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February 21, 2013

Chairman Richard Carlson
House Taxation Committee
State Capitol, Room 582-N
Topeka, KS 66612

Re: H.B.2285

Dear Chairman Carlson and Members of the Committee:

My client, the Board of Riley County Commissioners, unanimously opposes H.B. 2285.

H.B. 2285 is certain to shift the burden of property taxes from large commercial concerns to smaller businesses, residential property owners and agricultural property owners. What is unknown is specifically how large in real dollars that shift will be.

This uncertainty is caused by the fact that it is impossible to predict how much (and which) of their currently assessed "fixtures" those large covered businesses will decide to exclude from taxation as newly exempt personal property. H.B. 2285 has the effect of allowing each such individual big business, rather than county appraisers, to classify real property for assessment purposes.

Because of that giant "unknown," this legislation has the potential to destabilize every county's system of ad valorem assessment and taxation. Counties will be forced to begin building their budgets with a new level of uncertainty about their assessable tax base. That uncertainty will continue each year thereafter, as some individual taxpayers take advantage of H.B. 2285 to one degree or another, and some do not. The most obvious way that some sort of uniformity in these individual taxpayer classifications of real and personal property will be introduced is through litigation between those taxpayers and counties, both before the Court of Tax Appeals and the appellate courts.

On behalf of my client, I submit the current system of ad valorem property tax assessment and its well-settled rules for the classification of real and personal property is not broken. It does not need to be fixed by H.B. 2285. Those rules are well-known to both county appraisers and large commercial property taxpayers.

Passage of H.B. 2285 and its new exemption available to only some taxpayers would force counties to engage in too much guesswork about their assessable property tax base. That is not good for either counties or taxpayers.

Please do not pass H.B. 2285 out of committee.

Sincerely,



Clancy Holeman
Riley County Counselor

cc: Board of Riley County Commissioners
Riley County Appraiser
Representative Sydney Carlin
Representative Vern Swanson
Representative Tom Phillips
Representative Ron Highland