

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Representative Jim Braden at
Chairperson

9:00 a.m./~~p.m.~~ on January 31, 1983 in room 519S of the Capitol.

All members were present except: Representatives Turnquist and Ott who were excused.

Committee staff present:

Wayne Morris, Research Department
Tom Severn, Research Department
Don Hayward, Revisor of Statutes' Office
Nancy Wolff, Secretary to the Committee

Conferees appearing before the committee:

Ernie Mosher, League of Kansas Municipalities
Dale Dennis, Kansas Department of Education
John Koepke, Kansas Association of School Boards

The meeting was called to order by the Chairman.

Hearings were held on HB 2054 which requires that county clerks add the tax value of motor vehicles to the amount of assessed tangible valuation of personal property for the purpose of preparing budgets and determining the tax lid.

Ernie Mosher, League of Kansas Municipalities appeared to give testimony as to the need for HB 2054 and to restate the support of the League for this legislation. (Attachment I)

Hearings were then held on HB 2124 which exempts all motor vehicles owned by political subdivisions from taxation, if the subdivision is exempt from property taxes under K.S.A. Chapter 79, Article 2.

Dale Dennis, Kansas Department of Education, appeared to clarify the need for HB 2124. The 1982 Legislature enacted HB 2786 which was intended to clarify that the motor vehicle tax shall not apply to any political subdivision of the state. The Board of Tax Appeals has ruled, however, that the 1982 legislation did not apply to school districts. This bill would clarify that vehicles that were exempt from the former personal property tax on motor vehicles are also to be exempt from the new motor vehicle tax.

Don Hayward of staff presented an amendment to the bill which would clarify the language as currently stated in the bill. (Attachment II) Representative V. Miller moved to amend HB 2124 according to the clarification language and Representative Wunsch seconded the motion. Motor carried.

Representative V. Miller made a motion that HB 2124 be recommended favorably for passage as amended and Representative Rolfs seconded the motion. Motion carried.

Committee discussion was held on HB 2047 regarding tax situs for motor vehicles. Representative Rolfs moved to amend the bill to eliminate the requirement for an affidavit and also to provide that the tax can be recomputed on the original registration form. Representative Erne seconded the motion. Motion carried.

Representative Rolfs made a motion to recommend HB 2047 favorably for passage as amended and Representative Roe seconded the motion. Motion carried.

The meeting was adjourned.

Statement on HB 2054--Valuation of Motor Vehicles
for Tax Lid Computations

To House Committee on Assessment and Taxation
By E.A. Mosher, Executive Director, League of Kansas Municipalities
January 31, 1983

The League supports the passage of HB 2054.

When the 1979 Legislature passed the law providing for the levying of special taxes on most motor vehicles, the problem occurred as how to handle the substantial loss of assessed valuation which resulted from the exemption of such vehicles from the general property tax. For a reason unbeknownst to me, one method was established for making computations under the tax lid law and another for determining local debt limits based on assessed valuation. The substance of the bill is to use the existing debt limit system for both processes.

The present law provides for the permanent, future use of what is known as "the 1980 percentage factor." This percentage factor (originally based on estimates with insufficient data), is the percentage that motor vehicles previously on the assessment rolls constituted of all other personal property on the assessment rolls in 1980. It is applied to all other personal property to obtain an amount for tax lid growth. It envisions that a relationship between unrelated property will continue. Frankly, it is beyond my comprehension as to how we can continue to use the 1980 percentage factor when farm machinery and business aircraft is exempt, or if other exemptions occur in the future, or if other changes occur in the method of assessing personal property.

Beyond this, of course, is what the existing percentage factor method is doing to some units, particularly smaller cities, where the assessed valuation of motor vehicles once constituted 15 to 20 percent of the total assessed valuation of the entire city, and a much, much higher percentage of all other personal property. If you do not have much other personal property, and some cities don't, then you don't have much tax lid growth. Indeed, I suspect some cities are going backwards in their tax lid authority, even though there has been a substantial growth in the valuation of motor vehicles, since the valuation of other personal property is actually declining. Incidentally, as you will note on lines 61 through 68, the bill does not repeal the deduction of the actual amount of special vehicle taxes received from the tax lid authority amount.

To our best knowledge, the bill does not give any city or county a special tax lid break that it would not have had if we had never exempted motor vehicles, and it provides a more accurate, current and understandable system, using information otherwise available.

79-5112. Adjustment for increased valuation of personal property for preparing budgets and determining aggregate limitation upon levy of taxes. For the purpose of preparing budgets and determining the limitation upon the levy of taxes by taxing subdivisions for purposes subject to limitations prescribed by article 50 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, the county clerk and the budget officials of the several taxing subdivisions, in computing an adjustment for increased valuation of personal property, shall in the year 1980 multiply the valuation of motor vehicles subject to taxation under the provisions of this act in each of the taxing subdivisions in such year by thirty percent (30%), and then add the product thereof to the 1980 equalized assessed tangible valuation of personal property subject to ad valorem taxation in each such taxing subdivision. The result shall constitute the adjusted equalized assessed tangible valuation of personal property of each such taxing subdivision in the year 1980. In computing an adjustment for increased valuation of personal property in the year 1981 and in each year thereafter, the county clerk and the budget officials of the several taxing subdivisions shall divide the 1980 equalized assessed tangible valuation of personal property subject to ad valorem taxation of each of the various taxing subdivisions by the 1980 adjusted equalized assessed tangible valuation of personal property of each such taxing subdivision to determine a "percentage factor" for each taxing subdivision in the year 1980. In the year 1981 and in each year thereafter the county clerk and the budget officials of the several taxing subdivisions shall divide the actual equalized assessed tangible valuation of personal property of each taxing subdivision in the current year by the 1980 "percentage factor" for each taxing subdivision. The result shall constitute the adjusted equalized assessed tangible valuation of each taxing subdivision in the current year. The adjusted equalized assessed tangible valuation of personal property shall be utilized from year to year to compute the aggregate amount of ad valorem taxes which each taxing subdivision is authorized to levy for all purposes subject to the limitations prescribed by article 50 of chapter 79 of the Kansas Statutes Annotated. The county clerk and the budget officials of the several taxing subdivisions shall then subtract the estimated amount of moneys which will be apportioned to those funds within the aggregate limitation in the succeeding year in accordance with K.S.A. 1979 Supp. 79-5111 from such aggregate amount for each taxing subdivision computed for the current year or from such aggregate amount for the year 1979, whichever is greater. The result shall be the adjusted aggregate amount which each such taxing subdivision shall be authorized or permitted to levy for all purposes subject to the limitations prescribed by article 50 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, in such year.

History: L. 1979, ch. 309, § 12; Jan. 1, 1980.

79-5113. Determination of equalized tangible valuation of taxing subdivision for computation of limitation on bonded indebtedness and other purposes. Motor vehicles subject to taxation under the provisions of this act shall be valued in the year 1980 as provided in subsection (b) of K.S.A. 1979 Supp. 79-5102, but such vehicles shall not be placed on the tax roll for taxation purposes. The assessed tangible valuation of such vehicles in the year 1980 shall be added to the equalized assessed tangible valuation on the tax rolls of each taxing subdivision on November 1, 1980, and the resulting total shall constitute the 1980 equalized tangible valuation of the taxing subdivision for the computation of limitations upon bonded indebtedness and for all other purposes except the levying of taxes and the computation of limitations thereon. In the year 1981 and each year thereafter the county clerk shall add the taxable value of each motor vehicle as shown on the application for registration, or as otherwise established in the manner prescribed by K.S.A. 1979 Supp. 79-5105 for the purpose of computing the tax upon such motor vehicle, to the equalized assessed tangible valuation on the tax roll of each taxing subdivision in which such motor vehicle has acquired a tax situs, and the resulting total shall constitute the equalized assessed tangible valuation of the taxing subdivision for the computation of limitations upon bonded indebtedness and for all other purposes except the levying of taxes and the computation of limitations thereon.

History: L. 1979, ch. 309, § 13; Jan. 1, 1980.

Proposed amendment to HB 2124

In line 40, by striking all after "vehicles"; in line 41, by striking all before "which"; in line 43, by striking "article 2 of chapter 79 of"; in line 44, by striking ", and amendments thereto" and inserting "or the Kansas constitution";