

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m. ~~XXX~~ on Tuesday, March 26, 1985 in room 519-S of the Capitol.

All members were present ~~XXXX~~.

Committee staff present:

Tom Severn, Research Department
Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Representative Ed Rolfs
Ray Boyd, Building Supply Center, Holton
Frances Kastner, Kansas Food Dealers' Association
Alan F. Alderson, Western Retail Implement and Hardware Association
David Litwin, Kansas Chamber of Commerce and Industry
William T. Abbott, Boeing
Vic Miller, Property Valuation Division, Department of Revenue

H.B. 2159 - Income tax credit for inventory property taxes

Representative Ed Rolfs explained that the bill provides for a refund for merchants, manufacturers and livestock inventories of 20% the first year and 33 1/3% thereafter. He said the total cost for the first two years would be approximately 47 million dollars. H.B. 2159 is tied to H.B. 2512 which increases the cigarette tax by 8¢. He answered questions from Committee members. Representative Rolfs commented that the House passed amendments to lower the percentages because of under-funding in the out years. He pointed out that completely eliminating inventory taxes would have twice the impact in tax shifts as the farm machinery exemption. He said that H.B. 2159 is a step towards classification with the expectation that any classification resolution will exempt inventory taxes. Representative Rolfs explained that the bill would have no effect on local units of government but would simply be a rebate back to the local taxpayer from the state general fund. He said that the cigarette tax (H.B. 2512) contains no sunset; the idea being that the additional revenues will be required with implementation of classification. He does not feel that the 8¢ increase would make Kansas out of line with neighboring states on total taxes on cigarettes.

Ray Boyd read his written testimony (Attachment 1). He discussed inequities in the inventory tax. He advocates total exemption of the inventory tax and a constitutional amendment providing for a point of sale tax for all inventory taxes as well as automobile and truck dealers. Mr. Boyd suggests a half-cent increase in the sales tax to make up the revenue loss.

Frances Kastner read her testimony (Attachment 2) in support of H.B. 2159.

Alan Alderson read his statement (Attachment 3) in support of the bill. Mr. Alderson said the only relief that has been provided for the inventory tax problem has been the cooperation of county appraisers and county commissioners. But because of a recent order of the Board of Tax Appeals (Attachment 3), the implement dealers will be in an even worse position. Mr. Alderson said that the order is being interpreted, in some cases, to apply only to implement dealers. He said that even the relief which H.B. 2159 would provide probably will not offset the forthcoming increases. Mr. Alderson cited factors which make the inventory tax particularly oppressive. He expressed concerns about the inclusion of consigned property and about the enforcement of the Board's order at the local level. Mr. Alderson pointed out that many manufacturers are giving discounts but the property is still valued at full price for tax purposes.

David Litwin read his statement (Attachment 4) in support of the bill. He discussed objections to the inventory tax: unsound in theory, unfair,

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m. ~~XXX~~ on Tuesday, March 26, 1985.

regressive and has negative impact on other revenue sources and on economic development. Chairman Kerr asked what alternative KCCI supports to make up the revenue loss which H.B. 2159 would cause. Mr. Litwin answered that they would support a sales tax or income tax increase.

William Abbott read his testimony (Attachment 5) in support of the bill. He, too, discussed inequities in the inventory tax and said an increase in sales or income taxes would be preferable.

Testimony of Marian Warriner, League of Women Voters of Kansas, (Attachment 6) in opposition to H.B. 2159 was distributed to the Committee.

Vic Miller explained the background of the order of the Board of Tax Appeals. He said the order applies to all inventory taxes not just those of implement dealers. Mr. Miller advised that values for merchants inventories are rolled back 40% before the 30% assessment ratio is used. He cited K.S.A. 79-1001b which includes consigned items in the definition of inventories.

Senator Mulich moved that the minutes of the March 25, 1985 meeting be approved. Senator Karr seconded the motion, and the motion carried.

Meeting adjourned.



BUILDING SUPPLY CENTER

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HOLTON, KS 66436

(913) 364-4104

P.O. Box 1006

March 26, 1985

Senate Assessment and Taxation Committee:

Mr. Chairman and Members of the Committee:

I am Ray Boyd from Holton, Kansas, representing Building Supply Center. On two occasions before the House Committee I have, along with others, testified to the need of total exemption of the inventory tax as it applies to merchants, manufacturers and livestock. This tax is not equally applied to all such tax payers which is a right under the constitution of Kansas. I find it hard to believe that legislative frigidness has allowed approval of House Bill 2159. This bill does not meet the needs of the class of tax payers it addresses. It still does not meet the requirement of equality in tax assessment.

I want to relate one example of this for your consideration. According to an amendment to the constitution, several years ago, automobile dealers, who are merchants, were allowed to pay an inventory tax under a different classification which is totally unfair to all other merchants. Ten thousand dollars of inventory to any other merchant in Holton, other than auto dealers, would be \$ 173.74 according to 1984 assessments whether it was sold that year or not. It would cost the auto dealer \$ 3.00.

There is only one way to make such a tax fair to all tax payers and that is a percentage of tax when the sale is made. I would suggest the following:

1. Amend HB 2159 to allow for total exemption of the inventory tax as it now stands. Also amend it so that a constitutional ammendment can be placed before the voter in 1986 to allow for a point of sale tax to be paid on the gross sales of merchants, manufacturers and livestock producers, including all businessess currently paying inventory tax. Also make it apply the same to automobile and truck dealers.

2. Provide temporary funding for local needs for HB 2159 by an increase of $\frac{1}{2}\%$ in the sales tax to be rescinded when the amendment becomes effective. The suggestion of the sales tax would appear to be the simplest form of funding but still is only a suggestion.

I believe we could see a growth in Kansas if this were adopted. Cost conscious investors have no incentive to locate in this state if their business requires large inventories. I would remind you that three border states have abolished this form of taxation.

Respectfully submitted,



J. Raymond Boyd



Kansas Food Dealers' Association, Inc.

2809 WEST 47th STREET SHAWNEE MISSION, KANSAS 66205

PHONE: (913) 384-3838

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**DIRECTOR OF
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FRANCES KASTNER

March 26, 1985

EXECUTIVE DIRECTOR
JIM SHEEHAN
Shawnee Mission

SENATE ASSESSMENT AND TAX COMMITTEE

SUPPORTING HB 2159

I am Frances Kastner, Director of Governmental Affairs for the Kansas Food Dealers Association. Our membership includes wholesalers, distributors and retailers of food products throughout Kansas.

Our members support inventory tax relief and therefore we are in support of HB 2159, even though it is not as helpful to merchants as the original version.

We believe that the exemption of inventory tax is necessary to keep Kansas businesses on a compitative level with our surrounding states.

Thank you for the opportunity of appearing before you today and expressing our concerns about inventory tax. We respectfully request your favorable consideration of HB 2159.

Frances Kastner, Director
Governmental Affairs, KFDA

MEMORANDUM

TO: MEMBERS OF SENATE ASSESSMENT AND TAXATION COMMITTEE
FROM: ALAN F. ALDERSON, ATTORNEY, ON BEHALF OF THE WESTERN
RETAIL IMPLEMENT AND HARDWARE ASSOCIATION
RE: HOUSE BILL NO. 2159 (AS AMENDED BY HOUSE ON FINAL ACTION)
DATE: MARCH 26, 1985

The Association appreciates the opportunity to appear before you this morning.

The Western Association represents approximately 850 farm equipment and hardware retailers in the State of Kansas. The organization, in total, represents over 2,000 implement and hardware dealers in a five-state area in the Mid-West. Throughout the territory the Association serves, its members are suffering, as are farmers and ranchers, due to the depressed agricultural economy. The majority of the Association's members are family-owned businesses located in rural communities, serving agri-businesses and farm families. The Kansas members are experiencing the same difficult economic struggles as are the members in Missouri, Nebraska and the other states served by the Association. The difference is, they are not being further burdened by an unfair and excessive tax--the tax on inventories.

The inventory tax problem in Kansas has been addressed many times by the Legislature in recent years, to no one's satisfaction or relief. The only relief available to inventory-intensive businesses has been through the cooperation of the County Appraisers and County Commissioners - people who

realized that businesses in their counties could not pay the tax on their total inventories and remain in business to serve the community and farmers. As a result of an Order of the State Board of Tax Appeals issued on February 27, 1985, emanating from an appeal by a Cheyenne County implement dealer, all county appraisers are now being ordered to correct deviations in assessment rolls of inventory property. A copy of the Order is attached hereto. The result of this ordered investigation will obviously result in the inclusion of certain property which has heretofore not been included in renditions of implement dealers and the re-valuation of other inventory items on a different and substantially higher basis. Not only was no relief provided to the appealing taxpayer, but all implement dealers will be in a significantly worse position than they ever were before. The implementation of revaluation based upon the findings made by the Board of Tax Appeals will be tantamount to a statewide reappraisal of farm implement dealers.

While members of the Board of Tax Appeals have indicated that the Order was intended to apply to all businesses holding taxable inventories, the letter attached to this memorandum, which is an actual copy of a letter sent to an implement dealer by a county appraiser in a county other than the one in which the appellant taxpayer is located, attests to the fact that the Board's Order is being interpreted, in most counties we are aware of, as having application only to implement dealers. This can be seen from the fact that it recites the findings made by the Board applicable only to implement dealers.

The point is that, at a time when the 105 county appraisers have been ordered to take action which may substantially increase the tax on implement dealer inventories, House Bill 2159, which provided modest phased-in relief in its original form, has been amended to provide "relief" which will probably not offset the actions which will be taken by county appraisers.

In addition to the obvious inequity of singling out implement dealers for the correction of practices which have not been shown to be unique to the retail implement dealer, there are a number of factors peculiar to the tax on business inventories which make it particularly oppressive in comparison with other ad valorem taxes:

1. It may be the only form of ad valorem taxation in Kansas which is levied on the full fair market value, because the rendering of business inventory property is based on readily-ascertainable values which are updated annually. Unlike motor vehicles held in inventory, farm implements are valued at 30% of fair market value. Even the Board of Tax Appeals has recognized that virtually all other real and personal property suffers from wide deviations in valuation due to "decades of neglect and lack of enforcement." Why should business inventory be appraised at full fair market value every year?;
2. the fact that surrounding states exempt inventories from taxation leaves Kansas retailers at a competitive disadvantage;

3. the valuation of inventories is not an indication of wealth or ability to pay when applied to consigned, floor-planned or financed inventories, as required by the Board of Tax Appeals. In one of the earliest decisions of the Kansas Supreme Court construing Article 11, §1 of the Kansas Constitution (Hines, et al. v. City of Leavenworth, et al., 3 Kan. 186 (1865)), the meaning of uniform and equal assessment was explained thusly:

"Each man in the State, county and city, is equally in proportion to his property interested in maintaining the State, county and city governments, and in that proportion should bear the burden equally. There is a justice in this arrangement which commends it to the approbation of any right thinking man . . ."

Has something been lost in the translation over the years?; and

4. inventoried property held more than one year is fully taxed each year.

The vast majority of the inventory held by implement dealers is not really owned; it is floor-planned. The dealer is paying interest to the manufacturer for the privilege of holding the property in inventory for the customer to view. When the equipment is ultimately sold -- a rarity in these difficult economic times -- the proceeds are used to pay off the manufacturer.

Particularly if the Board of Tax Appeals' Order is enforced, House Bill No. 2159, in its present form will not provide the necessary relief to keep implement dealers afloat until classification takes effect. The inventory tax on one \$85,000 tractor in Douglas County is \$2,000. We strongly

urge this committee to either return House Bill No. 2159 to its original form or fully exempt farm machinery and equipment held in inventory like that which is actually used in farming or ranching.

We would be happy to answer any questions you may have.

BEFORE THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS

IN THE MATTER OF THE PROTEST OF
VAN ALLEN, INC. FOR TAXES PAID
FOR THE YEAR 1983 IN CHEYENNE
COUNTY, KANSAS.

Docket Nos. 5315-83-PR
& 2644-84-PR

O R D E R

Now, on this 27th day of February, 1985, the above captioned matter comes on for consideration and decision by the Board of Tax Appeals of the State of Kansas.

This Board conducted a hearing in this matter on April 16, 1984. After considering all the evidence presented thereat, as well as the evidence contained within the file, the Board finds and concludes as follows:

1. The Board has jurisdiction of the subject matter and of the parties hereto, a proper protest having been filed pursuant to K.S.A. 79-2005, as amended.
2. The subject matter of this protest application is described as follows:

Inventory Tax,
Cheyenne County, Kansas.

3. Direct testimony presented at the hearing indicated that taxation of inventory held by implement dealers throughout the state of Kansas is not uniform and equal. Cheyenne County has indicated the appraiser followed all applicable statutes, rules and regulations concerning the appraisal and assessment of the subject property. However, there is presented therein an issue of whether all like property is being uniformly and equally assessed not only within Cheyenne County, but also throughout the state.
4. Evidence was presented that some implement dealers have under-reported the value of their inventory.
5. The Board ordered the Property Valuation Division to investigate. The results of that investigation included the following findings:
 - A) Inventory reporting showed that most dealers are not reporting consigned machinery.
 - B) Factory owned stores appear to be using factory costs instead of dealer costs.
 - C) Most dealers do not separate on a PP-22 the owned machinery from the consignment machinery.
 - D) Some dealers are illegally rolling-back values, either individually or with the consent and assistance of county officials.

The State Board of Tax Appeals is charged with the responsibility of insuring there is uniform and equal taxation for all like property throughout the State of Kansas. The Board, therefore, issues this Order directing all county appraisers to

begin an investigation to determine whether all property held in inventory is being properly, fully, uniformly and equally assessed for tax purposes and implement the same. Specifically, that all inventories be checked to validate that inventories are being rendered in compliance with K.S.A. 79-1001, et seq.

This Order affects an entire sub-classification of property, thus it is further ordered that the results of these investigations and changes in valuation be forwarded to the Director of Property Valuation.

The Director of Property Valuation is hereby ordered and directed to report to the Board of Tax Appeals the full and complete findings of the 105 county investigation.

IT IS, THEREFORE, BY THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS, CONSIDERED AND ORDERED that a complete investigation and correction of the appraisal records and certified tax rolls of Cheyenne County and all other counties in Kansas be undertaken to insure that all persons similarly situated to the protestant herein are being uniformly and equally assessed for tax purposes; to establish the accuracy of said records, and to implement the same where necessary.

The Director of Property Valuation of the State of Kansas is hereby designated as the officer to undertake the summarization of said investigation and inquiry, and said Director is requested by the Board to use the authority vested in him under K.S.A. 79-1401, 79-1402, 79-1403, 79-1404 First, 79-1404 Ninth, and 79-1404 Tenth in performing said investigation and that he make his report to this Board as to his findings.

The Board will retain jurisdiction of this matter and, at such time as the Board is in receipt of, and has reviewed the Director's report with respect to the above investigation, will issue subsequent Orders as deemed necessary and appropriate

IT IS SO ORDERED.

SEAL



ATTEST:

Fred L. Weaver
FRED L. WEAVER, CHAIRMAN

Dallas E. Crable
DALLAS E. CRABLE, MEMBER

John P. Bennett
JOHN P. BENNETT, MEMBER

Robert C. Henry
ROBERT C. HENRY, MEMBER

Keith Farrar
KEITH FARRAR, MEMBER

Linda Ann Terrill
LINDA ANN TERRILL, ATTORNEY
AND SECRETARY

OFFICE OF THE BOARD OF TAX APPEALS OF THE STATE OF KANSAS



I, Linda Ann Terrill, Secretary of the Board of Tax Appeals of the State of Kansas, do hereby certify that the above and foregoing is a true and correct copy of Order No. 5315-83-PR made by said Board, as the same appears and is a matter of record in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the official seal of the Board of Tax Appeals at Topeka, Kansas, this 22nd day of February, 1985.

Linda Ann Terrill
SECRETARY

Re: Inventory Investigation

Dear Taxpayer:

The State Board of Tax Appeal matter commencing in Cheyenne County, Kansas, on Docket #5315-83-PR and 2644-84-PR has concluded that inventory reporting and tax thereof by implement dealers throughout the State of Kansas is not uniform and equal. All County Appraisers have been directed to conduct an investigation to determine if all property held in inventory is being properly, fully, uniformly, and equally assessed for tax purposes. Statutes of the State of Kansas give the County Appraisers certain investigatory rights which may, if necessary, be conducted under oath and in a legal atmosphere.

We prefer, however, not to resort to the fullest measure of the law unless necessary. Accordingly, you are hereby authorized to submit your 1983 portion of the Federal income tax return filing, that statement which relates to the inventory of personal property (schedule C) which was attributed to the 1984 Commercial Personal Property statement. We must insist that when you file your 1985 Commercial Personal Property statement, you include a copy of your 1984 income tax return for documentation.

The results of the investigation pursuant to Docket No. 5315-83-PR and 2644-84-PR included the following findings:

- A) Inventory reporting showed that most dealers were not reporting consigned inventory.
- B) Factory owned stores appear to be using factory costs instead of dealers costs.
- C) Most dealers do not separate on their commercial personal property statement the owned machinery from the consignment machinery.
- D) Some dealers are illegally rolling-back values.

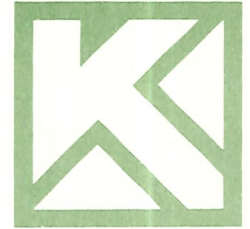
Each of the forementioned circumstances are investigatory issues and your records could be subject to an audit. We appreciate your cooperation in supplying the information requested at this time.

(Copy of a letter received by an implement dealer in _____ County, Kansas, from the office of the Appraiser for that County).

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

HB 2159

March 26, 1985

KANSAS CHAMBER OF COMMERCE AND INDUSTRY
Testimony Before the
SENATE ASSESSMENT AND TAXATION COMMITTEE
by
David S. Litwin
Director of Taxation

Mr. Chairman and members of the Committee, my name is David Litwin, Director of Taxation of the Kansas Chamber of Commerce and Industry. I thank you for the opportunity to appear at this hearing in support of HB 2159.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

KCCI is an umbrella organization that includes among its over 3000 members the entire spectrum of types and sizes of businesses. Despite this diversity, there is virtual unanimity that elimination of inventory taxation has an extremely high priority on our legislative agenda.

The reasons for this broad consensus are, in brief, that the inventory tax is unsound in theory, unfair, vexatious and corrosive in administration, and an obstacle to economic development of our state.

First, theoretical factors. We tax property at all because it is rightly regarded as one of a number of indicia of ability to pay, and its owners enjoy its use. These considerations do not support taxing inventories. The size or kind of inventory carried says virtually nothing about the ability of the temporary owner to pay, and the owner cannot enjoy the beneficial use of the property, at least so long as he intends to sell goods as new. Inventory is only a means of making a living, mere stock-in-trade that has not yet reached its end user.

Next, this tax is unfair. As a means of making a living, inventory is comparable to the skill of a professional, the money of a bank, or the competence of a person in a service industry. Yet there is no similar or even comparable tax paid by persons who do not earn their livelihood from the exchange of tangible goods.

Moreover, inventory tax is regressive because it ignores ability--or inability--to pay. The tax is due and expected, utterly without any consideration of the financial circumstances of the taxpayer. The merchant or manufacturer who is insolvent and has a cash outflow is required to pay the same tax on a comparable quantity and worth of goods as one who is brimming with success. Indeed at times inventory taxation actually penalizes the very people who, if government should be involved at all, should be aided rather than hurt. Thus the farm implement dealer or other merchant or manufacturer who is stuck with big-ticket items for two or more years must pay taxes on these goods every year.

Fourth, inventory taxation has a negative impact on quality of life and on other revenue sources. It penalizes the carrying of large inventories, thus reducing the choice of goods available to consumers. This in turn impacts sales and sales tax revenues.

Finally, inventory taxation has a substantial negative influence on economic development. Thirty states--including 3 of Kansas' 4 contiguous neighbors--exclude inventories from property tax, and 5 others exempt all personal property, including inventories. Two other states are phasing inventory tax out or tax it at a favored special rate. Thus Kansas is among a small and shrinking group of only 13 to 14 states that still have inventory taxation.

For all of these reasons, we support HB 2159. This bill was amended both in the House committee on Assessment and Taxation and on final action, significantly reducing the scope of the inventory tax relief that it would provide. We were disappointed and feel strongly that the best and wisest policy would be the complete exemption from tax of inventories of merchants, manufacturers and livestock owners. However, the fact remains that this bill is still an important first step in the right direction, and we respectfully urge this committee to recommend its passage.

Thank you again for the opportunity to testify. I will be pleased to answer any questions.

TESTIMONY OF WILLIAM T. ABBOTT
PUBLIC AFFAIRS MANAGER
BOEING MILITARY AIRPLANE COMPANY

H.B. 2159

SENATE ASSESSMENT & TAXATION COMMITTEE

My name is Bill Abbott. I am the Public Affairs Manager for the Boeing Military Airplane Company in Wichita. We are an airplane and aerospace engineering, and manufacturing firm employing approximately 17,500 employees at our plant in Wichita.

I appear today in support of eliminating the inventory tax as a part of the tax base for the state of Kansas.

First, I would like to emphasize to the committee that we do not think Boeing pays too much tax in the state of Kansas. We recognize that as a corporate member of our community we must pay our fair share. However, we do feel we pay too much tax in the wrong categories.

Ad valorem tax assessment of manufacturers' inventory should be eliminated because of serious defects as a tax base.

1. Manufacturing inventory is not uniformly assessed. In the case of CY 1983, for Sedgwick County, Boeing employed 30% of the manufacturing work force, and was assessed 49% of the total manufacturers' inventory base. In the same year, Boeing employed 9% of the total Kansas manufacturing work force, but was assessed 22% of the total manufacturers' inventory base for the State.
2. Manufacturing inventory is not a stable tax base. Boeing's ad valorem assessment is approximately 70% of the Derby School District's total ad valorem tax base. From 1982 to 1983, the Boeing manufacturer's inventory assessment increased 26%; from 1983 to 1984, it decreased 10%. Those are serious fluctuations to a bedroom community. Those fluctuations in inventory are a function of world-wide business conditions.
3. Manufacturers' inventory is assessed differently from other property classes, e.g. residential at 8% statewide averages and manufacturing inventory at 30%. Uniformity and equality is not achieved.
4. Boeing pays inventory taxes on some inventory three times. Due to the flow time from buying material until final delivery of a build order, some inventory will be assessed for taxes in three different calendar years.

5. Under Department of Defense accounting rules, inventory taxes cannot be passed through as a cost of performing work. Boeing had to absorb out of earnings in the past two years, \$9.7 million of manufacturers' inventory taxes.

H.B. 2159 is a step in the right direction, but falls short of solving the problem. We support the complete exemption of inventories and if a phase out period is necessary, we support the complete phase out instead of partial phase out of current language represented in H.B. 2159.

Mr. Chairman, we also recognize the need to protect the integrity of the tax base for the local units of government so we support the refund provisions as specified in H.B. 2159. This would be refunded from the state general fund and we would support an increase in revenue to replace the loss to the general fund.

As I have stated, Boeing is willing to pay our fair share of taxes. We believe that the time is right for consideration of eliminating the inventory tax. This action will send a strong signal to the business community in Kansas and those outside our state borders that Kansas is a good place to do business and will enhance our opportunities for economic development.

Thank you Mr. Chairman. I would respectfully urge the committee to give consideration to this recommendation.

LWVK LEAGUE OF WOMEN VOTERS OF KANSAS

909 Topeka Boulevard-Annex

913/354-7478

Topeka, Kansas 66612

March 26, 1985

STATEMENT TO THE SENATE ASSESSMENT AND TAXATION COMMITTEE IN
OPPOSITION TO HB 2159.

Mr. Chairman and Members of the Committee:

I am Marian Warriner speaking for the League of Women Voters of
Kansas.

We oppose the payment by the state of property taxes on any special
class of property, or any special class of taxpayer, except the
Homestead Property Tax Refund Program.

HB 2159, with its companion bill HB 2512 increasing the cigarette
tax, results in a net loss to the state treasury. The first year
there is a surplus; succeeding years there will be a loss of several
million. The personal property taxes will grow; the cigarette tax,
a inventory tax, will have little or no growth.

The control of the growth of this program will not be with the
state, but with the owners of the property and the local appraisers.

We ask you to report HB 2159 unfavorably and to solve the inventory
tax problems through reappraisal and classification.

Thank you.



Marian Warriner
LWVK Lobbyist