

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen, Vice Chairman at
Chairperson

11:00 a.m./p.m. on February 18, 1983 in room 526-S of the Capitol.

All members were present except: Senator Angell (Excused)
Senator Burke (Excused)
Senator Johnston (Excused)
Senator Montgomery (Excused)

Committee staff present:
Wayne Morris, Research Dept.
Tom Severn, Research Dept.
Don Hayward, Revisor's Office

Conferees appearing before the committee: Shirley Brown, Horseless Carriage Club
Roland Reichert, antique car collector, Topeka

The Vice Chairman recognized Bill Edds, Department of Revenue, who requested legislation be introduced to authorize debt collection firms to collect out-of-state residents' delinquent taxes for the Department. The Department has no authority to go out of state now to collect these taxes. The debt collection firms would take their fee out of what is collected.

Senator Allen moved and Senator Ehrlich seconded a motion to introduce the proposed legislation. The motion passed.

The committee considered SB 144 which extends the solar energy income tax credit. Senator Kerr made a motion to adopt an amendment he was proposing. After discussion, it was decided to delete the word "wholly" from the amendment, before the word "designed". Senator Kerr made a substitute motion to amend SB 144 on Page 5, Line 178, after the period by inserting "No such certification shall be required of any solar collector designed and fabricated on the site of the dwelling and the active solar system in which such collectors are incorporated shall be eligible for the solar energy system income tax credit, if such system otherwise qualifies for such credit." Senator Ehrlich seconded the motion and the motion passed. Senator Chaney moved and Senator Allen seconded a motion to report SB 144 favorably for passage as amended. The motion passed.

The Vice Chairman recognized Senator Ehrlich, sponsor of SB 166, legislation to correct inequities in the valuation and collection of motor vehicle taxes.

Appearing in support of SB 166 were:

Shirley Brown, representing the Horseless Carriage Club, told the committee the present tax was excessive and unfair on the collectors of old cars. She said that other hobbyists or collectors of stamps, coins, antique furniture, etc. are not taxed as personal property. (See Attachments #1 and #2)

Roland Reichert, Topeka car collector, also noted that other collectables are not taxed as cars are and said excessive taxes may put them out of the car collection business.

Alan Alderson, Department of Revenue, appeared in opposition to SB 166 in its present form and said the new language is complicated and they would have difficulty determining valuation for these old vehicles. His suggestion was to amend the bill by striking the provisions and substituting in lieu thereof, KSA 79-5105. (See Attachment #3)

Senator Ehrlich moved and Senator Hayden seconded the motion to strike the provisions of SB 166 and substitute in lieu thereof an amendment to KSA 79-5105, to provide for the minimum tax of \$12.00 on vehicles ten years old or older. The motion passed. Senator Ehrlich moved and Senator Mulich seconded a motion to recommend SB 166 as amended favorable for passage. The motion passed.

Tom Severn and Wayne Morris briefed the committee on the principal features of the 1983 severance tax bills, Chart #1, and the estimated oil and gas property taxes in Kansas, Chart #2. (Attachments #4 and #5)

The Vice Chairman adjourned the meeting at noon. The next meeting of the committee will be held at 11:00 a.m. Monday, February 21, in the Supreme Court Room.

SB-166

February 15, 1983

Gentlemen:

I am Joe Zacher, I live in Prairie Village, Kansas, and I am an "old-car" hobbyist and have been for twenty-five years.

I feel that the excessive personal property taxes we are forced to pay on these old cars is discriminatory in that other hobbyists are not required to pay personal property taxes on their collectibles.

I am sure that many of you on the Committee are hobbyists or collectors of baseball cards, stamps, coins, or antique furniture, and as you know, none of these items are taxed as personal property!

Most of us buy old cheap rusted-out cars that we feel should be preserved for that era in the history of our country. Through much personal output of labor and expense, we preserve these cars for our own and public pleasure. We are not car dealers who buy and sell constantly, and most of these cars are kept by the owners for many years.

We do not object to paying a fair DEPRECIATED VALUE personal property tax on these cars, but we do object to paying a tax that is based on a grossly inflated value.

This year I paid \$102.64 personal property tax on my 1949 Packard, and I drive it about 600 miles a year. On my everyday work car, a 1970 Oldsmobile, driven over 15,000 miles yearly, I paid \$12.00 personal property tax.

Joe Zacher
5305 W. 81st
Prairie Village,
Kansas, 66208

Atch. 1

We feel that the present taxation rate on the 1949 through approximately 1970 cars is excessive and unfair. Collectors and owners in any other hobby that you can think of, such as guns, coins, glassware, furniture, etc., are not taxed at all because the State has no paperwork on these items. Many of these older cars are in the hands of collectors and members of antique auto clubs and see only very limited actual highway usage. Most owners of these cars are not involved in the old car hobby as a money-making venture, but for the love of driving and restoring the old cars, the pride of ownership, plus the fellowship involved with other owners mainly through the clubs of the old car hobby. We are hobby oriented people!

Even the owners of the small amount of these older cars that are used daily and as their prime source of transportation should not be penalized by excessive taxation because they have chosen to retain an older car.

The present method of using prices from the "Old Cars Price Guide" reflects prices that we feel are inflated auction prices, which include a substantial percentage of the selling price for the auction firm. Many of the people buying and selling cars at these auctions are big businessmen that have little or no interest in the cars for the cars themselves. The length of ownership will probably be so short that they will not have to worry about personal property taxes. Many of these buyers and sellers are no doubt operating within a dealer environment.

Atch. 2

We feel that the car hobbyists in Johnson County are being discriminated against, compared to the car hobbyists in other Kansas counties, due to the fact that Johnson County is using the Class 4 category out of the "Old Cars Price Guide" when some other Kansas counties are not using the "Old Cars Price Guide", and have not increased the personal property tax substantially like Johnson County.

In conclusion, since these cars are used mainly for tours and car shows, very few miles are accumulated. They are usually driven on secondary roads, thus not using the highway tax dollars to any great degree.

Thank you for your consideration on this matter.

Ron Rockel
Gardner, Ks.

MOTOR VEHICLES

79-5105

the classification of motor vehicles by such appraiser in the year 1980 as provided in subsection (c) of K.S.A. 1982 Supp. 79-5102. Such classification shall be used in computing the tax imposed upon such motor vehicles in the year of their first registration or transfer and each year thereafter.

(d) The county appraiser shall classify all motor vehicles, the model year of which is 1981 or thereafter, in accordance with the schedules provided by the secretary of revenue for such purpose under the provisions of subsection (a) of this section. Such classification shall be used in computing the tax imposed upon such motor vehicles in the year of registration or transfer and each year thereafter.

(e) The county appraiser shall classify all specially constructed motor vehicles, the model year of which is 1981 or thereafter, upon the basis of the comparable value determined by such appraiser under the provisions of subsection (a) of this section. Such classification shall be within the classes prescribed by K.S.A. 1982 Supp. 79-5104 and shall be used in computing the tax imposed upon the specially constructed motor vehicle in the year of its registration or transfer and each year thereafter.

History: L. 1979, ch. 309, § 3; Jan. 1, 1980.

79-5104. Classification schedule. All motor vehicles subject to taxation under the provisions of this act shall be classified according to the following schedule:

Class 1	.....	\$0- \$749
Class 2	.....	750- 1,499
Class 3	.....	1,500- 2,249
Class 4	.....	2,250- 2,999
Class 5	.....	3,000- 3,749
Class 6	.....	3,750- 4,499
Class 7	.....	4,500- 5,249
Class 8	.....	5,250- 5,999
Class 9	.....	6,000- 6,999
Class 10	.....	7,000- 7,999
Class 11	.....	8,000- 8,999
Class 12	.....	9,000- 9,999
Class 13	.....	10,000-10,999
Class 14	.....	11,000-11,999
Class 15	.....	12,000-12,999
Class 16	.....	13,000-13,999
Class 17	.....	14,000-15,999
Class 18	.....	16,000-17,999
Class 19	.....	18,000-19,999
Class 20	.....	20,000 and over

History: L. 1979, ch. 309, § 4; Jan. 1, 1980.

79-5105. Imposition of tax; amount;

computation; minimum tax. From and after January 1, 1981, a tax is hereby levied upon every motor vehicle, as the same is defined by K.S.A. 1982 Supp. 79-5101, in an amount which shall be determined in the manner hereinafter prescribed, except that: (1) In no case shall the tax on any motorcycle be less than six dollars and the tax on any other motor vehicle be less than twelve dollars; and (2) the tax on each antique motor vehicle registered under the provisions of K.S.A. 8-166 et seq., and amendments thereto, shall be in the amount of twelve dollars. The amount of such tax on a motor vehicle shall be computed by (a) determining the amount representing the midpoint of the values included within the class in which such motor vehicle is classified under K.S.A. 1982 Supp. 79-5102 or 79-5103, except that the midpoint of class 20 shall be twenty-one thousand dollars plus two thousand dollars for each two thousand dollars or portion thereof by which the trade-in value of the vehicle exceeds twenty-two thousand dollars, and, if the model year of the motor vehicle is a year other than the year for which the tax is levied, by reducing such midpoint amount by an amount equal to sixteen percent of: (1) The remaining balance for each year of difference between the model year of the motor vehicle and the year for which the tax is levied if the model year of the motor vehicle is 1981 or a later year or (2) the remaining balance for each year of difference between the year 1980 and the year for which the tax is levied if the model year of the motor vehicle is 1980 or any year prior thereto;

(b) multiply the amount determined under (a) by thirty percent (which shall constitute the taxable value of the motor vehicle); and

(c) multiply the taxable value of the motor vehicle produced under (b) above by the county average tax rate for the next preceding tax year.

The "county average tax rate" for a county means the total amount of general property taxes levied within the county by the state, county and all other taxing subdivisions levying such taxes within such county divided by the total assessed tangible valuation of property within such county as of November 1 of such year as certified by the secretary of revenue.

History: L. 1979, ch. 309, § 5; L. 1980, ch. 325, § 3; April 30.

Added to list
non (by or C) non "antique"

Atch. 3

COMPARISON OF PRINCIPAL FEATURES OF 1983 SEVERANCE TAX BILLS

Bill No(s).	S.B. 171	H.B. 2323	H.B. 2172 & 2173	S.B. 67 & 68	S.B. 267
Principal Sponsor	Hein	Holderman	Weaver	Steineger	Senate A & T
Oil Production	5%	7%	7%	7%	7.5%
Gas Production	5%	7%	7%	7%	7.5%
Liquids Processing	none	none	4%	4%	none
Property Tax Credit	80%	100%	none	none	100%
Royalty Interests	taxable	taxable	exempt	exempt	exempt, but limited to 1/8
Exemptions, Oil	1 BOD 2 BOD/2,000' 3 BOD/3,000'	1 BOD 2 BOD/2,000'	1 BOD 2 BOD/2,000'	1 BOD 2 BOD/2,000'	1 BOD 2 BOD/2,000'
Exemptions, Gas	30 m.c.f.	30 m.c.f.	30 m.c.f.	60 m.c.f.	60 m.c.f.

Annualized Net Liabilities*

(millions)

Net Revenue, Oil	\$ 47.3	\$ 75.0	\$ 129.3	\$ 129.3	\$ 78.6
Net Revenue, Gas	--	4.4	36.5	34.7	7.1
Production Tax	\$ 47.3	\$ 79.4	\$ 165.8	\$ 164.0	\$ 85.8
Processing Tax to (SGF)	--	--	\$ 27.2	\$ 27.2	--
TOTAL	\$ 47.3	\$ 79.4	\$ 193.0	\$ 191.2	\$ 85.8

Distribution of Production Tax

SGF	100.0%	95.0%	95.0%	95.0%	82.5%
Counties, USD's	--	5.0%	5.0%	5.0%	7.5%
Trust Fund	--	--	--	--	10.0%

Receipts Distributed to:

SGF	\$ 47.3	\$ 75.4	\$ 184.7	\$ 183.0	\$ 70.8
Counties, USD's	--	4.0	8.3	8.2	6.4
Trust Fund	--	--	--	--	8.6
TOTAL	\$ 47.3	\$ 79.4	\$ 193.0	\$ 191.2	\$ 85.8

* Based on consensus estimates dated December 2, 1982. Actual FY 1984 receipts are estimated to be 75% of full year liabilities.

Kansas Legislative Research Department
February 17, 1983

Estimated Oil and Gas Property Taxes in Kansas
(\$000)

Tax Year	Estimated Oil Property Taxes					Estimated Gas Property Taxes					Total Oil and Gas Property Taxes
	Average Mill Levy	Working Interests	Royalty Interests	Total Oil	Tax as Percentage of Prior Year's Production Value ¹	Average Mill Levy	Working Interests	Royalty Interests	Total Gas	Tax as Percentage of Prior Year's Production Value ¹	
1981	70.7 Mills	\$59,185	\$12,131	\$71,316	3.38%	46.3 Mills	\$27,643	\$5,084	\$32,727	5.31%	\$104,043
1982	69.5 Mills	\$65,359	\$14,097	\$79,456	3.45%	47.6 Mills	\$32,221	\$5,792	\$38,013	6.11%	\$117,469

1) Production values as estimated by the Kansas Geological Survey, as follows:

	1980 Value (\$000)	1981 Value (\$000)
Oil	\$2,108,805	\$2,303,357
Gas	616,639	622,106
TOTAL	\$2,725,444	\$2,925,463