was adjourned at 11:40 a.m.

The next meeting is scheduled for February 9, 2000.

