



Patrick Vogelsberg, JD
Vice President of Governmental Affairs
Kansas Association of REALTORS®
3644 SW Burlingame Rd.
Topeka, KS 66611
(785)845-0988 (Cell)
Email: patrick@kansasrealtor.com

To: KAR Government Affairs Committee
KAR Executive Committee
From: Patrick Vogelsberg, VP of Governmental Affairs
Date: May 24th, 2018

Re: 2018 Legislative Session: Final Report

The 2018 Legislative Session was adjourned on May 4th. A recap of the major bills of the session, including those in which KAR was involved follows.

School Finance

The significant issue of the session was school finance. The Legislature passed a \$535 million increase for K-12 public schools, scheduled to be phased in over five years. After the original bill was passed, it was discovered that there was an error that would result in an unintended \$80 million shortfall to schools. Therefore, during the Veto Session, the Legislature passed a trailer bill to fix the error.

The Governor signed each bill into law and the measures are now before the Kansas Supreme Court for review in the ongoing school finance case before them. It has been reported that the plaintiffs in that case have indicated that the increase in funding is not enough, requesting that the Supreme Court again find the financing of public schools in Kansas unconstitutional. If the Court rules in the plaintiffs' favor, the Legislature will likely be called back into a special session. All 125 House seats are up for election this year, and many incumbents would rather spend their summer campaigning and fundraising.

KAR's primary concern with school finance this year was with the potential for a significant property tax increase. In fact, in March KAR testified in opposition to bill that would have increased the state mandated mill levy for schools from 20 mills to 38.43 mills over three years. The result would have been a significant property tax increase on Kansans, estimated to be \$640.5 million. Thankfully, the Legislature listened to the concerns that we shared with the business and agriculture community and did not advance this bill.

For the moment, it is felt that the income tax increase passed during the 2017 session has provided enough revenue that another tax increase will not be necessary. However, if the Kansas Supreme Court should find the new school finance law unconstitutionally inadequate, the Legislature will likely need to explore increased revenue options. Also, if the Court rejects this school financing bill, we expect a resolution to amend the Kansas Constitution to get more attention. A resolution to amend the Kansas Constitution was introduced this year and advanced out of the House Judiciary Committee. The pertinent part would attempt to make clear that it is the Legislature that determines adequacy (total dollar amount) of school funding, but leave open judicial review of equity (fairness in tax burden across the state).

Itemized Deductions

KAR worked hard this year on the issue of the Kansas itemized deductions. Last year, KAR was successful in getting itemized deductions (mortgage interest, property tax, charitable and medical) put back on a path to full restoration by 2020. A critical requirement in Kansas income tax law is that a Kansas tax filer must itemize federally in order to take the state itemized deductions. This requirement was put into place for simplicity for the taxpayer in reporting the amounts and the Kansas Department of Revenue in auditing.

The value of the state level deductions was thrown into jeopardy when federal tax reform passed in December, 2017. A significant part of federal reform was the doubling of the standard deduction. It has been estimated that more than 90% of taxpayers will take the standard deduction on their federal returns. For Kansas taxpayers, the result is the inability to claim the state-level deductions on their Kansas income tax returns, unless, the Legislature amends the law and allows itemization regardless of the federal filing.

Several bills were introduced to do just that during the 2018 session and KAR provided testimony in the House and Senate, in addition to launching an all member call for action at the beginning of April. Ultimately, the necessary provision made its way into a large tax package, Senate Substitute for HB 2228.

S. Sub. for HB 2228 included various provisions regarding income tax, sales tax, and motor fuel tax. In addition to removing the restriction on state-level itemization, the bill would have accelerated restoration of itemized deductions. Current Kansas law allows itemized deductions for medical expenses, mortgage interest, and property taxes paid equivalent to 50% percent of the allowable federal amounts in tax year 2018, 75% in tax year 2019, and 100% beginning in tax year 2020. The bill would have accelerated these deductions to 75% of the federal allowable amount beginning in tax year 2018 and 100% beginning in tax year 2019 (charitable contributions are currently and will remain at 100%).

Throughout the session there seemed to be general consensus to at least allow Kansans to itemize regardless of their federal filing. However, in the last days of the session, concerns were raised regarding the overall fiscal note, specifically with how to treat certain foreign income. Earlier in the session it was felt that certain foreign income, now available to be taxed, could be used as revenue to offset the individual deductions and act as a cash windfall for the state. In the last week of the session, uncertainty on just how to treat the foreign income created hurdles that lawmakers perceived as insurmountable.

S. Sub. for HB 2228 passed the Senate [21-19](#) but failed on the House floor [59-59](#) (needed 63 votes).

In failing to pass this legislation, a significant number of Kansans who previously benefited from income tax relief by itemizing deductions on Kansas returns will no longer be able to do so because they will not itemize at the federal level. Whether intended or not, the result is an income tax increase, specifically on Kansas homeowners who claimed the mortgage interest and property tax deductions in years past.

Some lawmakers felt that the fiscal impact to the state, both positive and negative, was too uncertain to move forward in 2018. Provisions in the tax bill unrelated to itemized deductions were seen as poison pills that lawmakers were unwilling to overlook.

Many legislators feel that 2019 will be the year to restore these deductions after the state has a year to review the implications of federal tax reform passed in late 2017. Regardless, KAR will pursue the restoration of the itemized deductions in 2019 and ask for expedited advancement of a clean bill.

Professional Licensing Restrictions

In recent years, there has been a national push regarding what has been referred to as “ban the box” legislation. Simply, this refers to a box on an employment application asking whether the applicant has ever been convicted of a crime. The concern is that individuals seeking employment with a criminal record, that have presumably paid their debt to society, are summarily denied opportunities by merely checking this box. In banning the use of this inquiry at the initial application, it is hoped that more individuals would be able to demonstrate themselves as hireable, become gainfully employed and reduce the propensity to recidivate. The ban the box movement has taken hold with both social justice advocates and fiscal conservatives.

In Kansas we have seen this legislation, in one form or another, at the Statehouse for the past several sessions. As it relates to REALTORS® the legislation imposed restrictions on criminal history lookbacks for state agencies, such as the Kansas Real Estate Commission. This year legislation was introduced that would have limited KREC’s ability to disqualify applicants for certain crimes after 5 years. KAR’s main concern was that the bill would have arbitrarily restricted KREC’s consideration of all necessary information on an applicant’s criminal history. KREC’s role in public protection requires breadth in review and consideration of an applicant’s background. To our knowledge, KREC has not abused its discretion in denying applications.

KAR provided testimony, raising these concerns. Ultimately the legislation passed the legislature and was signed into law with a KAR requested amendment exempting the Kansas Real Estate Commission from legislation.

Related to this issue are two Executive Orders (EO) issued by Governor Jeff Colyer on May 2nd and May 10th. The first, EO 18-12 ordered all Executive Branch agencies, departments, boards and commission to ensure that applicants for state jobs are not asked about previous criminal history at the initial state of the employment application. It should be noted that this EO does not apply to professional licensing decisions, such as the granting a real estate broker or salesperson license. The second, EO 18-13 would require that agencies which grant certifications or licenses to display on their website the criminal record that would prevent the individual from obtaining a license. The intent of this latter EO is so that individuals with criminal records do not invest time and resources into training if their criminal history will disqualify them from certification or licensure. KREC has stringent criminal history provisions in K.S.A. 58-3043 and it is believed that neither of these EO’s will affect KREC’s current ability under license law to deny licensure for an applicant with a criminal history.

Property Taxes

KAR is always mindful of legislation that would result in a property tax increase. As mentioned, KAR successfully opposed a \$640.5 million property tax increase for public schools. To this point, the extra money for K-12 funding has largely come from the income tax increase of 2017. However, there were several bills introduced this year regarding property tax. Following is a summary of the significant pieces of legislation.

Property tax lid. There were several bills introduced this year and carried over from last year regarding the property tax lid law which requires a public vote on city and county budgets if certain factors are met. While there was no significant interest in repealing this law or adding substantive exemptions to the law, KAR did work with local government representatives on a small exemption. HB 2755 reflected a compromise KAR reached with various local government interests. The bill added an exemption to the property tax lid by allowing for increased revenues without having a public vote when a tax levy increase results from another taxing entity being dissolved and all powers, responsibilities, duties and liabilities of the entity have been transferred to the city or county to carry on the function and responsibilities of the dissolved taxing entity, so long as the levy increase does not exceed the levy of the dissolved taxing entity. This last part was requested by KAR. The net effect on a taxpayer from this situation should be zero. It allows the city or county to simply

continue the mill levy previously imposed by the abolished taxing entity, but allows for efficiencies to be gained and redundancies to be eliminated through consolidation. Unfortunately, this legislation was packaged in the mega tax bill that failed on the House floor on the last day of the session.

Payment under protest. KAR did offer its support to legislation that would have prohibited county treasurers from distributing any property taxes paid by a property taxpayer under protest until an appeal of the property valuation has been completed. The county treasurer would be required to hold those funds aside pending the outcome of the property valuation appeal. This would provide the county with a very strong incentive to work with the property owner to find a mutually agreeable solution earlier in the property tax appeals process rather than dragging out the matter in a protracted valuation appeals process. Furthermore, it prevents local taxing entities from detrimentally relying on faulty valuations, and the associated revenue, when formulating their budgets. While this legislation only applied to residential, KAR did make the suggestion that the Legislature consider expanding the requirement to more classes of property, such as commercial and agricultural.

Counties opposed, arguing that county treasurers did not have mechanisms in place to escrow protested property tax dollars and this would put too much of a burden on their offices. The legislation did not advance this year.

Mansion tax. Introduced this year was House Concurrent Resolution 5024 which was a constitutional amendment that would have imposed an additional 10 mill levy on residential property with a valuation of \$1 million or more. On its face, this is a poor public policy and a significant property tax increase on higher valuation residential property. Significant negative impact could result on the real estate market from arbitrary and punitive treatment of certain residential property based on a hard threshold. Fortunately, KAR did not have a hard time convincing committee leadership to not consider this proposal.

Cost in property tax disputes. HB 2780 was a bill that would have awarded costs to a taxpayer who is successful on appeal, to be paid by the county. While the bill sought to provide relief to an aggrieved taxpayer who incurs costs in a protracted appeal process, as written, the legislation could open the door for frivolous appeals and abuse at the expense of all taxpayers. KAR provided neutral testimony on the bill and provided technical suggestions that would conform this legislation to other prevailing party cost statutes currently on the books. While the bill did not advance this year, the bill did begin the discussion on when, if ever, a county should be required to pay the costs of a taxpayer's appeal when the taxpayer is ultimately successful on appeal.

Valuation and appeals. KAR opposed HB 2367 this year which would have repealed successful 2016 reforms supported by KAR. If enacted, HB 2367 would have allowed county appraisers to (1) force property owners or financial institutions to turn over appraisals conducted for mortgage financing; (2) to use any fee appraisal that took place more than 12 months prior to the beginning of the valuation year; and (3) to turn over individual lease documents.

Prior to 2016, it was common practice for counties to subpoena and obtain an appraisal conducted on a property during the process of obtaining mortgage financing to use against the property owner in a dispute over the property's valuation for property tax purposes. Appraisals conducted on a property to obtain mortgage financing are drastically different than appraisals conducted on a property for the purpose of ad valorem tax valuations. The mortgage financing appraisal establishes a valuation of the property at its fully developed and highest operating capability while the ad valorem appraisal establishes a valuation of the property at its current status.

In addition, prior to 2016, it was common practice for counties to subpoena and obtain appraisals conducted on properties by private appraisers to use against the property owner in property valuation disputes. Appraisals that were conducted on a property more than 12 months prior to a given date typically contain stale information that may not accurately reflect current real estate market conditions or property characteristics. As a result, older appraisals should not be allowed to be used as evidence in a property tax valuation dispute.

Also, prior to 2016, during the property tax appeals process, counties routinely sent interrogatories asking for copies of confidential information on the property, such as individual lease agreements between the property owner and tenants. Revealing the confidential information contained in individual lease agreements can be an undue burden on property owners and exposes this confidential information to public disclosure under an open records request. In the alternative, the property owner should be allowed to respond to an interrogatory request with a certified rent roll, which would include tenant names, tenant spaces, square footages of the tenancies, lease rates and lease term dates. The certified rent roll is sufficient to provide the necessary information to the county without breaking the confidences between the property owner and tenants that would result from the disclosure of the individual lease agreements.

HB 2367 also would have repealed taxpayer protections that prevent abuse following a successful appeal of a property valuation to the BOTA. Current law requires county appraisers to value the property using an independent appraisal prepared by a certified or licensed real estate appraiser. This ensures that an impartial and unbiased party determines the valuation of the property using an individual appraisal of the property and not the computer assisted mass appraisal system that was initially used to produce the previous inaccurate valuation of the property.

Thankfully the House Taxation Committee, at KAR's strong urging, did not advance this bill out of committee.

Sales Tax

In the past, KAR has intervened on legislation that would have imposed a sales tax on services or repealed favorable real estate related sales tax exemptions. The 2018 session did not see advancement of either of these policies. This lack of interest was likely due to increased revenues from the 2017 income tax increase, which seems to have satisfied the Legislature for the time being.

On the other hand, we did see vocal opposition to awarding any additional sales tax exemptions from the House, where it is felt that every additional exemption simply erodes the sales tax base, putting upward pressure on rates. There is a general impression that most lawmakers would like to lower the sales tax rate, particularly on food. It is believed that adding to the extensive exemption list makes lowering rates more difficult. If state revenue continues its upward trend, it is likely that lawmakers will get more serious about lowering the food sales tax rate.

Rebates in Real Estate Transactions

Early in the 2018 session, the issue of rebates in real estate transactions was discussed. This came after the Kansas Real Estate Commission deferred pursuing a regulatory definition of the term "rebate" as it relates to the Kansas Real Estate Brokers' and Salespersons' License Act.

HB 2494 was introduced and heard in the House Commerce, Labor and Economic Development at the request of USAA. HB 2484 amended the law in two ways:

- (1) It defined “rebate” in statute by stating, *““Rebate” means the return of all or part of any commission or compensation paid to a licensee in any transaction that has as its purpose the purchase of real estate at a price different from the price specified in the closing statement.”*
- (2) Further, it amended K.S.A. 58-3062 (a)(3) and (4) by inserting the word “undisclosed.”

See below.

K.S.A. 58-3062 (a)...

- (3) Accept, give or charge any *undisclosed* rebate or undisclosed commission.
- (4) Pay a referral fee to a person who is properly licensed as a broker or salesperson in Kansas or another jurisdiction or who holds a corporate real estate license in another jurisdiction if the licensee knows that the payment of the referral fee will result in the payment of a an *undisclosed* rebate by the Kansas or out-of-state licensee

The KAR Government Affairs Committee decided that the best approach to clarifying the uncertainty on rebates was to define the term “rebate” in statute. Furthermore, KAR supported prior KREC draft regulation 86-3-32.

Draft Regulation (Not adopted)

86-3-32. Rebate; definition. As used in K.S.A. 58-3062 and amendments thereto, "rebate" shall mean the return of all or part of the purchase price of real estate, whether by cash or cash equivalent, that is promised or agreed to by a licensee and a client or customer before closing and is contingent on the transaction closing. "Rebate" shall include the return of all or part of any commission or compensation paid to a licensee and any transaction that results in, or has as its purpose, the purchase of real estate at a price different from the price specified in the closing statement. "Rebate" shall not include any gift given by a licensee to a client or customer that is not promised or agreed to by the licensee and the client or customer in advance. For the purposes of this regulation, "cash equivalent" shall mean gift cards, prepaid credit cards, and any other item with a value equal to a specific amount of money that can be used in the same manner as that for cash.

In February, KREC formally requested a Kansas Attorney General’s opinion the issue of rebates in real estate transactions. That opinion is still pending.

At the legislative hearing, KAR advised the committee that any consideration of this issue was premature until the Attorney General’s Opinion on the matter is issued. Our hope is that the Attorney General’s Opinion will provide guidance to the interested parties and the Legislature as to what changes, if any, are needed to license law.

HB 2494 was not worked in the House Committee and a similar Senate bill, SB 425, did not receive a hearing. It is likely that the issue of rebates will come back up again once the Attorney General’s Opinion is issued.

Abandoned Housing

Once again, KAR testified in support of HB 2506 that dealt with rehabilitation of abandoned property. This comes after KAR supported legislation in 2016, which was ultimately vetoed by Governor Brownback, and legislation in 2017 that failed to advance out of the Senate.

KAR was able to support the abandoned property legislation since 2016, once further protections were put in place for property owners. Our interest to this point has been focused on the legal determination of

“abandonment” and making sure that a property cannot be determined abandoned and thus subject to seizure due to non-occupancy alone. We have promoted the common law approach of a two-prong test where a property owner’s nonuse of the property must be accompanied by outward signs that they intend to relinquish their interest in the property.

HB 2506 accomplished this by requiring three prongs to be met: (1) two years of delinquent property taxes; (2) 15 months unoccupied; and (3) have a blighting influence. These factors would need to be met to the satisfaction of the local district court, not a local governing body or official. Furthermore, provisions regarding notice of intent to retain ownership and redemption were in the bill.

There were opponents to the legislation who primarily argued that there exist private individuals that can rehabilitate this property, much as there are with tax sales.

While HB 2506 did advance out of the House, it failed to be advanced out of the Senate committee that heard it.

Homeowners’ Associations

HB 2629 was legislation introduced this session dealing with homeowner’s associations or common interest communities. This legislation would have subjected HOA’s to the Kansas Consumer Protection Act (KCPA). In addition to giving the Kansas Attorney General the authority to investigate complaints, the original bill also required registration and payment of an annual fee not to exceed \$500 by a HOA subject to the Kansas uniform common interest owners bill of rights act. KAR provided neutral testimony and pointed out that going forward it may be difficult to entice volunteers to serve on a HOA board and that the committee should consider increased liability and cost (insurance) for the HOA in being subject to the KCPA.

An amendment was adopted in committee that struck the provisions subjecting HOA’s to the consumer protection act, lowered the registration fee to \$50, and only subject HOA’s officers and managers to a civil fine, not to exceed \$500, if they *knowingly* violated the current uniform common interest owners bill of rights act.

HB 2629 passed out of committee, but failed to advance on the House floor this session.

Oil and Gas Notice in Real Estate Contract

HB 2727 was a bill which would have required real estate sales contracts to have a notice provision that contains a warning that some properties are subject to leasehold or other rights or interests in oil, gas or mineral resources associated with the property. This legislation was introduced by Rep. Eileen Horn (D-Lawrence) and was inspired by litigation out of Douglas County that was before the Kansas Court of Appeals.

KAR worked with the Kansas Land Title Association, Kansas Independent Oil and Gas Association, and Eastern Kansas Independent Oil and Gas Association in providing feedback to lawmakers about the bill.

KAR did support this legislation conditioned on the adoption of amendatory language that would make clear that such a notice or warning would not create any additional duty to investigate or disclose that does not already exist in law for licensees.

After the hearing, the KAR amendment was adopted and the bill advanced out of committee but failed to be worked on the House floor.

Closing Remarks on the 2018 Legislation Session

In looking back on the session, it was more of what did not happen or failed to be advanced, than what did pass, with the exception of the school finance plan. We would have preferred the itemized deduction issue to be resolved this year, but we are confident that it will be resolved when lawmakers return in 2019. While the 2018 session is complete, there is still the chance that we will see a special session in 2018.

Looking Ahead

The 2018 House elections and Governor's race will have an impact on what issues may or may not be viable in 2019. We expect that tax policy in general will be revisited, with specific focus on responses to federal tax reform. Of course, at the time of this report, it is still unknown what the Supreme Court will do with the 2018 education finance plan.

Bill Tracker

Attached is an updated bill tracker. 2018 was the second year of the legislative biennium. This means that bills that were not killed in 2017 were carried over. However, all bills not signed into law during the 2018 session died. Next year the Legislature will start over with SB 1 and HB 2001.

| SUMMARY OF LEGISLATION | BILL NUMBER | KAR Position | RATIONALE FOR KAR POSITION | BILL STATUS |
|--|-------------------------------|--------------|--|---|
| Senate Tax bill that addresses issues in response to federal tax reform. | Senate Substitute for HB 2228 | Support | <p>This was a large conference committee report relating to income tax, Kansas itemized deduction and expensing deduction, treatment of deferred foreign corporate income and global intangible low-taxed income; Eisenhower foundation donations credit, credit for certain purchases of goods and services for qualified vendors that provide employment to individuals who are blind or severely disabled, credit for residents of certain counties; sales and compensating use tax, countywide retailers' sales tax, rates for certain counties, ballot authority, exemptions for sales of certain coins or bullion and purchases by midland care connection, inc.; property tax, cities and counties, approval of budgets with increased property tax revenues, election requirements; motor-fuel tax law, definitions, special fuels.</p> <p>Most important of these for KAR were provisions allowing Kansans to itemize regardless of federal filing and accelerating the phase-in of itemized deductions to 100% by one year.</p> | Conference Committee Report Agreed to in Conference Passed Senate 21-19 Failed to pass House 59-59 |
| Allowing an individual to itemize deductions in Kansas despite not itemizing on their federal return | HB 2761 | Support | Under current Kansas law, Kansas income tax filers may only take Kansas itemized deductions if they itemize on their federal return. Due to the doubling of the federal standard deduction, very few Kansas taxpayers will benefit from the itemized deductions currently provided. This bill would provide that starting in tax year 2018 and thereafter, an individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction regardless of whether or not such individual's federal taxable income is determined by itemizing deductions from such individual's federal adjusted gross income. | Passed out of committee. Died below the line in the House. Contents put into CCR on S. Sub. for HB 2228 |
| Allowing an individual to itemize deductions in Kansas despite not itemizing on their federal return | SB 453 | Support | Contains the itemized deductions provisions supported by KAR (similar to HB 2761 and HB 2228). Accelerates to 100% deductibility in 2018 which KAR supports. Also contains other unrelated provisions on repatriation, GILTI, expensing, and taxation of certain Regents' retirement plans. | Passed Senate Assessment and Taxation as amended on 4.2.2018. Died on Senate General Orders, below the line. Contents put into CCR on S. Sub. for HB 2228 |
| Relating to the rehabilitation of abandoned property. | HB 2506 | Support | 2018 abandoned property bill. This is legislation that is similar to 2017's SB 31 and HB 2404 , which KAR supported. The bill has been modified to consolidate a definition of abandoned residential real estate. Whereas previous versions had a 2-pronged test for abandonment, this bill has a 3-pronged test. To be considered abandoned, residential real estate would need to (1) be 2 years delinquent on taxes; (2) unoccupied continuously for 15 months; and (3) have a blighting influence. KAR's previous concerns that abandonment could be found on unoccupancy alone were taken care of in 2017 and this bill further strengthens property owner protections. | Passed House 90-32 Died in Senate Ethics, Elections, and Local Government |

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| <p>Adding exemption to public vote requirement for abolished entities.</p> | <p>HB 2755</p> | <p>Support</p> | <p>This is a compromise between KAR and the Kansas Association of Counties on HB 2626. This bill would add an exemption to the lid when an entity is dissolved and the city or county assumes the function and responsibilities of the abolished taxing entity. KAR requested an amendment to make clear that any increase in city or county levy could not exceed the levy of the taxing entity. This exemption serves to eliminate redundant and duplicative programs and services, while encouraging savings and efficiencies through consolidation. Any other amendments or broadening of this exemption will result in KAR opposition.</p> | <p>Passed House 120-3 Referred to Senate Assessment and Taxation Put into a conference committee report for S. Sub. for HB 2228. Passed Senate. Failed in House.</p> |
| <p>Adds sexual orientation and gender identity to the Kansas act against discrimination</p> | <p>HB 2123</p> | <p>Support</p> | <p>The Kansas Act Against Discrimination prohibits any practice or policy of discrimination against individuals in employment, public accommodations or housing. Adds sexual orientation and gender identity to the existing protected classes under the KAAD.</p> | <p>Died in Committee</p> |
| <p>Disclosure of mineral interest in real estate sales contract</p> | <p>HB 2727</p> | <p>Support</p> | <p>It would require real estate sales contracts to have a notice provision warning buyers that some properties are subject to leasehold or other rights or interests in oil, gas or mineral resources associated with the property. KAR will be seeking an amendment to clearly state that a licensee has no duty or obligation to investigate or disclose that does not already exist in law.</p> | <p>Died on House General Orders</p> |
| <p>Requiring property taxes paid under protest on residential property to be escrowed until the appeal is concluded</p> | <p>HB 2584</p> | <p>Support</p> | <p>This was a provision in 2016 property tax reforms supported by KAR that did not ultimately pass in 2016 SB 280. This would provide the county with a very strong incentive to work with the property owner to find a mutually agreeable solution earlier in the property tax appeals process rather than dragging out the matter in an protracted valuation appeals process. Under the current system, it is fundamentally unfair to allow a county to require a property taxpayer to pay under protest while the same county drags out the property tax appeals process, which causes a severe hardship on a taxpayer that is forced to contest an unreasonable property tax valuation.</p> | <p>Died in Committee</p> |
| <p>Restrictions on professional licensure requirements</p> | <p>HB 2386</p> | <p>Monitoring</p> | <p>This bill contains the amended contents of SB 421. Proponents provided amendment to address KAR concerns which would allow KREC unlimited look back on all class A misdemeanors and felonies. This substantially reduces KAR concerns as to many non-person property crimes (theft, forgery, theft of prescription drugs, etc.) start out as class A misdemeanors for first offense and KREC should be able to consider the crime and subsequent reforms efforts on the part of the applicant. Regardless, KAR is requested that the conference committee simply exempt KREC from the provisions of the bill. The KREC exemption was agreed to by the conference committee to be included in the CCR on HB 2386.</p> | <p>Signed into law by Governor on 5.10.2018</p> |
| <p>Constitutional amendment to declare the power to appropriate funding for education is exclusively a legislative power and not subject to judicial review</p> | <p>HCR 5029</p> | <p>Monitoring</p> | <p>This is a proposition to amend section 6 of article 6 of the constitution of the state of Kansas; declaring the power to appropriate state funds for education to be exclusively a legislative power. If passed by a 2/3 majority of the House and Senate, the question would be put to the voters. The intent would be to limit perpetual school finance litigation on the issue of adequacy of school funding.</p> | <p>Passed House Judiciary Died on House General Orders</p> |

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| School Finance Bill (2018) - Amendments to Local Option Budget | HB 2445 | Monitoring | This bill has become the House mega-education bill. After amendment, the significant provision is the increase in the base state aide per pupil over 5-years, estimated to provide over \$500 million in new money to K-12, phased in over the 5-year period. Objectionable from KAR's perspective is an increase from 5% to 10% the number of qualified electors to sign a protest petition in order to put a LOB increase to a public vote. This makes it more difficult for a protest petition to be successful. Based upon conversations with the proponents of the bill, the alternative is repeal of the protest petition completely, leaving it up the school board only as to whether to increase LOB. This bill is an effort to comply with the equity requirements mandated by the Gannon decision. | Passed House 71-53 on 4.3.2018 Most of contents put into SB 423 and passed the Legislature; signed by the Governor; under review by the Kansas Supreme Court. |
| Amending the residential landlord and tenant act to allow termination of rental agreement due to clear and present danger. | HB 2610 | Monitoring | This bill would amend the Kansas Landlord and Tenant Act by allowing the landlord to terminate a residential lease agreement if a tenant has created or maintain a threat constituting a clear and present danger to the health or safety of other tenants. Current KAR Policy is that the Kansas Landlord Tenant Act is an effective statute that fairly balances the rights and responsibilities of landlords and tenants. We continue to believe that the statute is well-written and oppose any attempts to modify the statute by the Kansas Legislature. | Died in Committee |
| Adding HOA's to the Consumer Protection Act | HB 2629 | Neutral | This bill would add HOA's to the Consumer Protection Act. Substantively this gives the AG's office the ability to receive complaints when a member of a HOA believes the HOA board or property manager has violated the Kansas Uniform Common Interest Owner's Bill of Rights. This requires those HOA subject to the Bill of Rights to register with the AG and pay a annual registration fee. KAR was neutral when the Act passed in 2010. KAR will offer testimony, with direction to the committee to review the registration fee amount so that it is not excessive. The committee amended the bill, striking the consumer protection act reference and lowering the registration fee to \$50.00. Rather than being subject to the KCPA, HOA's would be subject to a civil fine of no more than \$500 for knowingly violating the common interest owner's bill of rights. | Failed on House General Orders. Dead. |
| Requiring the county to pay costs associated with certain property tax appeals | HB 2780 | Neutral | This bill would award cost (attorney fees) to a taxpayer who is successful on a BOTA appeals, to be paid by the county. While the bill provides relief to an aggrieved taxpayer who incurs cost in a protracted appeal process, it may need to be modified to prevent a boondoggle for plaintiffs' attorneys and have their cost paid for by taxpayers. KAR offered testimony indicating that BOTA could be given the discretion to award cost and attorney fees. | Died in Committee |
| Restrictions on professional licensure requirements | SB 421 | Opposed as originally introduced | This bill would put certain restrictions on what professional licensing bodies could require for licensure. KAR is concerned that this bill will unnecessarily restrict KREC's ability to consider all criminal history information when determining whether to grant an applicant a license. Proponents provided amendment to address KAR concerns which would allow KREC unlimited look back on all class A misdemeanors and felonies. This substantially reduces KAR concerns as to many non-person property crimes (theft, forgery, theft of prescription drugs, etc.) which start out as class A misdemeanors for first offense. KREC should be able to consider the crime and subsequent reforms efforts on the part of the applicant. | Contents amended and put into HB 2386 |
| Adding exemption to tax lid | SB 400 | Opposed | SB 400 is a mirror to HB 2626. For the same reasons, KAR is opposed. The bill does not reflect the compromise of HB 2755. | Died in Committee after hearing. |

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| Allowing for "Disclosed" "Rebates" in real estate transactions | SB 435 | Opposed | This is largely a bill similar to HB 2494 in legalizing disclosed rebates. SB 435 definition mirrors the draft regulation defining "rebate" that was proposed by KREC. The bill also specifies the timing and manner of the disclosure in either the purchase agreement or listing agreement or addenda thereto. KAR remains opposed. The AG's Opinion on the question of rebates is outstanding and the Legislature should wait for the opinion. Further, the bill does not address concerns regarding out of state licensees providing rebates and their lack of accountability to Kansas law. | Died in Committee |
| Increasing the statewide property tax levy for schools | HB 2740 | Opposed | This bill would increase the statewide mill levy 6-MILLS each year for 3 years until it reaches 38.43 mills. This is close to a \$600 million property tax increase. It should also be noted that there is no accompanying reduction in local tax authority. This would mean that the average school district would have a mill levy of 68.43 mills. KAR opposed. | Died in Committee after hearing. |
| Enacting the Fire Sprinkler Industry Act | HB 2741 | Opposed | This bill would create a licensing requirement for those engaged in the fire sprinkler industry business. Allows the state fire marshal to adopt rules and regulations imposing minimum standards of installation for the fire sprinkler industry including compliance with codes. This bill would significantly expand rule and regulation authority of the fire marshal, to the extent that statewide building codes could be enacted, including the extremely expensive mandate of fire sprinklers in residential property. | Died in Committee after hearing. |
| Allowing for "Disclosed" "Rebates" in real estate transactions | HB 2494 | Opposed | This bill would define the term "rebate" which is currently undefined in state statute as it pertains to real estate transactions in KREBSLA. KAR supports defining the term "rebate" in statute. However, the bill would distinguish between undisclosed and disclosed rebates. Undisclosed rebates would continue to be prohibited, whereas rebates disclosed would now be permitted in Kansas. A request for an Attorney General's Opinion is pending and KAR is asking the committee to defer until that opinion is issued. | Died in Committee after hearing. |
| Proposition to amend article 11 of the constitution of the state of Kansas by adding a new section thereto, concerning the taxation of certain residential property | HCR 5024 | Opposed | This resolution, if passed, would put a constitutional question to the voters on amending the Kansas Constitution and imposing a 10 mill tax rate on residential property with an appraised value of \$1 million or more. Though KAR certainly supports having revenue increases put to a public vote, a provision such as this sets a dangerous precedent. The chilling effect on the housing market and its impact down market would cause concern. Further, it is mean spirited to impose a punitive property tax simply on a valuation exceeding a certain level that will act as a punishing cliff to be avoided. | Died in Committee |
| Adding Exemption to the Property Tax Public Vote Requirement | HB 2626 | Oppose | Would add an exemption to the public vote requirement to allow for tax levy increases as a result of another taxing entity being dissolved and all powers, responsibilities, duties and liabilities of the entity have been transferred to the city or county to carry on the function and responsibilities of the dissolved taxing entity. Increases in revenue from property taxes should be put to the public for a vote. The existing 15 exemptions provide adequate cushion for counties and cities to accommodate the dissolution of small political subdivisions. | Died in Committee after hearing. |

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| Relating to fire sprinklers | SB 298 | Oppose | This bill would repeal the law that KAR supported in enacting in 2011 which prohibits cities and counties from passing ordinances that mandate the installation of fire sprinklers in a "residential structure" (single-family dwelling or multi-family dwelling of two attached living units or less or a manufactured home). The current law also prohibits a municipality from conditioning a plat or building permit on installation of fire sprinklers. The current law protects against arbitrarily increasing the price of residential structures by mandating the installation of these costly systems. KAR is strongly opposed. | Died in Committee |
| Relating to local government occupational licensing | SB 76 | Opposed | Bill was amended in Senate Federal and State Affairs to remove all provisions except those allowing for waiver of professional licensing fees for military veterans, military family, and low income. The concern is that this bill could unduly burden KREC resources and possibly weaken Kansas licensing standards for certain individuals. | Died in Committee after being referred to Senate Fed. and State |
| Adding Exemption to the Property Tax Public Vote Requirement | HB 2620 | Opposed | The bill would add an exemption for mental health services and services for the intellectually and developmentally disabled community. Increases in revenue above the rate of inflation and existing 15 exemptions should be put to a public vote. | Died in Committee |
| Allows local school board to eliminate the exemption for \$20,000 of appraised value for residential property tax | HB 2078 | Oppose | Has the potential to raise property taxes in any school district by \$46 on residential property unless a protest petition is passed and the question is put on the ballot. | Died in Committee after hearing. |
| Repealing the ability of Kansans to vote on property tax increases. | HB 2082 | Oppose | Repeals property tax vote requirement passed in 2016. | Died in Committee |
| Allows technical colleges to levy a property tax | HB 2204 | Oppose | KAR opposes property tax increases and this would increase the tax burden on Kansas property owners without providing them the right to vote on the increase. | Died in Committee |
| Property tax levy for the Kansas Educational Building Fund | HB 2227 | Oppose | Increases property taxes for Regent schools' buildings. Would increase the state mill levy on property from 1 mill to 5 mills and use the funds for the Kansas educational building fund. | Died in Committee |
| Relating to valuation for property taxes | HB 2367 | Oppose | Repeals reforms supported by KAR in 2016 that would prohibit a county appraiser from requesting certain documents from the taxpayer, such as fee appraisals conducted by the taxpayer or documents detailing individual lease agreements. Also repeals certain post appeal protections for the taxpayer. | Died in Committee after hearing. |
| Repeals the election requirement for the property tax vote requirement | HB 2376 | Oppose | Would repeal the election requirement of the property tax vote law and replace it with a protest petition process requiring 10% of the electorate to sign a petition before the question of increasing property taxes is put on the ballot. Successful protest petitions are rare due to the overwhelming burden it puts on taxpayers. 10% is extremely high. Typical protest petitions are around 5%. | Died in Committee after hearing. |
| Imposing sales tax on certain services | HB 2384 | Oppose | Would tax certain <u>personal</u> services. Not "professional services." Personal services would include tow trucks, private investigators, private security, barbers and hairstylist, spas, pet services, parking services, etc. Does include security system monitoring services, non-residential cleaning and self-storage. Larger concern is that this is the "camel nose under the tent" on sales tax on services and one day be the jumping off point for sales tax on professional services. | Died in Committee |

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| Sales tax authority for Marion County; imposing sales tax on certain services. | HB 2380 | Oppose | Floor amendment in 2017 put the contents of HB 2384 into HB 2380. | Passed House. Hearing completed in Senate. In Senate Assessment and Taxation. Died in Senate Committee |
| Changing appraisal standards. Would allow for appraisers the option to comply with Appraisal Institute standards. | HB 2414 | Oppose | NAR believes that appraisal standards should be uniform across the United States and territories, and does not support efforts to dilute the Uniform Standards of Professional Appraisal Practice (USPAP) or layer on additional sets of valuation standards. REALTOR® appraisers have been speaking out in their states against these efforts. | Died in Committee after hearing. |
| Adds "employee benefits" to the exemption list under the public vote requirement on property taxes. | HB 2424 | Oppose | Adds "employee benefits" to the exemption list under the public vote requirement on property taxes. This only waters down the effectiveness of the law. | Passed House Taxation. Died below the line House. |
| Repealing certain sales tax exemptions | HB 2428 | Oppose | This bill would sunset most current sales tax exemptions in 2020: including residential utilities and construction labor. Would increase the cost on homeowners and the cost of new home construction. | Died in Committee |