

Approved On: _____

Minutes of the House Committee on Assessment and Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on March 19, 1986 in room 519 South at the Capitol of the State of Kansas.

The following members were absent (excused):

Representatives Rolfs and Lowther

Committee staff present:

Tom Severn, Legislative Research
Melinda Hanson, Legislative Research
Don Hayward, Reviser of Statutes
Millie Foose, Committee Secretary

Allan Alderson, representing Western Retail Implement and Hardware Association, testified as a proponent for SB-471, an act relating to property taxation; exempting farm machinery and equipment held as inventory, and SB-472, an act relating to property taxation; concerning the valuation of certain personal property held as merchant's inventory. He said that some implement dealers have been forced out of business because of the tax on inventories that they have to hold for several years and that passage of these two bills would help alleviate the situation. (Attachment 1)

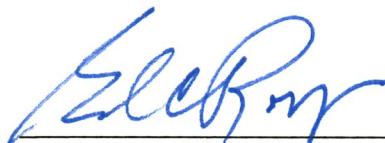
Theron Harper, owner of Deems Farm Equipment in Lawrence, also spoke as a proponent and answered questions from the committee. (Attachment 2)

Beverly Bradley, Legislative Coordinator, Kansas Association of Counties, testified as an opponent. She mentioned the concerns for funding local government and, since there has been a gradual erosion of the tax base over the past several years, she suggested that there be a complete review after reappraisal instead of the "piece meal" approach suggested in SB-471 and SB-472. (Attachment 3)

Chip Wheelen, representing Kansas Legislative Policy Group, said his organization is opposed to any further erosion of the property tax base and that if enacted SB-471 would represent a partial exemption of a subclass of personal property. (Attachment 4)

Fred Weaver, Board of Tax Appeals, requested that he be recorded as in favor of SB-471 and SB-472.

There being no further business, the chairman adjourned the meeting.



Ed C. Rolfs, Chairman

MEMORANDUM

TO: HOUSE ASSESSMENT AND TAXATION COMMITTEE

FROM: ALAN F. ALDERSON, ATTORNEY, WESTERN RETAIL IMPLEMENT AND HARDWARE ASSOCIATION

RE: SENATE BILL NO. 471 (As Amended by Senate Committee) and SENATE BILL NO. 472 (As Amended by Senate Committee)

DATE: MARCH 19, 1986

WRIHA would like to thank the Chairman and members of this committee for giving us ample opportunity for hearing on these property tax relief measures.

We know you are already aware, from testimony presented by implement dealers last year on HB 2159, that implement dealers believe they are in a somewhat unique position. In fact, we believe that we represent one of the few groups of taxpayers in this State who are paying property tax on a full thirty percent assessed valuation. This fact alone would seem to warrant relief.

Now, however, the situation facing implement dealers has been exacerbated by the same factors which this legislature found to exist and warrant exemption of farm machinery and equipment actually used by farmers and ranchers in this state. The same conditions which depress the actual value of farm machinery used in the field and which have depressed the farm economy generally are prohibiting the purchase of farm machinery and equipment. For the last few years, very expensive equipment which, in many instances the dealers are required to maintain in their inventory, have been sitting on the dealer's lot for two, three or four years, and are being taxed over and over at 30% of the dealer's invoice cost.

In anticipation of very obvious questions you may ask, I will tell you that we are very much aware that the Classification Amendment will be voted upon in November of this year. We feel it is only prudent to operate at this time under the assumption that the Amendment will pass and that inventory will be exempt in 1989. In other words, we believe it would be foolish to ask the Legislature for a constitutional amendment or any broad-based exemption in light of this assumption.

Why, then, can't the implement dealers of this State wait until inventory is fully exempt? The answer is straightforward - many implement dealers will not survive to see inventory exempted. In Kansas and Missouri, the Association lost nearly 100 dealers last year to economic conditions and nearly 300 have gone under in the last 5 years. Many of you have dealers in your districts who are hanging on by a thread or who will go under this next year. Tax relief may not save some of these dealers but, in many cases, the inventory tax assessments will make the difference between survival and business failure. I have personally handled an inventory tax matter for one dealer who is now operating at a loss and whose tax bill last year was \$167,000.

I also want to point out a fact that is well-known to you, the State Board of Tax Appeals and the Property Valuation Division: There are many abuses in reporting and listing property for taxes in parts of this State. Our experience shows, however, that most County Appraisers are doing things by the book. It is in these counties where the dealers suffer the most. My point is that we are not trying to hide from you the fact that, in some cases, retail merchants are not required to fully list their inventory valuation because the inequity of doing so is recognized. This further

hurts the majority of retailers who are required to fully list beginning and ending inventory values at dealer invoice costs (the figures reported for federal income tax purposes).

We are asking only for some equitable interim relief for implement dealers in Senate Bills 471 and 472. We are not seeking to apply this relief broadly to all retailers, as House Bill No. 2159 attempted to do last year, for two reasons:

(1) Farm machinery and equipment dealers are in a position unique amongst most other retailers. The farm economy in particular is suffering and the nature of the inventory consists of high-dollar pieces of equipment, many of which sit on the dealer's lot year after year. We are aware of no other group of retailers with this problem.

(2) We do not want to erode the county tax bases as House Bill No. 2159, which was vetoed, might have done. If this committee, in its wisdom, wishes to expand the terms of Senate Bill No. 471 to include more than self-propelled farm machinery and equipment, we would only request that you give deference to the potential drain on the county coffers which might give rise to another veto. Senate Bill No. 471, by its own terms, applies to any property held in inventory but, as a practical matter, because farm implement dealers are in such a unique position, SB 472 should have little application to other retailers. If it does apply to others, we believe they are also entitled to its benefits.

What, specifically, do these two bills provide?

Senate Bill No. 471 makes a finding of the need for a limited exemption much the same as the one this legislature made when it exempted

farm machinery and equipment used in the field. The findings show the public purpose for the exemption.

The exemption is limited to farm machinery and equipment which has already been taxed in the inventory of the dealer claiming the exemption. Farm machinery and equipment is defined as the same type of property the Legislature has previously exempted when it is actually and regularly used exclusively in farming and ranching operations. The bill further requires any property claimed exempt as having already been listed in the dealer's inventory to be listed as exempt. This would provide an audit trail for the county appraiser.

In short, Senate Bill No. 471 would still require the listing and taxation of farm machinery and equipment in a dealer's inventory for one year. For all the reasons we have previously discussed, that property would be exempt if it continued to sit in the dealer's inventory in subsequent years.

The Senate Assessment and Taxation Committee amended the bill to provide an expiration date of December 31, 1988. This amendment was made with the consent and approval of our Association. If the classification amendment fails to pass, it will take more than this bill to help our retail merchants.

Senate Bill No. 472 would provide very limited relief - relief which is now being granted, upon properly presented facts, by the State Board of Tax Appeals. As I previously mentioned, farm machinery and equipment is now selling very poorly. In recognition of this fact, virtually all manufacturers are, and have been, offering substantial rebates and discounts, through their dealers, to purchasers as incentives to buy. The

net effect of these rebate and discount programs is to reduce the price at which equipment is sold. A year ago, a survey conducted by the Association indicated that the statewide average discount on equipment subject to these programs was approximately 25%. Larger prices of equipment can be subject to discounts in excess of 50%. A survey now in progress is showing that the size of the discounts is increasing. The program discounts vary periodically. For example, one major dealer issues a new program every two months which change the figures on each item to reflect further need to reduce prices. The trend has been to continue to increase the discounts.

Unfortunately, the dealer must continue to carry the equipment on his books at dealer invoice cost. We believe the manufacturers prefer not to reduce prices because it would be more difficult to raise prices when the economy improves than to reduce discounts on rebates. Quite simply, the manufacturers are, in reality, reducing prices to find fair market value - the price at which a willing buyer will buy.

As you are aware, inventory is taxed on a fair market value concept. However, our current statutes require the listing of inventory at the values required for federal income tax purposes - the dealer's invoice cost from the manufacturer. Because the "true" fair market value is more nearly reflected by invoice cost less discounts in effect during the period the equipment is in inventory, the original version of Senate Bill No. 471 would have given the county appraisers the authority they now lack to net out the discounts to arrive at fair market value.

As I mentioned, the State Board of Tax Appeals has already recognized in several cases that the netting of the discounts is a legitimate means of arriving at fair market value. Unfortunately, the only way a dealer can

get the relief to which he is entitled is, under current law, to file a protest - an expensive and time-consuming process involving an appeal and hearing before the Board of Tax Appeals. The passage of Senate Bill No. 472 will simply allow the county appraisers to accept these net valuations.

The Senate Committee amendment was prepared by me to answer the concerns expressed by the Board of Tax Appeal's Chairman, Fred Weaver. The amendment will simply give the Board an oversight function with regard to the reductions in valuation by requiring the merchant to submit supporting documentation to the Board at the time the rendition sheet is filed. If the Board finds that the full inventory has been rendered at dealer invoice cost, it would issue an Order to the taxpayer and the county appraiser authorizing the appropriate tax reduction. An aggrieved taxpayer could still file a protest, but we anticipate that substantially fewer protests will need to be filed than are being filed now, or will, without this bill, be filed next year.

It is important to realize that this bill does not provide an exemption. It simply allows a taxpayer to make an absolutely legitimate reduction in inventory valuation without the need to pay the full tax and file a protest--a process which often takes more than a year.

I would be pleased to answer any questions you might have about either of these bills. Also here to testify briefly today is Theron Harper who is an implement dealer in Lawrence who can tell you better than I can, what is really happening to the implement business today. We know you are aware, from prior years, that dozens of dealers would have been happy to appear here today, but we know you are already aware of the problems and don't want to be beseiged with repetitious testimony. Mr. Harper, I believe,

can adequately represent the dealers generally. In addition, I have attached testimony presented by two dealers in the Senate Committee hearing. Neither was able to appear here today.

Thank you again for the opportunity to appear.

Attachments

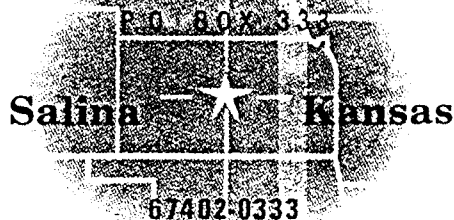
AUTHORIZED ALLIS-CHALMERS DEALER

Midwestern FARM IMPLEMENT INC.

DISTRIBUTORS OF SPECIALIZED FARM IMPLEMENTS

614 East Pacific

913/825-1556



SENATE ASSESSMENT AND TAXATION COMMITTEE

Senator Kerr, Chairman

Member of the Committee

Statement

I am Max Redding. I am a farm equipment dealer in Salina, Kansas. I came here today to tell you how beneficial the two bills you are considering here today would be to us.

As you know, inventory taxes have devastated us in the farm implement business since the agriculture industry has come on very difficult times. By the nature of our business we must stock expensive farm machinery and invest in a great number of expensive parts to be able to service our customers in the trade area we serve. Since we have been unable to turn our inventories, the inventory tax has eaten us up.

The tax levy in Salina, Kansas, in Saline county is 143.185. For example, a standard L3 Gleaner combine, the most popular in our line is invoiced to us for \$72,608.69. In my county the inventory taxes on that machine is \$3,118.94. I would be very lucky in today's market to sell that machine for that much net profit. If Deutz-Allis would have a sale for that machine before I do, the machine would be transferred and I would lose all my taxes paid. This example would be assuming the machine was in stock over the end of the year, and we used the beginning and ending system. Also let me give you two examples on how inventory taxes effect our parts department. I have a short block on hand that we haven't needed so it has set there for 66 months. The cost on this block is \$4500.97. $4500.97 \times 30\% = 1350.20$ taxable value. I have paid taxes on it 5 times so $\$1350.20 \times 143.185 = \$193.34 \times 5 \text{ years} = \966.70 . The possible profit is about eaten away by the taxes, and I make nothing on the investment. Take the same example on a 51 cent part.

$51 \times 30\% = 15$ taxable value. $15\text{¢} \times 143.185 = \$.02 \times 5$ years = 10 cents taxes. Possible profit is about 17 cents.

As you can see in both examples of wholegoods and parts the two bills you are considering, allowing dealer to deduct manufacture rebate and discount programs in determining their fair market value of their inventory and provide for property taxation of farm equipment in dealers inventory only during the first year it is in a dealers possession would be extremely beneficial to us as farm equipment dealers. I have attached a copy of the affidavit I signed for the tax appeals board stating what the company rebates have amounted to during the first 9 months of 1985. The discounts are still about the same now. As you can see the settlements were 33.64% less than the invoice prices.

We have paid hundreds of dollars in inventory taxes on farm equipment that was over valued to comply with the state tax laws. I am very happy to see this committee address these problems and I urge you to act as quickly as possible on these matters. We have been telling you for two years that farm equipment dealers cannot pay these kind of taxes and stay in business and I don't have to tell you dealers in this state have gone out of business in large numbers in the last 24 months and there will be many more in the next few months.

The problem is very serious. Thank you for trying to help us.

Questions.

BEFORE THE BOARD OF TAX APPEALS
OF THE STATE OF KANSAS


IN THE MATTER OF THE PROTEST)
OF SALINA IMPLEMENT COMPANY FOR) Docket Nos. 5070-84-PR
TAXES PAID FOR THE YEAR 1984) 2254-85-PR
IN SALINE COUNTY, KANSAS)
and)
MIDWESTERN FARM IMPLEMENT,)
INC., a/k/a MIDWESTERN FARM) Docket Nos. 5069-84-PR
IMPLEMENT FOR TAXES PAID FOR) 2253-85-PR
THE YEAR 1984 IN SALINE COUNTY,)
KANSAS)

AFFIDAVIT

COMES NOW Max Redding, President, Midwestern Farm Implement, Inc., a/k/a Midwestern Farm Implement, who is first duly sworn on oath on this 6th day of September, 1985, who states as follows:

1. That he is the President of Midwestern Farm Implement, Inc., a/k/a Midwestern Farm Implement.
2. That on the average, for the past twelve month period, 33.64% of the original invoice price of new farm equipment received from manufacturers was returned by the manufacturers to Midwestern Farm Implement, Inc., a/k/a Midwestern Farm Implement, and its customers in the form of discounts, rebates and other adjustments.

FURTHER AFFIANT SAITH NAUGHT.


MAX REDDING, President, Midwestern
Farm Implement, Inc., a/k/a
Midwestern Farm Implement

STATE OF KANSAS, COUNTY OF SALINE, SS:

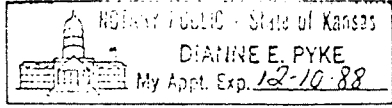
MAX REDDING, of lawful age, being first duly sworn, upon oath, states and alleges that he is the above-mentioned President of Midwestern Farm Implement, Inc., a/k/a Midwestern Farm Implement; that he has read the above and foregoing Affidavit and knows the contents thereof and that all the statements therein contained are true and correct.


MAX REDDING

COPY

SUBSCRIBED TO AND SWORN TO before me this 6th day of
September, 1985.

Dianne E. Pyke
NOTARY PUBLIC



I am Jerry Howard, and I represent Howard's Inc. of Mt. Hope, and the dealers of Western Retail Imp. & Hdw. Association. Our company employes 16 people and has been in business since 1909. I have been involved in the business for 30 years, and have never seen conditions as bad as they are today. We have lost 15% of our dealers in 1985 and will lose another 15% in 1986. We have many problems, but the worst is property tax, which we have to pay whether we make a profit or not. Most dealers would be happy if they had a profit equal to their property tax. I don't think any other type of business in Kansas would think that would be acceptable. If we were paying our property tax proportionately with other business we would have a much better chance to survive.

We have farmers going bankrupt daily and dealers bankrupt weekly. All of this machinery goes to auction and is sold at distress prices. F.D.I.C. has over 700 pieces of machinery that has been repossessed by Kansas bankers, which they are disposing of. I doubt if any banks have been reporting any of this machinery on their tax statements.

We also have farmers who have turned to used machinery for extra income. They can buy at auction, take it to their farms and resell it and not pay property tax because they are exempt. I have driven by these farmers lots, and some have more machinery than a dealer. All of the above are competitors of ours and none pay property tax.

Many of us have had the same piece of machinery on our lots for 3 or 4 years. We have no way to sell this equipment, but we continue to pay taxes and interest year after year.

We have quit ordering machinery from manufacturers, including Krause Plow in Hutchinson, and Bush Hog of Galesburg, because of property tax. We have cut down on purchases from Hesston Corp., because we cannot afford to pay property tax on the equipment. This in turn puts more people out of work, and Kansas has more unemployment claims to pay.

We have a large inventory of parts. Less than 20% of these parts turn 3 times or more per year. We have some that don't sell for up to 25 years. Yet we pay taxes on that same part every year.

A farm machinery business today is fortunate to turn his inventory once a year. Most business turn their inventory 3 or 4 times a year. Therefore, we are paying 3 to 4 times the tax for the same amount of business. I have checked taxes that were reported by other retail businesses on property tax reports, against inventory valuations reported on Kansas Domestic Corp.

Annual Report, and have found that many of these figures are 75% less on property tax statements. However, nothing is done to correct this. Therefore, those of us who pay our fair taxes are paying more because most business are vastly under reported. I have had dealers tell me that their assessor has told them not to report their inventory at cost, but at a much lower rate.

Another problem we have is the invoice price from our manufacturer, which is used to establish the tax base. Most manufacturers have raised their list prices every year, and then give rebates to lower the cost to 1980 levels. Many times the extra discount from the manufacturer is greater than our standard discount. For example, a new 1983 MF 850 combine has an invoice list price of \$100,000.00. Our invoice net would be \$77,000.00. However, we had an extra 40% discount for a net cost of \$46,200.00 as of 12/31/85.

I would like to thank you for allowing me this time, and would be glad to answer any questions you might have.

Jerry E. Howard
Howard's Inc.
Mt. Hope, KS. 67108

DEEMS FARM EQUIPMENT INC.
1110 East 23rd Street
P.O. Box 646
913-843-8444
Lawrence, KS 66044



19 March 1986

To: Members of the House Assessment and Taxation Committee

Ref: SB471, SB472

I am Theron Harper, owner of Deems Farm Equipment, Lawrence, Kansas, a John Deere dealer.

The Kansas Constitution requires that all real property be assessed in a uniform and equal manner. Currently this is legally set at 30 percent of market value. In practice, however, the trend over the years has been to assess homes and farms at something less and assess things, like my business inventory, at the legal maximum. I have been addressing this heretofore illegal activity for several years, but to no avail.

Yes, the upcoming vote on classification, if passed, will rectify this inequity, but not until 1989. Maybe this discrimination will end then, but it's no secret that farm equipment dealers can't continue to pay the amount of taxes required at present until 1989, and stay in business.

Members of the Legislature have recognized the severe economic impact on farmers during these troubled times, and are trying to figure out some legislation to help them, but their suppliers have not been considered. Surely some of you are aware of the loss of Implement dealers such as at Osage City, Emporia, Council Grove, Olathe, Fort Scott, Parsons and Clay Center, just to name a few. These dealerships are gone forever, and if you will ask them, the inventory tax was one of the reasons they are out of business. Yes, the State of Kansas is always talking about economic development and jobs. Think about all of the employees that are out of work because of dealer closings.

I am here today to ask for your support on Senate bill 471 and 472. SB471 would give implement dealers some legitimate relief by providing that their inventory be listed for tax purposes only in the first year it is on a dealer's lot. I would like to cite some examples as to why. We have some machines in inventory that we have had since 1983 that property tax has been paid on every year. That is 1983, 1984, 1985 and 1986 coming up. One machine, a 4-Wheel Drive Tractor, which was in inventory over a two year period, and had a cost of \$86,000.00, had inventory taxes of \$2,051.00 in 1984 at a mill levy of 132.01 and \$2,167.00 in 1985 at a mill levy of 139.78. That is a total of \$4,218.00 for inventory taxes, and we didn't sell it. Rather than pay an additional years tax, I sold it to another dealer for \$1,000.00 less than my cost. Our total cost on having that tractor in inventory was \$5,218.00. Another machine in stock now, a combine, had inventory tax cost of \$1,995.00 in 1985 and will cost more than that on 1986 taxes because of an upcoming mill levy increase.

As you can see, we are obligated to pay taxes on machines we can not readily sell.

Next, I would like to speak about SB472. In 1983 and 1984 I protested the amount of inventory taxes we had to pay to the State Board of Tax Appeals. My reason for protest was that the tax on inventory was not a uniform and equal rate as stated in the Kansas Constitution. I think that if you were a merchant, you would agree with me that I, the merchant, would feel discriminated against by being assessed at a higher rate, than I, the home owner, assessed at $9\frac{1}{2}\%$. I was given a hearing by the Board of Tax Appeals, who skirted my reasons by saying, "That was a legislative issue which they could not address." Instead, because of testimony from other dealers, they answered my protest by the following order: "The Board has received substantial testimony from implement dealers regarding the economic obsolescence of farm machinery and implements held in inventory as a result of the depressed market for farm products which prevents the farmer from purchasing new equipment. The discount programs being offered to dealer and customers in order to sell equipment are the best evidence of this economic obsolescence. Testimony indicated these discounts are generally 20% to 25% of invoice price, but can occasionally be as high as 35% to 40%. The manufacturers realize that the market will not bear the high invoice prices; therefore, the price of the equipment must be reduced if it is to be sold. K.S.A. 79-501 requires that property be appraised at its fair market value in money. K.S.A. 79-503a defines fair market value to mean, "the amount in terms of money that a well informed buyer is justified in paying, and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without due compulsion." In order to sell this type of equipment, it has been necessary to reduce its price below the invoice price (i.e., dealer cost) because the market is depressed. In essence, the manufacturer is agreeing to a reduced selling price in order to sell this equipment. Testimony also indicated that manufacturers are making similar allowances for used equipment being held in inventory as well. Finally, the Board notes that K.S.A. 79-1001b specifies that the inventory be reported at cost; therefore, since the taxpayer has established that his cost is at least 25% lower due to the incentive programs offered by ~~Manufacturers~~, it is only reasonable that the accurate cost figures be returned to the County for tax purposes.

Since the Board has received substantial competent evidence that the invoice price (dealer cost) does not represent the fair market value of this type of equipment, the Board concludes that the taxpayer should not be reporting the invoice price (dealer cost) as the fair market value for tax purposes. The Board concludes that the evidence supports a 25% across the board reduction from the invoice price (dealer cost) in order to properly reflect the fair market value of this property for tax year 1984. The Board further concludes that this reduction should be allowed only so long as the current economic conditions prevail and the taxpayer can establish that the manufacturers are providing these discounts in order to sell the equipment.

It is, therefore, by the Board of Tax Appeals of the State of Kansas, considered and ordered that, for the reasons more fully set forth herein, the application is granted and the taxpayer is hereby authorized a reduction in the 1984 appraised value of the aforescribed property by reducing the manufacturer's invoice price as originally reported by 25%. It is further ordered that the county recompute the taxpayer's 1984 tax liability based upon this reduction and refund any over-payment thereof." End of order.

Manufacturers rebates, customer discounts, sales incentives and discounts for financing are all standard procedures in the industry to generate sales on equipment. These devices are used rather than lowering the price billed to the dealer. These programs are complicated and change often, even in the same month. Some companies even have a call in program where a dealer can ask for an even better price to make a sale.

In closing, all implement dealers in Kansas have been hit hard by the present farm crisis through such things as repossession losses, bankruptcies, bad debts, attorney expenses and so on. On top of these things we are required to pay these inequitable assessments. Through the years members of the legislature have seen fit to give tax breaks to farmers on their machinery, to car dealers on their inventory, to home owners on their valuations and to farmers on land values.

It seems to me that taxing inventory in a way that is unfair to those who provide jobs and generate economic growth will force many companies to leave Kansas for other areas, such as three of the four adjoining states that do not have such a tax.

We need your help now. 1989 will be too late. Thank you.

Kansas Association of Counties

Serving Kansas Counties

Suite D, 112 West Seventh Street, Topeka, Kansas 66603

Phone 913 233-2271

March 19, 1986

To: Representative Ed Rolfs, Chairman
Members Of the House Assessment and Taxation Committee

From: Beverly Bradley, Legislative Coordinator, Kansas Association
of Counties

Re: SB-471 and SB-472

Good morning Ladies & Gentlemen. I am Bev Bradley, Legislative Coordinator for Kansas Association of Counties.

Kansas Counties oppose further erosion of the ad valorem tax base. This committee, probably more than any other, understands the concerns for funding local governments, as well as state government. There has been a gradual erosion of the tax base over the past several years - intangibles, now county option, farm machinery, and now perhaps parsonages, farm machinery in extended inventory, and rebate from manufacturers. We understand there are inequities in our tax laws, but suggest a complete review after reappraisal instead of the "piece meal" approach suggested in SB-472 & 471.



Kansas Legislative Policy Group

301 Capitol Tower, 400 West Eighth, Topeka, Kansas 66603, 913-233-2227

TIMOTHY N. HAGEMANN, Executive Director

March 19, 1986

TESTIMONY

to

HOUSE ASSESSMENT and TAXATION COMMITTEE

Senate Bill 471

Mr. Chairman and members of the Committee, I am Chip Wheelen of Pete McGill and Associates. We represent the Kansas Legislative Policy Group which is an organization of County Commissioners from primarily rural areas of the State. The members originally formed this association because of mutual concerns pertaining to property taxation.

As we have told you before, we are opposed to any further erosion of the property tax base and therefore cannot endorse any new property tax exemptions. If enacted, Senate Bill 471 would represent a partial exemption of a subclass of personal property. Therefore we must oppose the bill as a matter of general principle.

We sympathize with the implement dealers who are suffering from the general recession in our agri-business sector but we also sympathize with farmers and the owners of oil and gas properties who are also suffering from unfavorable market conditions. If enacted, SB 471 would redistribute some of the tax base among these other property owners.

For this reason, we cannot support legislation which would provide selective property tax relief. Instead, we respectfully submit that this Committee may wish to examine other options that would provide more equitable property tax relief of a general nature.

Thank you for your time and consideration. We sincerely appreciate the opportunity to appear and express our concerns.