

Approved March 5, 1987
Date

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./~~p.m.~~ on March 4, 1987n room 519-S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn, Research
Chris Courtwright, Research
Don Hayward, Revisor's Office
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

Senator Parrish
Marc Webb, Pres. Kansas Education Endowment Program
Marc Marcano, Hispanic American Affairs
Elizabeth Taylor, Inst. of Electric & Electronic Engineers
Dearrl Montei, Kansas Fish & Game
Senator Strick
Etta Dahlgren, AARP
Gerald Duree, Assoc. of Retired People
Senator Steineger
Loren Morgan, L & M Marine Dealer, Wichita
Harold Brown, Kansas Marine Dealers Assoc.
Bill Hanzlick, Director, Kansas Fish & Game
Harley Duncan, Department of Revenue

Chairman Kerr called the meeting to order and said that the agenda for the day was to have hearings on S.B. 118, 229, and 195.

SENATE BILL 229

Senator Parrish testified in support of S.B. 229. She said the checkoff on income tax for educational purposes would be of some help to the school districts. The money would be available on a grant basis to be given to local foundations.

She stated that the educational funds are currently short. There is a lack of funds being shifted to education from the local level. Also, many taxpayers oppose raised mill levies on the local level. In order to continue to have a high quality of education in the state of Kansas, more financial support is needed. She stated that the wildlife checkoff averages approximately \$135,000 per year.

Marc Webb testified in support of S.B. 229. He stated that he is the president of the Kansas Education Endowment Program and also a principal of a Jr. High School in Wichita. He stated that a checkoff would allow funds for "extras" in the school districts that would otherwise be unavailable.

Marc Marcano (Attachment 1) testified in support of S.B. 229. He stated that one of the favorable aspects of this bill is that it does not put any burden on the state general fund, but allows individuals an opportunity to contribute to education.

Elizabeth Taylor (Attachment 2) testified in support of S.B. 229. She stated that there is concern regarding international assessment of American students. She felt they seem to be slipping down the intellectual and educational ladder according to assessments and SAT (Scholastic Aptitude Tests) tests. She felt that S.B. 229 would be a step in the right direction to provide for the best possible educational system for our students.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on March 4, 1987

Darrell Monte expressed concern about a side effect of S.B. 229. He stated that his department does not want to be recorded as opposing a Kansas foundation for education but they do note that in other states when additional income tax checkoffs are implemented that the original checkoff suffers an erosion of support. He said that the average reduction in other states has been 16.4%. He noted that the nongame checkoff in Kansas could realize a reduction of around \$21,000 annually if the expense of other states holds true in Kansas. (Attachment 3)

SENATE BILL 118

Senator Strick, one of the sponsors of the bill testified in support of S.B. 118. He stated that the purpose of S.B. 118 is to give financial benefit to certain retired citizens receiving Social Security. He stated that current law provides that single taxpayers have a \$25,000 exemption on Social Security payments and married couples filing jointly have a \$32,500 exemption. This bill would increase the exemption to \$35,000 for married couples.

Chairman Kerr said that the Department of Revenue estimated fiscal note on this bill is \$2 million dollars annually.

The committee received a letter from the Kansas Retired Teachers Assoc., (Attachment 4) opposing S.B. 118. No conferee from their organization was able to testify at the meeting.

Etta Dahlgren testified in opposition to S.B. 118. (Attachment 5) She stated that the bill does not go far enough and that it would thus keep the additional tax for a select group of individuals. She stated that the exemption should treat Social Security benefits the same way that state employee retirement benefits are treated. She urged defeat of S.B. 118 and urged enactment of a bill that exempts this Social Security tax completely.

Gerald Duree, (Attachment 6) testified in opposition to S.B. 118. He stated that after paying into Social Security all of a person's working years and feeling that it would not be taxed, it would be a great disappointment to find that state income tax does apply to the benefits. He stated that the Governor proposed removing Social Security from state income tax altogether and he urged support for H.B. 2087, the bill which would carry this out.

After brief committee discussion, Chairman Kerr stated that he suggests that if the House Tax Committee has a bill carrying out the total exemption concept, (H.B. 2087) and since the House committee also has a comprehensive income tax restructuring bill, that S.B. 118 should be held in committee so that the House could make recommendations on the issue.

SENATE BILL 195

Senator Steineger testified in support of S.B. 195. He said that some Kansas citizens were escaping paying of sales tax on boats, and that this was depriving the state of sales tax revenues and that it is hurting boat dealers since Kansas dealers are collecting the tax. Some residents thus purchase the boat out of state.

Loren Morgan (Attachment 7) testified in support of S.B. 195. He stated that Kansans are being cheated out of tax revenue from the sale of boats, motors, and trailers sold to Kansans by Marine dealers in the states of Missouri and Oklahoma. He stated that last year from January 1 to the end of April his dealership sold 44 Bass Tracker boats. From May to the end of the year only six boats were sold. He thought this was due to the change in Missouri law. He felt passage of S.B. 195 would be very beneficial to the Marine dealers as well as to the state of Kansas.

Harold Brown testified in support of S.B. 195. (Attachment 8)

Bill Hanglick (Attachment 9) testified in support of S.B. 195. He stated that the Kansas Fish & Game Commission has responsibility of

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m./~~a~~^{XX}~~m~~. on March 4, 1987

registration for all boats in Kansas. He said it would seem that this bill would require a "proof of tax paid" statement for the reissues and new registrations. He stated that there might be some additional administrative requirements but that he did not feel that it would be a hardship to accomodate this law change. (Attachment 10)

Harley Duncan stated that the Department of Revenue supports the intentions of S.B. 195. He stated that he felt there was a needed amendment regarding allowing collection by the county treasurer's office and providing them a fee for doing so. He felt this method would be convenient for the public because there is a county treasurer's office in every county. Otherwise, Fish & Game could be authorized to collect it.

Chairman Kerr said that committee discussion on S.B. 195 could take place on Friday, March 6, 1987.
(Attachment 11 submitted by Chris Courtwright, Research Dept.)
Meeting adjourned.

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
3/4/87	HAROLD M. BROWN	TOPEKA	KANSAS MARINE DEALERS
3/4/87	Bill Hanzlick	Pratt	Ks Fish & Game
3/4/87	Loren R. Moreau	Wichita	L & M. MARINE & WICHITA MARINE DEALERS
3/4/87	Estel Blanchy Dahlgren	Kc, Mo.	A.A.R.P. State Leg. Comm.
3/4/87	Gerald H. Duree	TOPEKA	A.A.R.P. @ local area
3/4/87	Marc Webb	Wichita	KANSAS EDUCATIONAL ENDOWMENT PROGRAM
3/4/87	CHARLES BERT	WICHITA	WICHITA AUTO DEALERS ASSOC.
3/4/87	Lola Mae Gibson	Topeka	—
3/4/87	Madeline Miller	Topeka	—
3/4/87	Earl Neppinger	Lawrence	Common Sense / K.S.
3-4-87	Leroy Jones	Overland Park	B.L.E.
-	RON CALBERT	NEWTON	U.J.U.
✓	Rasha Durr	Lawrence	Senior Handed Legalese
✓	George A. Dugga	Topeka	K. Dept. on Aging
✓	Faye Mc Mannis	Pratt	—
-	Jean Hodges	Pratt	HAK
✓	Joe Veda Carpenter	Pratt	HAK
	Eleanor Kera	Pratt Co.	H.A.K.
3-4-87	Godly Fayman	Overland Park	HAK
3-4-87	Madeline Sevain	Overland Park	H.A.K.
3-4-87	Bert J. Dawson	Cranberry, Mo.	H.A.K.
3-4-87	Rae Weide	Hiasawatha, Ks.	H.A.K.
	Shara Bannister		Sen Burke
	Margaret Berger	Everest	HAK
	Elizabeth Taylor	Topeka	IEEE
	Don McBurn	TOPEKA	observer
	MARK A BURGHART	TOPEKA	KS. DEPT. OF REVENUE
	HARLEY T. DUNCAN	"	"
	CLEO MURPHY	"	"
	Darrell Monte	Pratt	H.F. & G. Comm.

TESTIMONY TO THE SENATE ASSESSMENT AND TAXATION COMMITTEE
Concerning S.B. 229

by Marc Marcano

Executive Director

Advisory Committee on Hispanic Affairs

Mr. Chairman and Committee Members:

My name is Marc Marcano, executive director of the Kansas Adviosry Committee on Hispanic Affairs. On behalf of the Committee Members I rise in full support of S.B. 229. One of the favorable aspects of this bill is that it does not place any burdens on our depleted State General Fund, but rather, it allows individuals the opportunity to make a contribution toward establishing a fund in the Department of Education which could be used in addressing particular problems in different school districts.

The Kansas Advisory Committee on Hispanic Affairs and, in fact, the entire Kansas Hispanic Community has had an increasingly growing concern about the 25%-plus school drop-out rate among our youth. We strongly feel that the establishment of such a fund could be a meaningful step in the right direction in addressing this critical problem. We would hope that Community Based Organizations and local school districts would be eligible to be funded under this program. If this is the case, local areas experiencing a large number of school drop-outs or other problems prevelant to the area will be better equipped to deal effectively with those problems.



IEEE

THE INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS, INC.

REGION 5 EXECUTIVE COMMITTEE

PLEASE REPLY TO:

TESTIMONY IN SUPPORT OF SB 229
SENATE EDUCATION COMMITTEE
March 4, 1987

presented by Elizabeth E. Taylor, Legislative Consultant to IEEE

Thank you Mr. Chairman and members of the committee for the opportunity to present to you the current educational concerns of the Institute of Electrical and Electronics Engineers. IEEE is a world wide organization representing over one quarter of a million engineers of which the Kansas sections of the IEEE represent approximately 1500.

An essential part of the industrial growth of Kansas, the United States, as well as the world is the education afforded its students. Preservation of liberty is based on the knowledge of the people. More Americans today go to school for a longer period of time than in any other country in the world. The IEEE would like this committee and the Legislature to consider the following facts:

- Currently 1 out of 6 college freshman are enrolled in remedial reading courses;
- 1 out of 5 college freshmen are enrolled in remedial writing courses; and
- 1 out of 4 are enrolled in remedial mathematics courses.

Test scores in the SAT (Scholastic Aptitude Test) in the United States are widely recognized as the tool for determining aptitude for 1 million high school students who are college bound each year. The average on these tests resembles a ski slope. For example:

- Math averages over the last 25 years have decreased by 35 points;
- Verbal averages over the last 25 years have declined 53 points.

In 1964 the first international assessment of mathematics was performed on 13-year-old students. That assessment found:

- Japan had the highest ranking students;
- West Germany second highest ranking;
- United Kingdom third;
- France fourth; and
- United States last.

A 1970 assessment of the same mathematics capabilities internationally showed the same results with respect to the first and last place holders - Japan, first and the United States last. Studies of the growth in productivity for those countries mimicked the results of the mathematics assessment - again with Japan placing first and the United States placing last. These 13-year-olds participating in the assessments are now the middle management and upper management of business and industry in each of the nations.

Education is not the only factor to be considered in a nation's industrial capabilities; but it is certainly an essential one. Several steps are suggested by IEEE in the effort to improve the education for American students and the resulting growth in knowledge and productivity:

- improved certification requirements for teacher competency,
- increased salaries for teachers which will be an incentive for highly qualified teachers, especially in the private market can financially attract potential math and science teachers, a

Sen. A & T

3/4/87

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- increased placement and career assistance for teachers.

IEEE hopes that SB 229 might be a step in the right direction. It is time for business, industry, professional associations and others to join with the schools to provide for the best possible educational system for our students.

Kansas Fish & Game

HEADQUARTERS
BOX 54A, RT. 2, PRATT, KS 67124



(316) 672-5911

SB 229

Testimony Provided to Senate Assessment
and Taxation Committee on 3/4/87.

By: Kansas Fish and Game Commission

The Kansas Fish and Game Commission does not wish to be on record as opposing a Kansas foundation for partnerships in education nor creation of a mechanism for funding that endeavor. However, the Commission wishes to make known to this Committee the effect that a competing checkoff would have on the nongame program in Kansas.

Kansas initiated a state income tax checkoff method in 1980 to help fund nongame wildlife management. First year returns generated \$128,788. Subsequent tax year receipts averaged about \$135,000 until the 1984 tax year when receipts dropped to \$105,184. This decrease was believed due in part to general economic conditions and to lack of an aggressive promotion campaign by this agency.

A promotional effort was initiated for the 1985 tax year and income increased to \$128,054. Promotions have been more heavily stressed for the 1986 tax year and receipts to date are above last year.

The nongame checkoff continues as the primary method for specifically funding nongame wildlife management in Kansas. Even this source is inadequate to totally fund all nongame wildlife needs. Therefore, we are quite concerned with additional checkoff categories on the income tax return due to the reduced nongame receipts which would result.

Presently, 33 states have a nongame checkoff funding mechanism in place and 17 of those states had competing checkoffs through the 1984 tax year. Slight to moderate increases in

EQUAL OPPORTUNITY EMPLOYER

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contributions are generally experienced when more than one checkoff is available, although several states did experience a decrease in total checkoff receipts. However, in all but one instance (Virginia) nongame receipts decreased when additional checkoffs were authorized. The amount of decrease appears to be dependent on the nature of the items to be funded.

The average nongame contribution reduction for states with one competing checkoff is 16.4%. The average annual nongame contribution in Kansas has been approximately \$127,200. Introduction of a competing checkoff would result in an approximate loss of \$20,860 to the Commission and further restrict programs for nongame wildlife management in Kansas.



Kansas Retired Teachers Association

Together We Can



1986-1987

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March 4, 1987

Senator Fred Kerr
Chairman, Senate
Assessment and Taxation Committee

Dear Senator Kerr:

We do not favor SB 118 that follows the federal guidelines which tax a portion of Social Security retirement dollars.

The federal government passed special legislation to tax a portion of Social Security funds to save and protect the program.

That has been done and 39 or 40 states have passed legislation to exclude Social Security retirement dollars from their tax code.

We have expressed the KRTA position to each member of your committee.

Sincerely,

Basil Covey
Basil Covey
Chairman, KRTA
Legislative Committee

cc: Sen. Salisbury

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Sen. A & T
3/4/87

Att. 4

EXEMPTION OF SOCIAL SECURITY BENEFITS FROM TAXATION IN

KANSAS

SENATE BILL No. 118

Mr. Chairman and Members of the Senate Assessment and Taxation Committee:

Thank you for permitting us to present this testimony against Senate Bill No. 118 regarding the exemption of benefits under the Federal Social Security Act from the adjusted gross income for Kansas taxation.

Social Security was never meant to be taxed. The law passed by the federal government provides that money received there goes back into the Social Security Trust Fund. It was not meant to be an income producing tax. It was not passed by the federal government to build up state money.

Any tax on Social Security should be fair to the retirees. The present law taxes "tax-free bonds", as income from such bonds is included in determining the tax on Social Security benefits. This is unfair. No one but the retirees on Social Security pays such a tax. That makes this double taxation questionable.

The exemption of this tax would maintain the states historic policy of not taxing unfairly. It would return Kansas's historic policy of not including interest from Kansas school and municipal bonds in determining state taxes.

Exemption would treat Social Security benefits in the same way that state employees retirement benefits are treated.

Since Kansas used the federal adjusted gross income figure, Kansas taxes a segment of its retired citizens, by default. The taxation of benefits for some individuals establishes a dangerous precedent for taxing all Social Security benefits. People fear that Social Security will be taxed more in the future.

Taxation destroys the incentive to save. Senior citizens are on fixed incomes. We would not want people to move from Kansas to states that do not require payment of this tax.

Receipt of Social Security benefits enables older Americans to have independent lives and, in some cases, continue contributing to society.

The power to act on this matter is vested in the legislature.

The real issue is that this is an additional tax for a select group of individuals.

We urge the defeat of Senate Bill No. 118 and the enactment of a bill that exempts this Social Security tax completely.

Thank you,

Etta Blanche Dahlgren

Mrs. Etta Blanche Dahlgren

AARP State Legislative Committee

March 4, 1987

TAXATION OF SOCIAL SECURITY BENEFITS BY STATES

I. STATE WILL NOT TAX SOCIAL SECURITY BENEFITS

A. No State Personal Income Tax :

Alaska	South Dakota
Connecticut	Tennessee
Florida	Texas
Nevada	Washington
New Hampshire	Wyoming

B. State Income Tax Policy Does Not Conform to Present IRS Standard :

Alabama	Georgia
Arizona	Massachusetts
California	Mississippi
District of Columbia	Pennsylvania

C. State Exempts Social Security Benefits From Taxation -- Has Passed Legislation :

Arkansas	New Mexico
Delaware	New York
Hawaii	North Carolina
Idaho	Ohio
Indiana	Oklahoma
Kentucky	Oregon
Louisiana	South Carolina
Maine	Virginia
Maryland	West Varginia
Michigan	Wisconsin
Minnesota	Illinois
New Jersey	

II. STATE WILL TAX SOCIAL SECURITY BENEFITS

State Defeated Social Security Benefits Exemption Bills

Colorado	Nebraska
Iowa	North Dakota
Kansas	Rhode Island
Missouri	Utah
Montana	Vermont

September, 1986

Senate Committee on Taxation 3/4/87

Exemption of Social Security Tax
AARP OPPOSES SENATE BILL "118"

1. In the beginning it was never intended that Social Security be taxed.
2. The only way the Federal Government got a tax on social security was to agree to put that portion ~~taxed~~ back in the social security trust fund.
The State however has peggy-backed in with the Federal only to take the money received and put it in the General Fund to spend for whatever.
3. We've paid into social security all our working years, with full confidence that it would not be taxed and that it would be a supplement to our other retired income. Now in the middle of retirement some wants to change the whole ball game.
4. Medical bills are higher (7% plus this year), medicare paying less., The group paying this tax are paying a higher Federal tax in 1987 and somewhere near a 20% increase in State taxes. It's a windfall alright, Right on the backs of our elderly retired.
Rise in monthly medicare payments took the 1.3% pay increase in social security.

5. We do not support this bill as it is still a tap on our Social Security Benefits.

We the association of Retired people feel Social Security Benefits should be free of any ^{state} tap no matter what cause or reason the proposed tap would or might be for.

If money is needed then put the tap for that on equal taxation of everyone, not just the elderly retired on a fixed income.

6. In his message to the 1987 ^{Legislature} Gov Mike Hayden proposed removing Social Security from the State Income tax, saying that was fearful the overtaxed retired elderly might seek other states that had better tax benefits for them.

7. This Bill gives little or no relief from the taxing of the Social Security Income. Therefore we oppose this bill (Senate Bill 118.)

Thank you for allowing me the privilege to testify before this Committee.

8. We support House Bill 2087

Herald G. Ulrich

141 S.W. - Ulrich Rd

Opaka Kansas 66615

Ph. 272-1291

L. & M. MARINE INC.
10810 W. Kellogg
Wichita ks. 67209

From: Loren Morgan Pres. L. & M. Marine Inc.

To: Senator Fred A. Kerr & Committee

Subject: Bill # 195 (Sales Tax on Boats)

We are in favor of Bill #195 in some form.

We as Kansans are being cheated out of Tax Revenue from the sale of boats, motors and trailers sold to Kansans by Marine Dealers in the states of Oklahoma and Missouri. These states do not require the selling dealer to collect Sales Tax when they sell these products to anyone. In their own states these taxes are collected when they register the boats, motors and trailers.

It has been that way in Oklahoma for at least five years. Missouri changed their law around April 19, 1986.

This lets the Marine Dealers in these states sell to Kansans and not collect Sales Tax or any other tax on these sales.

As Kansas Marine dealers we must collect sales tax. In my county, Sedgwick, the Sales Tax is now 5%. This means, if we sell a boat for \$15,000.00, the Sales Tax is \$750.00. Our competitive dealers in Oklahoma and Missouri can sell the same boat for \$15,000.00 and not collect the Sales Tax. The buyer saves \$750.00, Kansas loses the \$750.00 in Sales Tax, L & M Marine loses the sale and profit fro the sale, which in turn loses jobs for other Kansans.

Last year we lost an estimated \$1,000,000.00 in sales to out of state dealers, because of Sales Tax. This represents a loss of \$50,000.00 to the State of Kansas.

Last year L & M Marine collected and paid to the State of Kansas \$114,977.76 in Sales Tax.

In summation the reasons we are in support of Bill # 195:

- A. Unfair competition
- B. Lost revenues to the state
- C. Lost sales to Kansas dealers
- D. Lost jobs for Kansans

Thank You,

Loren Morgan

L. & M. Marine Inc.

March 3, 1987

KANSAS MARINE DEALERS ASS'N., INC.

ASSESSMENT AND TAXATION COMMITTEE

ENERGY AND NATURAL RESOURCE COMMITTEE
ASSESSMENT & TAXATION

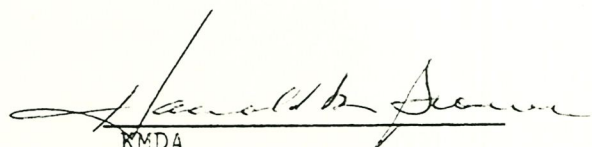
CHAIRPERSON
MEMBERS

WE SUPPORT S.B195 IN THAT IT WILL PROVIDE KANSAS THE ONLY MEANS
OF COLLECTING SALES TAX ON BOATS PURCHASED OUT-OF-STATE. K.S.A.
79-3703 SAYS EVERYONE IS SUPPOSED TO PAY SALES TAX, BUT NO ONE
CAN ENFORCE IT.

YOU NEED TO CLOSE A BAD LOOP-HOLE. PAGE 3, PARAGRAPH "M" PROVIDES
30 DAY TEMPORARY PERMITS, BUT DOES NOT MAKE IT ILLEGAL FOR A PERSON
TO BUY 5 OR 6 PERMITS A YEAR TO AVOID PERSONAL PROPERTY AND/OR SALES
TAX. FURTHER, IT DOES NOT MAKE IT ILLEGAL FOR THE COMMISSION, OR
DESIGNATED AGENT TO SELL MORE THAN ONE PERMIT TO A PERSON

THANK YOU.

HMB:jc


RMDA
Harold M. Brown

Sen. A & T
3/4/87

Att. 8

Kansas Fish & Game

HEADQUARTERS
BOX 54A, RT. 2, PRATT, KS 67124



(316) 672-5911

SB195

Legislative Testimony by Kansas Fish & Game Commission

The Kansas Fish and Game Commission has the responsibility for the registration of all mechanically propelled vessels or sailing vessels using the waters of this state.

Currently, the agency has 86,631 registered boats. This registration is good for three years at a cost of \$9.00. Approximately 34,000 boats are registered annually. This includes 18,400 of registration renewals; 7,300 reissues (i.e. sale of boat where the registration number is reissued to the new owner); and 8,300 new registrations.

It appears that the wording in this bill would require a "proof of tax paid" statement for the 7,300 reissues and the 8,300 new registrations. Apparently, under the current tax law the majority of the 7,300 reissue transactions would not be taxable since it would be an isolated sale and not subject to tax.

The agency would not consider this a hardship to accommodate this law change. It would, however, require some additional personnel time and postage in sending back registration requests that did not have the "proof of payment" attached.

We would consider the fiscal impact to be negligible.

1986 COAST GUARD REPORT FOR BOATING cc George Axline
(Revised Form)

Form CGHQ 3293		REPORT OF CERTIFICATES OF NUMBER ISSUED TO BOATS							For Year Ending 31 December 1986		State or Territory of KANSAS				
HULL MATERIAL	Under 16 Feet				16 Feet to Less Than 20 Feet				20 Feet to Less Than 40 Feet						
	Outboard	Inboard & I/O	Auxiliary Sail		Outboard	Inboard & I/O	Auxiliary Sail		Outboard	Inboard & I/O	Auxiliary Sail				
			Outboard	Inboard	Outboard		Outboard	Inboard	Outboard		Outboard	Inboard			
Wood	484	15		8	205	147		4	77	85		4			
Fiberglass	20,519	733		44	15,765	7,504		71	426	980		386			
Metal	23,480	70		8	6,498	85		14	2,131	126		1			
Inflatable	160	3			36	13			1	1		1			
Other	14				1	4			1						
HULL MATERIAL	Over 40 Feet				Total				Unpowered Boats			Other Watercraft (Explain)			
	Outboard	Inboard & I/O	Auxiliary Sail		Outboard	Inboard & I/O	Auxiliary Sail		Rowboats	Canoes	Sailboats	AIR	JET	OTHER	
Wood		1			766	248		16	10	1	175	29		4	
Fiberglass	5	14		1	36,715	9,231		502	649	51	25	49	3	79	
Metal	21	14			32,130	295		23	121	46	4,732	18	358	90	
Inflatable					197	17		1	2		17			1	
Other					16	4			1	1	7			1	

REMARKS

TOTAL BOATS 86,631

Report prepared from a computer generated report.

SCOPE OF NUMBERING SYSTEM

KA-001-A to KA-702-MC

Has your numbering system changed from last year? yes (please explain);
 no.

INSTRUCTIONS: Please report only valid certificates outstanding on 31 December and mark well any discrepancies from the intended format. Please note changes in your numbering system (e.g., definitions, procedures) above. Mail completed form to Commandant (C-3P-1), U.S. Coast Guard, Washington, D.C. 20593, to arrive before 1 March. This information is used to assess boating activity and safety trends. It is aggregated nationally and published along with accident data annually in the Coast Guard's BOATING STATISTICS. This publication is available free in limited quantities from the above address. This information is collected under authority of 33 CFR 174.123.

Volume 4, No. 3
Fall, 1986

Published by the Nongame Wildlife
Association of North America in
affiliation with the International
Association of Fish and Wildlife Agencies.



Effects of Competing Checkoffs

The first nongame checkoff appeared on the 1977 Colorado income tax form. Since that time, more than 30 other states have enacted legislation to provide similar checkoffs for wildlife programs. Originally, this mechanism seemed like a sure way to acquire substantial funding. However, the addition of checkoffs for various other interests has caused much concern regarding the future of many nongame programs.

Articles in previous issues of the Nongame Newsletter have related information on the first competing checkoffs (Hekkers 1982), justifications for only a wildlife checkoff (Hassinger 1984), a newspaper editorial regarding relative merits of competing checkoffs (Hekkers 1983), and an economic analysis of Idaho's Nongame and Olympic checkoffs (Harpman 1985). This article gives a history of competing checkoffs and tells how they have affected nongame checkoffs.

By 1982, the checkoff system was no longer reserved for wildlife. Oregon added a Continuing Arts checkoff to the 1981 tax form (Table 1).

Since then, the number of checkoffs competing with nongame has been increasing annually. There were 32 of these checkoffs on 17 of the 1984 state tax forms. Alabama and Louisiana had the distinction of having the greatest number of competing checkoffs. Non-wildlife checkoffs gained so much popularity that many were even initiated either before (three states) or on the same year (three states) that the respective state nongame checkoff began.

Table 1.
Number Of Competing Checkoffs
On Each Year's Tax Form

State	First Tax Form with Nongame Checkoff	1981	1982	1983	1984
Alabama	82		2	3	4
Arizona	82			1	1
Arkansas	83		1	1	1
California	83			3	2
Colorado	77			2	2
Delaware	83				3
Idaho	81		1	2	2
Illinois	83			2	3
Kentucky	80				1
Louisiana	81			3	4
Massachusetts	83		1	1	2
Michigan	83		1	1	1
Ohio	83			1	1
Oregon	79	1	1	1	1
S. Carolina	81				1
Virginia	81		2	2	2
W. Virginia	81			1	1
Totals		1	9	24	32

Fourteen different non-wildlife causes were represented on the 1984 tax forms (Table 2). Child Abuse or Children's Trust is the most common competing checkoff cause.

Most recipient organizations have been assigned checkoffs for indefinite periods. However, a few states have tried to reduce the competition problem by sometimes using the checkoff as a temporary funding source. The Olympic Checkoff appeared only on the 1983 California tax form. The Low Income Utility Assistance Checkoff was replaced by a Child Abuse Checkoff on the 1984 West Virginia form.

Table 2.
Competing Checkoff Causes
That Have Appeared On
State Income Tax Forms

Checkoff Cause and States
Child Abuse or Children's Trust
AL, AZ, CA, DE, IL, KT, LA, MI, SC, WV
Olympics
CA ¹ , CO, DE, ID, LA
State Election Campaign
AL, MA, VA ²
Aging or Senior Citizens
AL, CA, LA
Arts
AL, LA, OR
Memorial Stadium
AR
Domestic Abuse
CO
Emergency Housing
DE
Drug Enforcement
ID
Veterans' Home
IL
Food & Housing
IL
Organ Transplants
MA
Natural Areas & Preserves
OH
Low Income Utility Assistance
WV ¹
¹ Only on the 1983 form
² VA has one checkoff for Republicans and one for Democrats

Although nongame checkoffs continued to receive the bulk of all taxpayers' contributions last year (66.5%), they have been severely affected by competing checkoffs added at a later date. Nongame donations have decreased an average of 16.4 percent when another checkoff appeared on the tax form. Of the 22 situations used for this analysis, the addition of two checkoffs in Virginia is the only one that was accompanied by an increase in nongame funds (Table 3). Delaware suffered the greatest reduction reported when three checkoffs were added on the 1984 form.

Another example of this competitive relationship also occurred in Cal-

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Competing Checkoffs
New Executive Committee
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Delaware's Nongame
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Nongame Act
Urgent

**Table 3. Annual Percentage Changes In Nongame Contributions
And Total Checkoff Contributions
When Competing Checkoffs Were Added.¹**

State	1981 ²			1982			1983			1984		
	n ³	% Change Nongame	% Change Total	n	% Change Nongame	% Change Total	n	% Change Nongame	% Change Total	n	% Change Nongame	% Change Total
AL							1	-24.6	+118.9	1	-10.0	+15.0
AZ							1	-18.3	+18.3			
CO							2	-8.5 ⁴	+27.4 ⁴			
DE										3	-32.2 ⁴	+34.9 ⁴
ID				1	-0.4	+45.6	1	-15.8	+6.6			
IL										1	-15.7	-15.9
KT										1	-4.4	+137.7
LA							3	-26.5 ⁴	-17.8 ⁴	1	-3.6	+2.4
MA										1	-23.4	-17.3
OR	1	-24.3	+12.7									
SC										1	-8.2	+54.3
VA				2	+2.5 ⁴	+63.2 ⁴						
WV							1	-23.3	+1.7			

¹ Arkansas, California, Michigan and Ohio are not included because all of their competing checkoffs either appeared before or on the same year that the respective nongame checkoff began.

² Tax Year, year printed on the tax form.

³ n = number of competing checkoffs added each year.

⁴ number shown = actual % change/n

ifornia. When one previous checkoff was dropped, nongame contributions increased 44.9 percent.

Total checkoff contributions in each state increased an average of only 26.6 percent when a new checkoff was added. A few states even experienced decreases (Table 3).

Some checkoff causes have had more drastic effects than others. The child abuse cause was second to nongame in the percentage of total contributions last year (18.2%). During the 1984 tax year, only six competing checkoffs received more contributions than respective state nongame checkoffs. Of these six, five were for child abuse.

The two greatest increases in total contributions occurred in Alabama (118.9%) and Kentucky (137.7%)

when child abuse checkoffs were added (Table 3). In both cases nongame contributions decreased. The average reduction in nongame donations when child abuse checkoffs appeared on state tax forms was 19 percent (n = 6).

In 1983, the Low Income and Utility Assistance Checkoff was added in West Virginia and nongame contributions dropped 23.3 percent (Table 3). However, when this checkoff was replaced by the Children's Trust Fund Checkoff the following year, the Nongame Checkoff fell another 25.6 percent. Fortunately, Minnesota's proposed funding mechanism for the child abuse cause was changed from a checkoff to a \$2 surcharge on birth certificates.

An analysis of the change in total

nongame contributions also shows the negative effect of competing checkoffs. Total nongame contributions for seven states with competing checkoffs added on the 1984 forms decreased 16.5 percent (Table 4). Nongame donations increased in the group of states with no competing checkoffs.

It appears as though the law of diminishing returns applies to checkoffs. The size of the contribution pie remains fairly constant. And in order to cut more slices, the existing slices have to be reduced. Hopefully, this information will enhance the understanding of competing checkoffs, and also prove to be of use to legislators who are confronted with evaluating the merits of adding more proposed checkoffs to tax forms.

**Table 4. Percentage Change In Nongame Contributions From
Tax Year 1983 to 1984¹**

	n	Total Nongame Contributions		Percentage Change
		1983	1984	
States with competing checkoffs added on the 1984 forms	7	\$1,095,000	\$ 915,000	-16.5
States with existing competing checkoffs but none added on the 1984 tax forms	9	\$2,343,900	\$2,325,000	-0.8
States with no competing checkoffs	14	\$5,075,000	\$5,205,000	+3.0

¹ Two checkoff states are eliminated from this table. California experienced a reduction in the number of competing checkoffs (3 to 2) in 1984. Nebraska's nongame checkoff began in 1984 with no competing checkoffs.

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Joe Schaefer
Nongame Biologist
Kansas Fish & Game Commission

FISCAL SUMMARY INFORMATION
FOR
DIVISION OF THE BUDGET
LEGISLATIVE RESEARCH DEPARTMENT

Bill Number: SB 229

As Amended By: _____

Kansas Fish and Game Commission
Agency

Darrell Montei
Prepared by

Chief, Game Division
Title

3/1/87
Date

=====

Agency Explanation of Estimated Fiscal Impact

NOTE: Use this section to explain the assumptions and rationale employed in determining the estimated fiscal impact of the attached bill. Identify all revenues and expenditures associated with this proposal which are contained, in whole or in part, in the Governor's Budget Report. (Please use additional sheets as necessary.)

- This bill would create a state income tax checkoff funding procedure for a Kansas foundation for partnerships in education.
- Kansas currently utilizes a nongame checkoff procedure for funding nongame wildlife management. The checkoff was in effect for the 1980 tax year.
- Receipts from the checkoff have averaged about \$127,000 per year.
- Data from other states with one competing checkoff indicate that a 16.4% reduction in nongame donations should be expected.
- If passed, SB 229 would result in a reduction of approximately \$20,800 in nongame checkoff revenues received by the Commission.

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(Continued on reverse side.)

Sen. A & T
3/4/87

Att. 11

Summary of Estimated Fiscal Impact

	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
<u>Revenue Impact by Fund</u> (Specify Fund)			
State General Fund	\$	\$	\$
Nongame Fund	(20,800)	(20,800)	(20,800)
<u>Total Revenue</u>	<u>\$(20,800)</u>	<u>\$(20,800)</u>	<u>\$(20,800)</u>

<u>Expenditure Impact by Fund</u> (Specify Fund)			
State General Fund	\$	\$	\$
<u>Total Expenditures</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<u>Expenditure Impact by Object</u>			
Salaries and Wages	\$	\$	\$
Contractual Services			
Commodities			
Capital Outlay			
Federal and State Aid			
Other Assistance			
<u>Total Operating Expenditures</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Capital Improvements			
<u>Total Expenditures</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Salaries and Wages Summary

<u>Classification</u>	<u>Salary Range</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
<u>Total Benefits</u>							
<u>Total Salaries and Wages</u>			\$		\$		\$

Capital Outlay

<u>Item</u>	<u>No.</u>	<u>Unit Cost</u>			
		\$	\$	\$	\$