

Approved March 18, 1988
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION

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

11:00 a.m./p.m. on March 17, 1988 in 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:

Jim Davidson, Counsel for BOTA
Jim DeHoff, Kansas AFL-CIO
Pat Barnes, Ks. Motor Car Dealers Assn.
Hal Smith, Independent Used Car Dealer
Bev Bradley, Ks. Assoc. of Counties
Alan Alderson, Ks. Business Aviation Coalition

HOUSE BILL 2651

Jim Davidson testified on H.B. 2651. (Att. 1 & 2) He stated that in 1987 the BOTA received 245 applications for exemption where the applicant stated the property was used exclusively for charitable purposes. Of those, 158 were granted, 23 denied, and 64 remain open pending a decision.

He stated that he felt there is currently serious alarm because of the focus on the cases that have been denied exemption. The test for charitable exemptions has not fundamentally changed in recent years. He provided a list of the applicants, (part of Att. 1)

Mr. Davidson made reference to the case of the YMCA, stating that they were denied by the BOTA, but they have not been denied by the District Court judge. In response to a question regarding the YMCA being put on the tax rolls after so many years of exemption, Mr. Davidson said that the Board felt there were properties and programs that were not used for the purposes intended for the tax exempt status. In answer to questions, Mr. Davidson went through the list of concerned "humanitarian" agencies that are fearful of being put on the tax rolls and gave explanations.

Chairman Kerr stated that he felt the committee is obligated to look further into the issues of H.B. 2651 because of the many concerned people that are worried because of the Topeka YMCA situation.

HOUSE BILL 3074

Jim DeHoff testified. (Att. 3) He stated that he supported the exemption of construction hand tools and tool boxes from property taxation, as described in H.B. 3074, new section 1(a) and 1(b). A list of such tools is contained in Att. 3

Pat Barnes testified. (Att. 4) He stated that his association supported the repeal of the inventory tax stamp for motor vehicle inventories. He said that Kansas will be the only state in this region which taxes motor vehicle inventory if this tax is not repealed. (Also submitted Att's. 5 & 6)

Hal Smith testified. (Att. 7) He stated that as a member of the Ks. Independent Automobile Dealer's Assoc. he is concerned about the section of the bill that deals with motor vehicle inventory tax. He stated that other expenses such as insurance liability plus the increase in personal property tax is passed on to the auto dealers, and this is another burdensome expense. In response to a question, it was acknowledged that motorcycles are included.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION,
room 519-S Statehouse, at 11:00 a.m./~~p.m.~~ on March 17, 1988

* Bev. Bradley testified. (Att. 8) She stated that Kansas Assoc. of Counties is opposed to H.B. 3074 because the bill represents one more example of erosion of the local tax base. She stated that for counties with a large number of auto dealerships, this would be a rather significant revenue loss for all local taxing jurisdictions.

Senator Hayden made a motion to adopt the minutes of the March 16 meeting. Senator Mulich seconded. Motion carried.

Meeting adjourned.

* At the meeting of March 18, committee members pointed out that it would be a tax burden "shift" rather than a revenue "loss" for local taxing jurisdictions.

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
3/17/88	Dana Fumell	Topeka	Budget
3/17	Law Duran	"	YMCA
3/17	Anita Suppumeau	"	United Way
3/17	Roger Franche	"	YMCA
3/17	George Sutor	"	YMCA
3/17	Gene HACKER	Olathe	Salvation Army
3/17	Celestine	Dep	YMCA
	Kathy J. Marney	Topeka	YMCA
	Barry Carson	Topeka	KIADA
3-17	Will Smith (SMITH)	Topeka	Auto Dealer
3-17	JOHN H. HOLMGREN	Topeka	CATHOLIC HEALTH ASSOCIATION
3/17	PAUL SULLIVAN	Topeka	YMCA
3-17	John M. Bender	Topeka	Observer
"	GERHARD METZ	TOPEKA	KCCI
	Mary Ellen Cook	Wichita	ST. Francis Wichita

BOTA 1987 CHARITABLE APPLICATIONS

In 1987 the Board of Tax Appeals received 245 applications for exemption where the applicant stated the property was used exclusively for charitable purposes 158 (64.5%) of those requests were granted, 23 (9.4%) were denied and 64 (26.1%) remain open pending decision.

Some of the applications were granted on other than charitable grounds (veteran's clubhouses, hospitals, care and nursing homes, etc.) The list of organizations receiving exemption are obviously too numerous to itemize, but include: senior citizen organizations, girl scouts, boy scouts, organizations for the handicapped, family and battered women shelters, the Salvation Army, mental health centers, drug and alcohol rehabilitation centers, theatre and arts councils, to name a few. All of these organizations met the test for exempting the property at issue under current law.

The recent focus of attention is on the cases where the Board denied exemption. Those few cases should not be cause for alarm. The test for charitable exemptions has not fundamentally changed in recent years. Although the 1986 Legislature did allow certain specific non-exempt practices for otherwise exempt properties.

Examining the applications denied may shed some light on how the Board of Tax appeals interprets statutes already on the books. The Board denied exemption for properties alleged to be used as a community center and which "provided hot meals to the community." The fact is that the properties housed restaurants in two communities which charged the "going rate" for food. No price reduction is offered to the elderly or indigent, and the applicant never alleged that anything was given away. The restaurants are open to the public. Another applicant acquired a retreat which is used by its employees and employees of affiliated hospitals. The corporation is a separate entity organized to raise funds for area hospitals. The Board denied exemption for a store selling hand-crafted goods made by residents of a retirement community. The store is staffed by volunteers from the community. Finally, the Board denied an administrative office for an organization that organized luncheons and teas for its members, employs a lobbyist, and is funded by member's dues. All of these applicants are recognized as not-for-profit corporations.

One-third of the exemptions denied were masonic halls or applications dismissed at the applicant's request.

Two for-profit corporations selling medical services were denied in 1987. It is not appropriate for a judicial body to comment on cases not yet decided. For that reason, those cases are not discussed.

All of the cases discussed here are open public records. Anyone may ask for and receive access to the public documents contained in case files. The Board will accommodate requests from interested persons who wish to examine the record.

duplicate

Record#	DOCKNO	TPCO	TAXPAYER	THEO	RECDATE
D 2	87-0002-TX	005	Hoisington Lodge # 331, AF & AM	210	87-01-02
G 42	87-0042-TX	023	Cottonwood, Inc.	210	87-01-05
G 47	87-0047-TX	078	Training & Eval. Cntr. for Hacapp.	210	87-01-05
G 65	87-0065-TX	089	Menninger Foundation 2016 1st	210	87-01-05
G 137	87-0137-TX	008	United Methodist Church of Leon	210	87-01-07
G 189	87-0189-TX	081	University for Man	210	87-01-08
G 351	87-0351-TX	061	Louisburg Area Senior Citizens, Inc.	210	87-01-13
D 353	87-0353-TX	089	Disabled American Veterans	210	87-01-13
G 365	87-0363-TX	089	Topeka Family Shelter, Inc.	210	87-01-13
G 367	87-0365-TX	089	Veterans of Foreign Wars 201 5th	210	87-01-13
G 377	87-0388-TX	012	Bird City Area on Aging, Inc	210	87-01-14
G 403	87-0414-TX	059	Mid Kansas MCC Relief Sale	210	87-01-14
G 424	87-0458-TX	018	Child Care Assn. of Ark City, Inc <i>Vehicle</i>	210	87-01-15
D 475	87-0526-TX	046	National Council of Jewish Women	210	87-01-16
P 543	87-0606-Tx	087	Disabled American Veterans Thrift	210	87-01-20
G 552	87-0615-TX	087	Starkey Developmental Center, Inc.	210	87-01-20
P 586	87-0671-TX	002	Westphalia Days Committee	210	87-01-21
P 587	87-0672-TX	002	Westphalia Days Committee	210	87-01-21
D 591	87-0676-TX	021	Dickinson Co. Child Care Center, Inc	210	87-01-21
G 633	87-0744-TX	011	Cherokee Co. Mental Health Ctr. Inc	210	87-01-23
G 634	87-0745-TX	011	Cherokee Co. Mental Health Ctr., Inc	210	87-01-23
G 635	87-0746-TX	011	Cherokee Co. Mental Health Ctr., Inc	210	87-01-23
P 642	87-0753-TX	085	Gospel Ministry, Inc.	210	87-01-23
G 684	87-0801-TX	089	Community Preschool - <i>Not Day Care</i>	210	87-01-26
P 702	87-0821-TX	016	Lebo Masonic Lodge No. 152	210	87-01-27
P 708	87-0827-TX	046	Ninety-Two Santa Fe Corporation	210	87-01-27
G 725	87-0844-TX	023	Cottonwood, Inc.	210	87-01-28
D 741	87-0860-TX	087	Midian Shrine Temple	210	87-01-28
P 748	87-0867-TX	087	St. Paul A.M.E. Church, Inc.	210	87-01-28
P 752	87-0871-TX	087	Olive W. Garvey Center Improvement	210	87-01-28
G 759	87-0878-TX	087	American Baptist Estates, Inc.	210	87-01-28
G 762	87-0881-TX	089	Jayhawk Area Council of Boy Scouts	210	87-01-28
G 763	87-0882-TX	089	Jayhawk Area Council of Boy Scouts	210	87-01-28
G 764	87-0883-TX	089	Jayhawk Area Council of Boy Scouts	210	87-01-28
G 765	87-0884-TX	089	Jayhawk Area Council of Boy Scouts	210	87-01-28
G 766	87-0885-TX	089	Jayhawk Area Council of Boy Scouts	210	87-01-28
G 845	87-0974-TX	066	Apostolic Christian Home	210	87-01-30
G 927	87-1052-TX	089	Silver Lake Senior Citizens, Inc.	210	87-02-03
P 942	87-1070-TX	037	Commercial Investment Co., Phase IV	210	87-02-04
G 1017	87-1141-TX	025	Elk Falls Senior Citizen, Inc.	210	87-02-06
G 1052	87-1176-TX	105	Wyandotte House, Inc. 79-2016 5th	210	87-02-10
G 1057	87-1181-TX	105	American Council of the Blind	210	87-02-11
D 1063	87-1187-TX	015	American Legion Davis-Crook Post 76	210	87-02-11
G 1104	87-1236-TX	089	Kaw Valley Girl Scout Council, Inc.	210	87-02-12
G 1127	87-1262-TX	015	San Le Leyte VFW Post 7515 201 Pth	210	87-02-16
G 1129	87-1264-TX	052	American Red Cross <i>Vehicle</i>	210	87-02-16
G 1132	87-1267-TX	052	Handicapped Education & Living Pro	210	87-02-16
G 1312	87-1426-TX	089	United Methodist Homes for the Aged	210	87-02-23
G 1328	87-1442-TX	087	World Impact, Inc. - <i>except mgr's residence</i>	210	87-02-24
P 1394	87-1476-TX	023	Lawrence Alano Society #1	210	87-02-25
G 1397	87-1479-TX	105	Kansas Family Medicine Foundation	210	87-02-25
G 1398	87-1480-TX	105	University Pediatrics Association	210	87-02-25
P 1457	87-1515-TX	105	Franklin Food & Fountain Corp	210	87-02-26
G 1461	87-1519-TX	023	Coal Creek Gospel Hall	210	87-02-26
G 1568	87-1577-TX	029	Birthright of Dodge City, Inc.	210	87-03-02
G 1670	87-1680-TX	075	Pearce-Keller Post No. 17 201 5th	210	87-03-05
G 1679	87-1689-TX	105	Argentine Youth Services, Inc.	210	87-03-05
G 1683	87-1693-TX	089	American Legion Post 160 201 1st	210	87-03-05
G 1703	87-1713-TX	019	Pittsburg Avenue of Flags, Inc.	210	87-03-06
G 1726	87-1740-TX	105	Kansas University Internal Medicine	210	87-03-09
G 1738	87-1758-TX	078	Hutchinson Heights, Inc.	210	87-03-09
P 1746	87-1749-PR	087	Salvation Army	210	87-03-09
G 1755	87-1767-TX	023	First Baptist Church of Lawrence	210	87-03-10
G 1758	87-1770-TX	023	Women's Transitional Care Services	210	87-03-10
G 1772	87-1784-TX	096	Oxford Friendship Center, Inc.	210	87-03-10
P 1773	87-1785-TX	105	Junior League of KC <i>Bothered women shelter</i>	210	87-03-10
P 1774	87-1786-TX	105	Nearly New Shop	210	87-03-10
G 1870	87-1882-TX	019	VFW Post No. 7479 201 5th <i>Vehicle</i>	210	87-03-13
G 1929	87-1943-TX	052	Leavenworth Co. Arts Council, Inc.	210	87-03-16
G 1961	87-1997-TX	087	American Red Cross/Midway Ks. Chap	210	87-03-17
2016 1995	87-2011-TX	105	Mobay Corporation Animal Health Div.	210	87-03-17
P 2039	87-2051-TX	089	American Red Cross Kansas Cap Chap	210	87-03-19
G 2062	87-2074-TX	087	Midwest Historical & Genealogical	210	87-03-20
G 2074	87-2086-TX	030	Mid-America Council on Aging, Inc.	210	87-03-23
G 2085	87-2097-TX	059	Bethany Home Association 2016 2nd	210	87-03-23
G 2087	87-2099-TX	105	Wyandotte Co. Chap. American Red Cr	210	87-03-23
P 2105	87-2117-TX	063	American National Red Cross <i>Vehicle</i>	210	87-03-25
G 2173	87-2186-TX	089	Topeka Rescue Mission	210	87-03-27
G 2174	87-2187-TX	089	Topeka Rescue Mission	210	87-03-27

G 77	87-2190-TX	089	Family Service & Guidance Center	210	87- -27
G 2179	87-2192-TX	089	Breakthrough Living Program, Inc.	210	87-03-27
D 2190	87-2203-TX	044	Jefferson Aerial 4015 Inc. FOE	210	87-03-30
P 2260	87-2273-TX	105	Senior Citizens Handcraft Shoppe Inc.	210	87-04-02
P 2311	87-2323-TX	059	Hand N Hand of McPherson, Inc.	210	87-04-06
P 2335	87-2347-TX	087	Eckankar Sunflower Satsang Society	210	87-04-06
P 2389	87-2402-TX	046	Bethany Medical Center	210	87-04-09
G 2437	87-2449-TX	032	Quinter Group, Inc.	210	87-04-13
P 2445	87-2457-TX	052	Salvation Army	210	87-04-13
G 2457	87-2469-TX	087	Kansas Elks Training Center	210	87-04-13
P 2458	87-2470-TX	087	Young Mens Christian Association	210	87-04-13
G 2484	87-2499-TX	078	DVS Shepherds Center, Inc.	210	87-04-14
P 2488	87-2503-TX	078	Rebekah-Odd Fellow Care Home	210	87-04-14
G 2500	87-2515-TX	105	Argentine Youth Services, Inc. <i>vehicles</i>	210	87-04-14
P 2569	87-2580-TX	081	Manhattan Arts Council	210	87-04-16
G 2636	87-2647-TX	061	Wildwood Outdoor Education Center	210	87-04-22
G 2639	87-2650-TX	105	Kaw Valley Arts Council	210	87-04-22
G 2647	87-2658-TX	089	Salvation Army, <i>vehicles</i>	210	87-04-22
G 2648	87-2659-TX	089	Salvation Army	210	87-04-22
G 2650	87-2661-TX	089	Unified School District No. 437 <i>vehicle</i>	210	87-04-22
G 2669	87-2680-TX	046	Heartlands School of Riding	210	87-04-27
P 2777	87-2788-TX	089	Topeka, Day Care Association, Inc.	210	87-05-01
P 2784	87-2795-TX	089	Young Womens Christian Assn	210	87-05-01
P 2785	87-2796-TX	089	Young Womens Christian Association	210	87-05-01
P 2786	87-2797-TX	089	Young Womens Christian Association	210	87-05-01
P 2787	87-2798-TX	089	Young Womens Christian Assn	210	87-05-01
G 2789	87-2800-TX	011	Elm Acres Youth Home, Inc. <i>201 87-05-04</i>	210	87-05-04
D 2795	87-2806-TX	026	High Plains Mental Health Center	210	87-05-04
D 2799	87-2810-TX	055	Logan Co. Day Care	210	87-05-04
G 2802	87-2813-TX	044	Larner-Seagraves Post #36 Amer Leg <i>201 87-05-05</i>	210	87-05-05
G 2828	87-2839-TX	105	Wyandotte Mental Health Center, Inc.	210	87-05-06
G 2829	87-2840-TX	105	Wyandotte Mental Health Center, Inc.	210	87-05-06
G 2937	87-2949-TG	089	Brown-Leonard-Woodward Post 391 <i>201 87-05-13</i>	210	87-05-13
G 2955	87-2967-TX	078	Aging Projects, Inc.	210	87-05-13
G 3101	87-3112-TX	061	Community Senior Service Center Inc	210	87-05-18
D 3102	87-3113-TX	061	Louisburg Lions Club	210	87-05-18
G 3120	87-3131-TX	035	Benton Scout Hut	210	87-05-18
P 3134	87-3145-TX	046	Linn, Cha-Che - 201 87-05-19	210	87-05-19
G 3172	87-3185-TX	004	Isabel Community Senior Citizens	210	87-05-22
P 3191	87-3204-TX	087	Salvation Army	210	87-05-22
D 3215	87-1227-TX	105	Wyandotte Mental Health Center Inc.	210	87-05-22
D 3216	87-3228-TX	105	Wyandotte Mental Health Center Inc.	210	87-05-22
D 3317	87-3328-TX	028	Area Mental Health Center	210	87-06-01
G 3375	87-3386-TX	089	Breakthrough House, Inc.	210	87-06-03
D 3399	87-3410-TX	015	American Legion Davies-Crook Post 76	210	87-06-05
G 3467	87-3474-TX	087	Midian Temple Company, Inc.	210	87-06-08
G 3486	87-3495-TX	023	Cottonwood, Inc.	210	87-06-09
G 3563	87-3572-TX	105	Depth, Rehabilitation Alcohol Group	210	87-06-15
D 3643	87-3651-TX	101	Palmer Community Center, Inc.	210	87-06-19
D 3644	87-3652-TX	101	Community Activity Center, Inc.	210	87-06-19
G 3674	87-3682-TX	007	Northeast Ks. Comm. Action Prog. Inc	210	87-06-22
P 3766	87-3751-PR	105	KCK Area Chamber of Commerce	210	87-06-23
P 3767	87-3752-PR	105	KCK Area Chamber of Commerce	210	87-06-23
P 3771	87-3779-PR	046	Jewish Comm. Found. & Campus of KC	210	87-06-24
G 3777	87-3785-TX	061	Community Senior Service Center Inc	210	87-06-25
G 3825	87-3833-TX	089	Congregational Home, Inc.	210	87-06-29
G 3829	87-3837-TX	089	Jayhawk Area Council of Boy Scouts	210	87-06-29
P 3830	87-3838-TX	089	Kansas Assn of School Boards	210	87-06-29
G 3929	87-3937-TX	081	Lee-Pierson Post No. 1786 VFW -201 <i>87-07-06</i>	210	87-07-06
G 3932	87-3940-TX	005	Tacker, Albert O. Post 318 Amer Leg	210	87-07-06
P 3961	87-3998-TX	040	Mirror Inc.	210	87-07-08
D 4096	87-4104-TX	089	A & A Services	210	87-07-16
G 4110	87-4118-TX	089	Shawnee Co. Comm. Asst. & Action Inc	210	87-07-16
G 4111	87-4119-TX	089	Shawnee Country Day School - <i>Preschool vehicle</i>	210	87-07-16
G 4113	87-4121-TX	089	Topeka Assn. for Retarded Citizens	210	87-07-16
G 4180	87-4185-TX	023	Salvation Army, <i>vehicles</i>	210	87-07-22
G 4181	87-4186-TX	023	Salvation Army	210	87-07-22
G 4182	87-4187-TX	026	Developmental Services of NW Kansas	210	87-07-22
G 4192	87-4197-TX	059	Harry B. Dorst American Leg. #24 <i>201 87-07-22</i>	210	87-07-22
P 4205	87-4210-TX	002	Wesphalia Days Committe	210	87-07-23
P 4214	87-4219-TX	046	Jewish Community Ctr of Greater KC	210	87-07-23
G 4270	87-4275-TX	087	Wichita Area Girl Scout Council, Inc	210	87-07-27
G 4316	87-4321-TX	023	Childrens Learning Center - <i>vehicle</i>	210	87-07-30
G 4359	87-4364-TX	037	Madison Senior Center, Inc.	210	87-08-03
G 4389	87-4394-TX	026	Smoky Hill Foundation for Chem Dep	210	87-08-04
G 4400	87-4405-TX	087	Starkey Developmental Center, Inc.	210	87-08-04
P 4401	87-4406-TX	087	Young Mens Christian Assn. of Wich.	210	87-08-04
G 4409	87-4414-TX	105	Kansas City Presbyterian Manor - <i>vehicle</i>	210	87-08-05
G 4470	87-4474-TX	088	Lane-Day Post 3166 <i>201 87-08-12</i>	210	87-08-12
G 4486	87-4490-TX	087	Kansas Foodbank Warehouse, Inc.	210	87-08-13
G 4491	87-4495-TX	087	American Red Cross/Midway Ks. Chap.	210	87-08-13

64198	87-4502-TX	087	Wichita Area Girl Scout Council, Inc	210	87-08-13
64588	87-4592-TX	015	Glasco Senior Citizens Club, Inc.	210	87-08-21
64642	87-4646-TX	026	High Plains Mental Health Center	210	87-08-25
64656	87-4660-TX	065	Elkhart Recreation Commission 2012 st	210	87-08-27
64672	87-4676-TX	040	Northview Developmental Services	210	87-08-28
64674	87-4678-TX	040	United Methodist Youthville, Inc.	210	87-08-28
P4731	87-4735-PR	089	Indian Creek Grange	210	87-08-31
64732	87-4736-TX	089	Topeka Civic Theatre	210	87-08-31
64733	87-4737-TX	089	Topeka Civic Theatre	210	87-08-31
P4759	87-4755-TX	031	Junction City Military Services, Inc	210	87-09-03
P4807	87-4803-TX	097	Light House for Girls, Inc.	210	87-09-09
64843	87-4839-TX	076	American Legion Post #86 201 st	210	87-09-17
P4854	87-4850-TX	052	St. Vincent Clinic, Inc.	210	87-09-18
64859	87-4855-TX	087	Mennonite Housing Rehab. Service Inc	210	87-09-18
64899	87-4895-TX	049	Kiowa Co. Council on Aging, Inc.	210	87-09-21
64903	87-4899-TX	078	Aging project, Inc.	210	87-09-22
64907	87-4903-TX	041	Pride of Life, Inc.	210	87-09-23
D4908	87-4904-TX	044	Heartland Health Foundation	210	87-09-23
D4916	87-4912-TX	082	Paradise Lodge #290, Inc.	210	87-09-24
64922	87-4918-TX	089	Jimmie Lillard Post #31 Amer. Leg. 201 st	210	87-09-24
P4934	87-4930-TX	089	Tecumseh Social Service Club	210	87-09-24
64935	87-4931-TX	089	Topeka Family Shelter, Inc.	210	87-09-24
P4945	87-4941-TX	040	Schowater Villa	210	87-09-25
D4973	87-4969-TX	087	Wichita Home Oxygen, Inc.	210	87-09-28
64977	87-4973-TX	086	Area Mental Health Center	210	87-09-28
64995	87-4991-TX	023	Kansas Womens Substance Abuse Ser	210	87-09-30
65013	87-5009-TX	091	Northwest Kansas Reg. Medical Ctr. 2016	210	87-10-01
65018	87-5014-TX	015	Concordia Sen. Citizens Comm. Rec.	210	87-10-02
65036	87-5032-TX	005	Hines-Gossman, Post 320 American Leg	210	87-10-05
P5055	87-5051-TX	046	LaSociete Des 40 et 8 Chevaux 201 st	210	87-10-05
65056	87-5052-TX	015	Sunset Home	210	87-10-05
65057	87-5053-TX	030	Mid-America Council on Aging	210	87-10-05
65093	87-5089-TX	087	Cerebral Palsy Research Foundation	210	87-10-07
65095	87-5091-TX	087	Cerebral Palsy Research Foundation	210	87-10-07
P5120	87-5116-TX	059	Young Men's Christian Association	210	87-10-13
P5142	87-5138-TX	089	Kaw Valley Girl Scout Council, Inc.	210	87-10-13
65151	87-5147-TX	089	Childrens Hour of Topeka, Inc.	210	87-10-13
P5162	87-5158-TX	045	Golden Years Club	210	87-10-14
65187	87-5182-TX	026	Sunflower Girl Scout Council, Inc. 201 st	210	87-10-19
65201	87-5197-TX	063	Elliott-Funston-Shite Post No. 1022	210	87-10-20
65220	87-5216-TX	087	American Red Cross Midway-Kansas	210	87-10-20
65221	87-5217-TX	087	American Red Cross/Midway-Kansas	210	87-10-20
65274	87-5270-TX	030	Mid-America Nutrition Program, Inc.	210	87-10-27
65278	87-5274-TX	089	American Red Cross Good Neighbor Ag	210	87-10-28
65283	87-5279-TX	089	American Legion, Capitol Post No. 1201	210	87-10-28
65286	87-5282-TX	089	Kansas Childrens Service League	210	87-10-28
65307	87-5303-TX	055	Unified School District No. 274 Educ.	210	87-10-28
P5316	87-5312-TX	089	Young Womens Christian Association	210	87-10-28
65373	87-5369-TX	073	Sunrise, Inc.	210	87-11-02
65374	87-5370-TX	073	Sunrise, Inc.	210	87-11-02
65375	87-5371-TX	073	Sunrise, Inc.	210	87-11-02
65376	87-5372-TX	073	Sunrise, Inc. 201 st	210	87-11-02
P5416	87-5412-TX	046	Coord. Council for North Amer. Affair	210	87-11-06
P5417	87-5413-TX	046	Community Living Opportunities Inc.	210	87-11-06
P5475	87-5471-TX	043	Pleasant Grove Ladies Club	210	87-11-12
P5531	87-5527-TX	063	New Beginnings Enterprises, Inc.	210	87-11-16
65532	87-5528-TX	105	Maranatha Academy	210	87-11-16
P5547	87-5543-TX	088	Southwest Guidance Center	210	87-11-16
65618	87-5614-TX	023	Douglas Co. Planning Council on Ag.	210	87-11-23
65619	87-5615-TX	023	Cottonwood, Inc. 2016 st	210	87-11-23
65641	87-5637-TX	093	Veterans of Foreign Wars #1235 201 st	210	87-11-24
P5647	87-5643-TX	031	Pawnee Comprehensive Mental Health	210	87-11-24
65695	87-5691-PR	089	VFW Goodyear Post 2187 201 st	210	87-11-25
P5710	87-5706-TX	059	Young Mens Christian Association	210	87-11-30
P5712	87-5708-TX	105	Tender Shepherd Child Care Center	210	87-11-30
D5722	87-5717-TX	004	Delta Lodge No. 77 AF & AM 201 st	210	87-12-01
65745	87-5740-TX	019	American Legion Gard Lee Post #292	210	87-12-02
65749	87-5744-TX	030	Mid-America Nutrition Program, Inc.	210	87-12-02
P5755	87-5750-TX	056	Corner House, Inc.	210	87-12-02
65813	87-5808-TX	008	American Legion Post 202 201 st	210	87-12-04
P5814	87-5809-TX	008	Quivira Council Boy Scouts	210	87-12-04
P5821	87-5816-TX	040	Newton Area Senior Center	210	87-12-04
P5870	87-5864-PR	046	Salvation Army Thrift Store	210	87-12-07
65897	87-5889-TX	052	Leavenworth Area Arts Council, Inc. Literary	210	87-12-03
65916	87-5908-TX	078	Aging Projects, Inc.	210	87-12-09
65949	87-5941-TX	023	Douglas County Planning Council	210	87-12-11
66012	87-6001-TX	026	V.F.W. Post (Hays 9076) Tax Grievance	210	87-12-16
D6027	87-6016-TX	006	Rising Sun Lodge #8	210	87-12-17
P6028	87-6017-TX	011	Class LTD	210	87-12-17
66058	87-6047-TX	087	American Red Cross/Midway Ks. Chap.	210	87-12-17
66059	87-6048-TX	087	American Red Cross/Midway Ks. Chap.	210	87-12-17

G 6080	87-6049-TX	087	American Red Cross/Midway-Ks. Chap	210	87-12-17
G 6084	87-6073-TX	023	Cottonwood, Inc.	210	87-12-18
L 6085	87-6074-TX	023	Cottonwood, Inc.	210	87-12-18
P 6190	87-6245-TX	056	Exchange Town Company, Inc.	210	87-12-22
P 6269	87-6435-TX	105	Wyandotte Co. Chapter-Amer Red Cross	210	87-12-29
P 6507	88-0089-TX	087	Salvation Army Adult Rehab. Center	210	88-01-06
P 6514	88-0096-TX	087	Starkey Development Center, Inc.	210	88-01-06
P 6534	88-0116-TX	087	American Red Cross/Midway-Ks. Chap.	210	88-01-06
P 6560	88-0161-TX	044	Graham-Herbers post 3084 VFW	210	88-01-07
P 6647	88-0224-TX	030	East Central Ks. Econ. Oppor. Corp.	210	88-01-11
P 6675	88-0257-TX	058	Twin Valley Developmental Serv. Inc	210	88-01-12
P 6730	88-0288-TX	105	Wyandotte House, Inc.	210	88-01-13
P 6759	88-0318-TX	046	Jewish Family & Children Services	210	88-01-14

CHARITABLE EXEMPTIONS DENIED - 1987

Docket Number:

0002-87-TX Hoisington Lodge
Masonic Hall, not exclusively charitable
activities. Following Clements v.
Ljungdahl, 161 Kan. 274.

0353-87-TX Disabled American Veterans
Building leased to non-exempt organization.

0526-87-TX National Council of Jewish Women
Administrative office used to coordinate
lobbying, social gatherings for members,
various organizational programs.

0676-87-TX Dickinson County Child Care
Day care outside place of worship not exempt
per K.S.A. 79-201 First.

0860-87-TX Midian Shrine Temple
Masonic Hall not exempt. Clements, 161 Kan.
274.

1187-87-TX American Legion
Vehicle not exempt under K.S.A. 79-201
Eighth.

2203-87-TX Jefferson F O E #4015
Not exempt as veterans organization, K.S.A.
79-201 Eighth, not exclusively charitable
use, K.S.A. 79-201 Second.

2273-87-TX Senior Citizens Handcraft Shoppe
Store selling handcrafted goods not exclu-
sively charitable.

2800-87-TX High Plains Mental Health
Dismissed - lack of prosecution.

2810-87-TX Logan County Day Care
Personal property at issue; no evidence as
to use; not exempt under K.S.A. 79-201
First.

3113-87-TX Louisburg Lions Club
Not exclusively charitable use.

3228-87-TX Wyandotte County Mental Health
Dismissed, applicant's request.

3328-87-TX Area Mental Health
Vehicle leased from GMAC; simultaneous use
for profit.

3410-87-TX American Legion
Vehicle denied - not personal property
located in clubhouse.

3651-87-TX Palmer Community Center
Restaurant not exclusively charitable.

3652-87-TX Community Activity Center
Restaurant not exclusively charitable.

4104-87-TX A & A Services
For-profit transport service not exclusively
charitable.

4904-87-TX Heartland Health Foundation
Employee Retreat, property not exclusively
charitable.

4912-87-TX Paradise Lodge
Masonic Hall not charitable, Clements, 161
Kan. 274.

4941-87-TX Schowater Villa
Dismissed, applicant's request.

4969-87-TX Wichita Home Oxygen
For-profit business selling oxygen and
supplies.

5117-87-TX Delta Lodge
Masonic Hall, denied per Clements, 161 Kan.
274.

6016-87-TX Rising Sun Lodge
Masonic Hall, denied per Clements, 161 Kan.
274.

The most recent case involving claimed exemption for educational purposes is *Sigma Alpha Epsilon Fraternal Ass'n v. Board of County Comm'rs*, supra. We hold that college fraternity houses are not exempt from ad valorem taxation. We pointed out that the plaintiffs had not established any fact which tended to distinguish the operation of their fraternity houses from that of any other private owner engaged in the sale of board and room to college students. Hence plaintiffs were not entitled to the exemption claimed. That case is particularly important because we rejected a contention that the words "used exclusively" for educational purposes, means whether the property is "used primarily" for that purpose. We emphasized that the *total* use of the property must be measured and not its primary use in determining qualification for tax exemption.

With these principles in mind we turn to consider the specific tracts which are contended to be exempt from taxation in the case at bar. We have concluded that none of the tracts of land involved in the area of contest on this appeal are exempt from taxation for educational and religious purposes.

The trial court was entirely correct in denying exemption to the various farms owned by the Kansas Conference. The evidence is undisputed that cattle and crops grown on the farms are sold on the market in competition with private farmers. A portion of the farm acreage produces an income from participation in various federal farm programs. The academy does not have a vocational agriculture course nor is there a regular schedule of instruction in farming. *St. Mary's College v. Crowl, Treasurer, &c.*, supra, is clearly in point and leads us to the conclusion that the claimed exemption must be denied.

We likewise hold that the trial court was correct in denying an exemption status to tract T-310 which is vacant land being held by the Enterprise Academy for future use. The situation with respect to tract T-310 is comparable to that in *Washburn College v. Comm'rs of Shawnee Co.*, supra. In our judgment that case is controlling here.

We have no hesitancy in holding that tract T-203 is not exempt. This tract is the land fully described above which is occupied by Academy Press and Midco Plastics, both of which are admittedly commercial ventures in competition with private enterprise. Although income is derived for the support of the Enterprise Academy

from these commercial operations, under our decisions that fact does not justify an exemption from ad valorem taxation. Likewise we cannot accept the plaintiff's contention that the employment of students by a private commercial enterprise can create a tax exemption for educational purposes. (*St. Mary's College v. Crowl, Treasurer, &c.*, supra.)

There remains finally the question of the tax exempt status of the teacherages or residences which are rented to teachers and members of the staff of the academy as homes for their families. It is undisputed that the teachers and staff members pay 10% of their salaries as rent for these accommodations. They also pay the bulk of the utility bills. Although the teachers on infrequent occasions entertain young people in their homes, no regular school activities are scheduled to take place in the residences furnished them by the academy. Staff members who live in the residences have no assigned duties to supervise the students in the dormitories. Our decisions have adopted the position that the occupancy of property as a residence does not in and of itself constitute a use for educational and religious purposes. (*Vail v. Beach*, supra; *Kansas Wesleyan Univ. v. Saline County Comm'rs.*, supra.)

Under all the facts and circumstances present in the case at bar we hold that the plaintiff has not sustained its right to an exemption for these residential properties for religious or educational purposes. The situation in *Kansas Wesleyan Univ. v. Saline County Comm'rs.*, supra, is clearly distinguishable. In that case an exemption was granted to property occupied by the president of the university because the nature of the use of the building characterized it as a part of the machinery by which the affairs of the college were administered. In the present case the facts do not justify granting a similar exemption to the residential properties which are rented to the teachers and staff members of the Enterprise Academy.

For the reasons set forth above the judgment of the district court granting an exempt status to the teacherages is reversed on the appeal. The judgment of the district court denying a tax exempt status to the farms, commercial properties, and the vacant property designated as tract T-310 is affirmed on the cross-appeal in accordance with the views expressed in this opinion.

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March 16, 1988

Senate Assessment and Taxation Committee

Mr. Chairman and Committee Members.

I'm Jim DeHoff with the Kansas AFL-CIO.

We support the exemption of construction hand tools and tool boxes from property taxation, as written in House Bill #3074, New Section 1 (a) and 1 (b).

Presently all hand tools used exclusively by a mechanic in the construction or repair of machinery and equipment, including motor vehicles, are exempt.

There are no exemptions of hand tools for construction workers that normally work on the same job site with the construction worker that is installing the machinery and equipment.

Most construction workers furnish hand tools when employed by building contractors. The tools value add up to a very small amount, most are older tools. These tools are not worth the trouble of the county assessor to mail out the property listing forms. In fact, there are only two counties that I know of requesting listing of hand tools by construction workers. They are Riley and Shawnee Counties.

I have attached a listing of hand tools used by construction workers. You can see that the value of these tools would be very low.

We urge you to support H.B. 3074 with the amendment covering tool boxes.

HAND TOOLS USED IN THE CONSTRUCTION INDUSTRY

1. Hammers
2. Tool boxes
3. Hand saws
4. Squares
5. Levels
6. Tape measures
7. Tool belts
8. Adjustable wrenches
9. Vice grip
10. Crowbars
11. Wrecking bars
12. Caulk box
13. Planes
14. End wrenches
15. Brace and bits
16. Snips
17. Screw drivers
18. Dividers

Statement Before The
SENATE COMMITTEE ON ASSESSMENT AND TAXATION

By The
KANSAS MOTOR CAR DEALERS ASSOCIATION

Wednesday, March 16, 1988

Re: HB3074

Mr. Chairman and Members of the Committee, I am Pat Barnes, legislative counsel for the Kansas Motor Car Dealers Association. Our trade association represents most of the franchised new car and new truck dealers in Kansas.

As you know, we requested and have supported SB77, which would repeal the inventory tax stamp for motor vehicle inventories. This measure passed the Senate 30 to 9. Around the same time period this bill was being debated in the Senate, the bill you have before you today, HB3074, was being acted upon in the House. Although this bill started out dealing with tax exemptions for day care, tool boxes and business aircraft, it now includes all of the provisions of SB77, too. As such, it would have the effect of repealing the motor vehicle inventory stamp tax.

We did not request the amendment of HB3074, but it was approved with a vote somewhere in the neighborhood of 75 in favor, 24 against. HB3074, as a whole, passed the House 116 to 8. (I am told by Representative Rolfs that the House considers

this to be the "Omnibus Tax Exemption" bill and doesn't intend to again deal with the Senate measures passed on the same subjects contained in this bill.)

We have previously pointed out the history of the inventory stamp tax. In 1978, KMCDCA proposed that motor vehicles held in inventory for resale by dealers be exempted from the usual basis of inventory taxation, and in lieu thereof, a tax be imposed at the time of the retail sale of the motor vehicle. This proposal became the present Inventory Tax Stamp Act and was effective January 1, 1979. Tax payment under this method takes place by the dealer purchasing inventory stamps from the county treasurer and affixing the appropriate stamp to the title or manufacturer's statement of origin for the vehicle.

The inventory tax stamp has been reviewed several times since 1979. The current level for the stamps ranges from \$2.00 for motorcycles to a maximum of \$45.00 on heavy duty trucks.

This Legislature has passed and the voters have approved the Classification Amendment to the State Constitution and the repeal of merchants and manufacturer's inventory taxes. The explanation of the amendments published locally prior to the election in which they were passed included the repeal of inventory tax. Motor vehicle inventories were not singled out so the assumption must be that it was understood all inventory tax would be repealed. Voter approval was by a large majority and

merchants and manufacturers' inventories will no longer be taxed after December 31, 1988, unless a merchant is a car dealer.

Motor vehicle dealers have always paid merchant's inventory tax. Prior to 1979, this was done the same as all other merchants. After 1979, the present system of checks and balances was in place and assured all tax was paid - everyone benefitted. Tax no longer escaped due to inventory sell-offs prior to the tax reporting date, or due to under-reporting. The unique method of vehicle titling provided an easy method of paying inventory tax which could be verified.

We feel we should not be the only segment of the retail community required to pay inventory tax after January 1. The effective date of HB3074 as to us is January 1, 1989, the same date as classification goes into effect. Dealers will not get a tax break ahead of any other retailer on inventory with the passage of this bill.

Kansas will be the only state in this region which taxes motor vehicle inventory if this tax is not repealed. Missouri, Colorado, Nebraska and Oklahoma all no longer tax motor vehicle inventories, and we compete with car dealers in those states. (This tax cannot be passed on and is thus included in overhead expenses.) As I have mentioned to you before, my inquiries in Oklahoma and Colorado brought a reaction of disbelief that we still tax motor vehicle inventory.

I am attaching a summary to my testimony of the points regarding repeal of the inventory stamp tax. It addresses questions raised during the previous Senate debate.

The tax policy articulated for this state after December 31, 1988, is to exempt inventories. There is no fair and rational reason for excluding our segment of the business community at this point.

Thank you, once again, for your time and the opportunity to present our point of view to you. Your courtesy is most appreciated. You have allowed us to provide you our input. The issues in this bill all have widespread support. Please recommend this bill favorable for passage.

I would certainly be happy to answer any questions you may have.

1. The voters of Kansas passed a constitutional amendment repealing inventory tax.
2. Motor vehicle dealer inventory tax was not included as it was contained in a separate section of the law. (In 1979, an exemption was made for dealers to pay inventory tax in the form of a stamp "in lieu of" inventory tax. This alternate method was as much an advantage to the counties-state as to dealers.)
3. Reclassification and reappraisal can only be expected to raise our property taxes and this higher property tax will off-set county inventory tax loss.
4. Dealers have always paid inventory tax as has every other merchant, but ours could be verified without adjustment.
5. Our stamp tax method was convenient, but no tax advantage was obtained over other retailers since no vehicle in inventory escaped tax. All tax was paid.
6. Car dealers seek only the equitable repeal of the inventory tax as accorded our fellow retailers.
7. Kansas will be the only state in this region taxing motor vehicle inventories if HB3074 is not passed.
8. In 1987, 386,816 inventory tax stamps were sold with a dollar value of \$2,758,665.00. These taxes will be off-set by other revenue, including the tax climate after income tax reform, increases due to reappraisal, and the affect of classification. In the metropolitan areas, particularly, the total assessed valuation makes any revenue less negligible. For example, in Johnson County it would represent 20¢ for each \$100 of assessed valuation, or 2/10 of 1 mill. Sedgwick County's loss could be made up, by our estimate with 1/3 of a mill. This doesn't include the affect of classification and reappraisal.

for Kansas' reappraisal

Pat McBride is a sales consultant for Kansas City, Mo.,-based Tenenbaum-Hill Associates, a national consulting firm on commercial and industrial property taxes. The company has 17 offices in the country and has opened an office in Wichita to offer consulting services to businesses relative to the statewide reappraisal of real property. McBride, a former Wichitan and graduate of the University of Kansas, was in Wichita last week to talk about the impact of reappraisal at a meeting of the Building Owners and Managers Association. Statewide reappraisal must be completed at the end of this year and all property owners will receive their new assessed valuations early next year. McBride was interviewed by staff writer Frank Garofalo. Here is an edited text.



"We believe in paying property taxes, but we believe businesses should pay their fair share."

— Pat McBride

Q&A

With
Pat
McBride

Q. Should all or most businesses and companies expect that their property valuations will go up as a result of reappraisal?

A. Definitely and substantially. Right now, values are based on a 1967 base year. So you've got

20 years of market changes, inflation and appreciation that are going to affect those values.

Q. Do you think tax assessments on all or most commercial, industrial and business properties will go up after reappraisal?

A. For all commercial and industrial properties, again, the answer is yes, and I would think, again, substantially. Reappraisal will increase values. Property classification, which becomes effective Jan. 1, will shift the impact of reappraisal away from residential and agricultural properties to businesses — commercial and industrial. Those properties will now carry a larger portion of the tax burden.

Q. The inventories tax is to be dropped. What kinds of businesses will benefit from that move?

A. Large manufacturers, in particular, will benefit from the exemption of inventory taxes. But the large companies will benefit more. The smaller businesses will have a small reduction in their personal property tax and a large hit on their real estate taxes.

Q. Do you think what will be saved in inventory tax will offset the increase in property taxes?

A. The savings on inventory taxes probably would not offset the increase in real estate taxes, again depending on the size of their inventories.

Q. What types of businesses might benefit that way?

A. Again, the businesses that have large inventories, such as an aircraft manufacturer.

Q. Have you projected how many business property owners in Sedgwick County will appeal their new appraised values and assessments?

A. Sedgwick County is the largest one in Kansas, so we obviously think it is a viable marketplace. There's probably 18,000 parcels of commercial/industrial real estate in this county. In Kansas City, Mo., in 1985, we reviewed right around 2,000 properties. We think we will probably do about the same amount in Johnson County. As a target, we set probably that number — 2,000 properties. We'll review property anywhere in the state, but we will concentrate on the five largest counties — Douglas, Johnson, Sedgwick, Shawnee and Wyandotte.

Q. Missouri completed a reappraisal in 1985. Did all business property taxes go up? Any go down?

A. It was different. All Kansas had a base year of 1967, but in Missouri it varied from county to county. The major impact was classification, where again it shifted the tax burden toward commercial. Generally, taxes increased because of classification. Taxes were assessed at 32 percent of fair market value. I'm not aware of any commercial properties going down.

Q. Colorado also just went through reappraisal last year. What was the experience for business there?

A. Colorado had a base year of 1977, and values doubled. Generally, taxes doubled. In Denver County, there were 24,000 total — business and residential — appeals filed. We looked at 600 properties in Denver County and appealed 54 percent of those. We took 123 cases to the state on appeal.

Q. What kinds of services do companies such as yours provide for businesses?

A. Our basic service is to minimize the property tax on commercial and industrial property. That includes office buildings, shopping centers, manufacturing plants, agribusiness-related properties, such as grain elevators, and any commercial. We believe in paying property taxes, but we believe businesses should pay their fair share. We evaluate a property and determine if the assessment is fair.

Q. Why would a business want to hire a company like yours?

A. We work strictly on a contingency basis. We only get paid if we save them taxes. We pay all the legal costs. If we take a property all the way through the appeals process and lose, we pay all the costs. In a sense, there's no expense to the client. If we appeal and win, there is a saving of a lot of tax dollars.

Q. What's your fee, if you win?

A. We usually don't like to look at tax bills under \$20,000. Our fee is a percentage of the tax savings — about one-third to one-half of the first two years of tax savings.

Q. Are there other companies such as yours that we can expect to show up in Kansas and Wichita to offer property tax services because of reappraisal?

A. There are two other similar companies that do this work nationally. We are one of the largest property tax firms in the market. We've done work in all 50 state and have 17 offices.

Q. When and where are you opening an office in Wichita?

A. We are market-driven. We go where we're needed.

Classification

HCR 5018

Question #3

A PROPOSITION to amend section 1 of article 11 of the constitution of the state of Kansas, relating to the taxation of property.

Explanatory Statement

"On and after January 1, 1989, real and personal property will automatically be divided into classes and subclasses and assessed at different percentages of value fixed in the constitution. Also, the amendment provides for the exemption of farm machinery and equipment, merchant's and manufacturer's inventories and livestock.

"A vote for the proposition would provide that land devoted to agricultural use would be valued on the basis of its agricultural income or agricultural productivity and would be assessed at 30% of the value so obtained, that commercial and industrial machinery and equipment would be assessed at 20% of its fair market value, that all residential property and vacant lots would be assessed at 12% of its fair market value and that all other property would be assessed at 30% of its fair market value. Also, certain categories of personal property would be exempted from property taxation.

"A vote against the proposition would continue the present requirement that, except for motor vehicles, mineral products and intangible property, all property must be taxed and assessed at a uniform and equal rate."

"§1 (a) System of taxation; classification; exemption. The provisions of this subsection (a) shall govern the assessment and taxation of property until the provisions of subsection (b) of this section are implemented and become effective, whereupon subsection (a) shall expire. The legislature shall provide for a uniform and equal rate of assessment and taxation, except that the legislature may provide for the classification and the taxation uniformly as to class of motor vehicles, mineral products, money, mortgages, notes and other evidence of debt or may exempt any of such classes of property from property taxation and impose taxes upon another basis in lieu thereof. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, and all household

property taxation.

"(b) System of taxation; classification; exemption. (1) The provisions of this subsection (b) shall govern the assessment and taxation of property on and after January 1, 1989, and each year thereafter. Except as otherwise hereinafter specifically provided, the legislature shall provide for a uniform and equal basis of valuation and rate of taxation of all property subject to taxation. The provisions of this subsection (b) shall not be applicable to the taxation of motor vehicles, except as otherwise hereinafter specifically provided, mineral products, money, mortgages, notes and other evidence of debt and grain. Property shall be classified into the following classes for the purpose of assessment and assessed at the percentage of value prescribed therefor:

"Class 1 shall consist of real property. Real property shall be further classified into four subclasses. Such property shall be defined by law for the purpose of subclassification and assessed uniformly or to subclass at the following percentages of value:

- (A) Real property used for residential purposes including multi-family residential real property.....12%
- (B) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to section 12 of article 11 of the constitution.....30%
- (C) Vacant lots.....12%
- (D) All other urban and rural real property not otherwise specifically subclassified.....30%

"Class 2 shall consist of tangible personal property. Such tangible personal property shall be further classified into six subclasses, shall be defined by law for the purpose of subclassification and assessed uniformly or to subclass at the following percentages of value:

- (A) Mobile homes used for residential purposes.....12%
- (B) Mineral leasehold interests.....30%
- (C) Public utility tangible personal property.....30%
- (D) All categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985.....30%
- (E) Commercial and industrial machinery and equipment which, if its economic life is seven years or more, shall be valued at its retail cost when new less seven-year straight-line depreciation, or which, if its economic life is less than seven years, shall be valued at its retail cost when new less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property.....20%
- (F) All other tangible personal property not otherwise specifically classified.....30%

"(2) All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, and all household lives

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CONCERNING HOUSE BILL 30--74

AS A MEMBER OF THE KANSAS INDEPENDENT AUTOMOBILE DEALER'S ASSOCIATION WE ARE CONCERNED ABOUT BILL NUMBER 30-74 PARTICULARLY THE SECTION THAT DEALS WITH MOTOR VEHICLE INVENTORY TAX. IT IS OUR UNDERSTANDING THAT THE YEAR-END INVENTORY TAX FOR MERCHANTS HAS BEEN DONE AWAY WITH, EFFECTIVE JANUARY 1, 1989. THIS WOULD LEAVE AUTOMOBILE DEALERS THE ONLY MERCHANTS STILL PAYING INVENTORY TAX ACCORDING TO STATE STATUTE #79-1019. THIS STATUTE REQUIRES AUTOMOBILE DEALERS TO PAY A TAX-STAMP INVENTORY TAX FROM \$7.00 TO \$14.00 DEPENDING ON WEIGHT FOR EACH AUTOMOBILE RETAILED.

TWO YEARS AGO OUR ANNUAL REGISTRATION FEE WENT FROM \$50.00 TO \$250.00 PLUS ANOTHER \$50.00 FOR THE FIRST "D" TAG. ADDITIONAL TAGS WERE ALSO INCREASED AT THAT TIME. AS WITH OTHER MERCHANTS WE CONTINUALLY FACE CONSTANT INCREASES IN INSURANCE LIABILITY PLUS THE INCREASE IN PERSONAL PROPERTY TAX WILL BE PASSED ON TO THE AUTOMOBILE DEALERS EVEN THOUGH THEY LEASE THE PROPERTY.

WE WOULD ENCOURAGE PASSAGE OF HOUSE BILL 30-74 IN ORDER TO TREAT US AS EQUALS WITH OTHER MERCHANTS.

*Thank You
Ed W. King
C. A. M. Ent...*

Kansas Association of Counties

Serving Kansas Counties

212 S.W. Seventh Street, Topeka, Kansas 66603

Phone (913) 233-2271

March 16, 1988

To: Members, Senate Assessment & Taxation Committee

From: Bev Bradley, Legislative Coordinator
Kansas Association of Counties

Re: HB 3074 as amended

The Kansas Association of Counties is opposed to House Bill 3074 which would exempt motor vehicle inventories from taxation. The bill represents just one more example of erosion of the local tax base.

In counties with a large number of auto dealerships, this would be a rather significant revenue loss for all local taxing jurisdictions. We obtained the following information about the revenue losses which would occur if this legislation were enacted. These figures are actual 1987 receipts.

Douglas County	\$ 62,896	Total
	\$ 14,371	County share
Johnson County	\$451,527	Total
	\$ 79,536	County share
Sedgwick County	\$525,063	Total
	\$ 81,977	County share
Shawnee County	\$217,643	Total
	\$ 47,173	County share
Wyandotte County	\$241,097	Total
	\$ 42,042	County share

I would also point out that the state receives two percent of this revenue so this legislation would also impact your own revenue sources.

Please keep our tax base in mind as you consider this and other exemption legislation. As has been mentioned before this committee earlier, tax exemptions don't lower taxes. They just mean that those who pay taxes pay more.