

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:40 a.m. on January 31, 2001, 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: Mark Tallman, Kansas Association of School Boards  
Karl Peterjohn, Kansas Taxpayers Network  
Karen France, Kansas Association of Realtors

Others attending: See attached list.

The minutes of the January 30, 2001, meeting were approved.

Senator Lee moved for the introduction of a conceptual bill concerning the issue of appraisal judgment as recommended in the agricultural land use value study conducted by the National Association of Assessing Officers, seconded by Senator Clark. The motion carried.

**SB 68–Property taxation; concerning the exemption of residential property from school levies.**

**SB 69–Reauthorizing the school district property tax levy.**

Mark Tallman, Kansas Association of School Boards, presented combined testimony on **SB 68** and **SB 69**. He maintained that state funding for education is not adequate for the needs of schools and the children they serve. He then discussed the following points which he felt the Committee should keep in mind: (1) The current levy must be maintained, (2) The trend of underfunding base support for school districts and forcing local boards to make up the difference by raising local option budgets must be reversed, (3) The need for provision of additional state revenue for competitive salaries for school district employees, (4) The adoption of a balanced tax policy at the state level to assure adequate funding for every child in every district, and (5) The extension of the current statewide levy and adopting the Governor's budget proposal for education will not avoid a tax increase. In conclusion, Mr. Tallman called attention to an attachment to his written testimony itemizing four challenges to the quality of the Kansas school system. (Attachment 1)

Karl Peterjohn, Kansas Taxpayers Network, testified in support of **SB 68**. He noted that the \$20,000 homestead exemption on appraised value for the statewide mill levy was an important point in the enactment of tax cutting legislation four years ago and strongly urged that the exemption be retained. He expressed concern that the exemption could lapse because of the sunset provision and urged the Committee to approve extending the exemption permanently. (Attachment 2)

Mr. Peterjohn followed with testimony in opposition to **SB 69**. He noted that the bill would extend the state's existing statewide 20 mill property tax levy into the next two fiscal years and that, with appraisal rapidly growing, this tax is generating a growing amount of revenue each year. The Kansas Taxpayers would like to limit statewide property tax increases, and, where possible, the Network would like to roll back taxes which are particularly burdensome. He noted that, according to federal figures, state taxes in Kansas are higher than in all of the surrounding states. He contended that, if state spending growth could be limited to \$150 million to \$200 million a

year, there would be funds for improving the state's poor position on taxing its citizens. In conclusion, he commented that rolling back the statewide mill levy would benefit all taxpayers. (Attachment 3)

#### CONTINUATION SHEET

Karen Franz, Kansas Association of Realtors (KAR), testified in support of **SB 68**. She noted that it has been KAR's longstanding position that real estate is burdened with an excessive share of the constantly increasing cost of state and local government. KAR believes real estate taxes should be used only to pay for state and local governmental services that are rendered to real estate. She urged that the state work for the restructuring of taxes to relieve the inequitable real property tax burden and at the same time not unfairly shift the tax burden to any tax paying entity. Ms. Franz commented that property ownership is no longer an indication of the ability to pay. She said that the exemption of residential property from the statewide mill levy for schools created a cushion for residential property taxpayers who have the least amount of control over their income. (Attachment 4)

There being no others wishing to testify, the hearings on **SB 68** and **SB 69** were closed.

Senator Clark began a discussion regarding the state's receipt of funds in excess of the previous year's statewide property tax levy. Senator Corbin explained related "truth in taxation" legislation concerning cities and counties which passed during the 2000 Legislative Session. That legislation provided that, any time a local government raises more money than the previous year through property valuation and the mill levy remains the same, the local citizens must be informed from where the excess money came.

Senator Clark moved to conceptually amend **SB 69** to require the legislature to adopt a resolution when the school levy rate produces more revenue than the preceding year and, if such adoption does not occur, to roll back the mill levy, seconded by Senator Pugh.

For clarification purposes, Senator Allen suggested that the revisor prepare the proposed amendment for the Committee's review before voting on the motion to amend **SB 69**. Senator Corbin agreed to hold the vote on Senator Clark's motion as requested by committee members to allow time to review the proposed amendment language.

The meeting was adjourned at 11:20 a.m.

The next meeting is scheduled for February 1, 2001.

