Approved August 4, 1989
Date

MINUTES OF THE House COMMITTEE ON Transportation.

The meeting was called to order by Rex Crowell at
Chairperson

2:15 ~~a.m.~~/p.m. on February 20, 1989 in room 519-S of the Capitol.

All members were present ~~except~~:

Committee staff present:

Bruce Kinzie, Revisor of Statutes
Hank Avila, Legislative Research
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Mr. John Moir, City of Wichita
Mr. Curt Wood, City of Manhattan
Mr. Ernie Mosher, League of Kansas Municipalities
Mr. Linton Bartlett, City of Kansas City
Ms. Nancy Zilke-Bixby, City of Kansas City
Mr. Terry Hamblin, Kansas Department of Revenue
Ms. Willie Martin, City of Wichita
Mr. John Torbert, Kansas Association of Counties
Mr. Jim Jones, Kansas Department of Transportation

The meeting was called to order by Chairman Crowell, and the first order of business was a hearing on HB-2149 concerning the rate of taxation on motor vehicles.

Mr. John Moir, City of Wichita, testified in support of HB-2149. (See Attachment 1)

Mr. Curt Wood, City of Manhattan, Kansas, testified in support of HB-2149. (See Attachment 2)

Mr. Ernie Mosher, League of Kansas Municipalities, spoke in favor of HB-2149. (See Attachment 3)

Mr. Mosher suggested that HB-2149 be recommended for an interim study.

Mr. Linton Bartlett, City of Kansas City, testified in support of HB-2149. (See Attachment 4)

Ms. Nancy Zilke-Bixby, City of Kansas City, Kansas, testified in favor of HB-2149.

Mr. Terry Hamblin, Kansas Department of Revenue, spoke concerning HB-2149. (See Attachment 5)

Ms. Willie Martin, City of Wichita, Kansas, testified in support of HB-2149.

Mr. John Torbert, Kansas Association of Counties, testified in favor of HB-2149. (See Attachment 6)

The hearing on HB-2149 ended.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,

room 519-S Statehouse, at 2:15 ~~a.m.~~/p.m. on February 20, 1989

The next order of business was a hearing on HB-2328 concerning incentives and penalties for performing work at certain locations.

Mr. Jim Jones, Kansas Department of Transportation, testified in opposition to HB-2328. (See Attachment 7)

The hearing on HB-2328 was concluded.

The next order of business was a hearing on HB-2174 providing license plates for the survivors of the attack on Pearl Harbor.

Representative Herman Dillon, sponsor of the bill, briefed the Committee on its contents.

Committee discussion and questioning followed.

The next business taken up was HB-2053, requiring certain persons to wear life saving devices.

Bruce Kinzie discussed HB-2053 and said a 13-year old could be the "operator" of a boat, and ticketed for violations connected with the wearing of personal flotation devices.

A motion was made by Representative Empson to strike Sections 2 and 3 and to make the necessary technical amendments to reflect this change. Also, to make the violation of Section 1 a Class C misdemeanor. The motion was seconded by Representative Roenbaugh. Motion carried.

A motion was made by Representative Empson to recommend HB-2053 as amended favorable for passage. The motion was seconded by Representative Roenbaugh. Motion carried.

Representative Russell said he would like to have a bill introduced which would provide funding for motorcycle rider education in high schools and community colleges.

A motion was made by Representative Russell to introduce this as a Committee bill. The motion was seconded by Representative Roenbaugh. Motion carried.

The meeting was adjourned at 3:20 p.m.

Rex Crowell

Rex Crowell, Chairman

COMMITTEE: Transportation

DATE: 2-?-89

PLEASE PRINT

NAME	ADDRESS	COMPANY/ORGANIZATION
James Jones	Topeka	KDOT
Barry Behnke	RR 1 Bushton KS	Kansas Closeup
Lloyd Holmes	Box 12 Bushton KS.	Kansas Closeup
Steven Petermann	RR#1 Holyrood, Ks	Ks. Closeup
Ron Pyckman	[illegible], Ks	Ks Closeup
CRAIG STEINERT	RR 1 CHASE KS	KS CLOSE-UP
Christy Hagen	Holyrood Ks	Kansas close-up
Tonya M. Dohrman	Rt. 1 Box 115 Bushton, Ks	KS / Close Up
Curt Wood	3116 Ella Ln, Manhattan	City of Manhattan
Nancy Zielke-Bigsby	One Civic Center Plaza Kansas City, Kansas	City of Kansas City
Linton Bartlett	Kansas City	City of Kansas City
ED DESOIGNIE	TOPEKA	KS. CONTRACTORS ASSOC.
Glenn Coulter	Topeka	Ks Contractors Assoc.
Tom Whitaker	Topeka	Ks Motor Carriers Assn.
HAROLD B TURNTINE	TOPEKA	DIVN OF VEHICLES
Kevin Allen	Topeka	KMCDA
Pat Barnes	Topeka	KMCDA
Terry Humphrey	"	KMHA
[illegible]	Top	League of Ks Municipalities

2-20-89

THE CITY OF WICHITA

DEPARTMENT OF FINANCE
OFFICE OF DIRECTOR
CITY HALL — THIRTEENTH FLOOR
455 NORTH MAIN STREET
WICHITA, KANSAS 67202
(316) 268-4434

February 20, 1989

The Honorable Rex Crowell, Chairperson
House Committee on Transportation
House of Representatives
Topeka, Kansas 66601

Dear Mr. Crowell:

Thank you for the opportunity to provide testimony on House Bill No. 2149. The City of Wichita strongly supports the bill and encourages your committee to act favorably on this matter. The bill endeavors to deal with the adverse impact of statewide reappraisal relative to motor vehicle property tax revenues, a major source of financing local units of government (cities, counties, school districts, community colleges, townships, and other taxing districts). The current complex statutory formula ties the tax rate for motor vehicles directly to the countywide average general property tax rate in the second preceding year. The countywide average general property tax rate is the sum of taxes levied by all taxing districts divided by countywide assessed tangible property valuation. For example, the 1987 average countywide property tax rate will be used to calculate 1989 motor vehicle property taxes.

Reappraisal will result generally in an estimated increase of 25 percent in assessed value statewide, which in turn will result in a proportional decrease in motor vehicle property tax revenues in 1991 (because of the two year lag in calculating the tax rate). The statewide estimate of lost revenues is $60 million. In Wichita's specific situation, the loss in current annual revenues would be about $2.5 million equivalent to about 2.3 mills (using the current assessed valuation) or 6 percent of the total current city mill levy rate. The impact on Wichita is approximately the same as the loss of Federal Revenue Sharing in 1987.

House Bill No. 2149 severs the relationship between the average countywide general property tax mill levy rate and the motor vehicle property tax base. The bill establishes a countywide average motor vehicle property tax rate based on the preceding year's actual motor vehicle property tax revenues received by the various taxing districts divided by the countywide motor vehicle property assessed valuation. This formula would create a constant effective tax rate for motor vehicle property. The intent of the bill is to assure that taxing districts do not suffer a loss in motor vehicle property tax revenues in 1991 as an inadvertent consequence of reappraisal. I am sure the Committee could consider other methods for determining the motor vehicle property tax rate. The City of Wichita is willing to assist the Committee in developing alternatives, if such a task is deemed appropriate by the Committee.

Att. 1

Why is it necessary for the 1989 Session of the Legislature to act on this issue? First, the lost motor vehicle property tax revenues are a significant portion of the total revenue budget. Unless the Legislature acts to correct the problem, taxing districts must assume the worst case and act accordingly to spread the impact of the lost revenue over as many years as possible. The actions by taxing districts will require spending reductions and general property tax increases (to the extent possible within the new tax lid). If you defer consideration of this issue now and the 1990 Session does not enact a bill to correct the problem, then the taxing districts would be confronted with a crisis situation in developing their 1991 budgets, which disrupts cost effective delivery of services and prudent policy decisions and demoralizes staff. Second, the 1990 Session will be confronted with the significant number of Kansas property tax payers who, having recently received their 1989 tax statements, will know exactly how reappraisal and classification has increased their tax burden (you will not likely hear from the those who were treated favorably). In this environment, the Legislature will be hard pressed to deal with the motor vehicle property tax issue in a balanced policy framework. Third, failure to amend existing law will create a significant tax shift from the motor vehicle property tax base to the general property tax base in 1990 and thereafter. This shift further compounds the adverse impact of reappraisal and classification in terms of general property tax requirements.

In conclusion, I urge your Committee to recommend this bill (or a substitute bill) to provide for a new method to calculate motor vehicle property taxes, which would eliminate the significant harm to Kansas taxing districts.

Sincerely,

John Moir

John Moir
Director of Finance/City Clerk

JM/gf

Wood

THE CITY OF MANHATTAN KANSAS

The Little Apple

February 20, 1989

Honorable Chairman and Committee members:

I appear before you today to tell you of the impact which reappraisal will have on motor vehicle tax revenues for the City of Manhattan, if H.B. 2149 or a bill similar to it, is not approved.

The assessed valuation for the City of Manhattan and Riley County is expected to increase by approximately 50% after reappraisal. Absent any statutory change in K.S.A. 79-5101 et seq, the Riley County wide average property tax levy will decline from 146.214 mills in 1988 to approximately 97.276 mills in 1989. Absent any statutory changes, the City of Manhattan will see motor vehicle tax revenues decline from approximately $800,000 in 1990 to $532,152 in 1991, a reduction of approximately $270,000 or 2.7 mills. This expected revenue shortfall will continue each year and can only be made up by increasing local property taxes and/or reducing services and programs to the citizens of Manhattan.

CITY COMMISSION: David J Fiser, Mayor Kent Glasscock Richard B Hayter Nancy Rohles Denning E A Klingler, MD
CITY MANAGER: Michael A Conduff 11th & Poyntz PO Box 748 Manhattan, Kansas 66502 Telephone (913) 537-0056

Att. 2

The City of Manhattan favors a bill whereby the tax rate applied to vehicles in 1991 shall be the same rate which is applied to vehicles in 1990. This is the approach taken by HB 2149. Also, we urge favorable action on HB. 2149 this session so that the City of Manhattan will have sufficient time to properly prepare and plan for the 1991 budget. Should, however, it be necessary to delay a decision on this crucial issue until the next session, we urge approval of a concurrent resolution authorizing an interim legislative study on the impact of reappraisal on the taxation of motor vehicles and motor carrier property. Such a study should be completed and made available on or before December 1, 1989.

Submitted by: Curt Wood,

Director of Finance

City of Manhattan

Mosher

MUNICIPAL ISSUE PAPER

—League of Kansas Municipalities—

No. 2
February 14, 1989
(Revised)

TAXATION OF MOTOR VEHICLES

In Brief. The current property reappraisal-classification-exemptions "system" now underway in Kansas may profoundly affect local government revenue from motor vehicles in the future. If the assessed valuation of counties increases about 25%, on the average, and the amount of taxes levied remains about the same under the 1989 tax lid law, local governments may suffer a revenue loss of about $66.4 million in 1991, absent statutory change. Similarly, if the average statewide tax rate declines about 25%, cities and counties will lose about $3.0 million in highway funds from the state property tax on motor carrier property. This issue paper provides background information on this subject, and proposes both (1) a 1989 law to temporarily establish a minimum tax levy rate applicable to vehicles now taxed under the special motor vehicle tax law and the motor carrier property tax law, and (2) an interim legislative study of the matter.

Changes in Tax Rates. Current predictions about the level of assessed valuations in 1989, under the new reappraisal-classification-exemption program, vary widely. Generally, but depending on the mix of the local tax base, the assessed valuation of urban areas is expected to increase significantly, with the valuation of some rural counties (with extensive use-value appraised farmland) showing little change. For the purposes of this analysis, it is assumed that for the average county, and for the state as a whole, assessed valuations will increase about 25%. Further, it is assumed that both school and non-school taxes (amounts, not rates) levied in 1989 will remain approximately the same as in 1988, in recognition of the property tax lid law that takes effect with 1989 levies.

Part I—Motor Carrier Property

Method of Taxation. Under K.S.A. 79-6a01 et seq., "over-the-road" motor carrier property is assessed by the state director of property valuation and taxed at the average rate of levy of all taxing subdivisions "for the preceding year". Tax statements are mailed by August 1, and payable on December 20 and June 20. The revenue, currently about $10.8 million annually, is paid to the Special City and County Highway (aid) Fund.

Since the tax is based on the average state rate for the preceding year, legislative action in 1989 is not imperative to address the impact of reappraisal. Taxes levied in 1988 will determine the taxes levied on motor carrier property in 1989, for revenue allocated to cities and counties in 1990. Taxes levied in 1989, under reappraisal, will affect the tax rate applied to motor carrier property in 1990, thus affecting revenue distributed to cities and counties in 1991.

Revenue Trends. Following are the recent trends of motor carrier taxes:

	1987	1986	1985	1984
Assessed Valuation	$93,337,943	$94,316,588	$85,878,896	$71,617,027
Average State Levy	123.66	115.28	109.33	104.40
Taxes Levied	10,760,383	10,311,658	9,443,250	7,497,594

Att. 3

Revenue Loss. Assuming motor carrier taxes will increase an average of 4% annually, such taxes would total about $12 million in 1990. A 25% decline in the average state tax rate would reduce local revenue about $3 million annually.

Part II—Special Vehicle Tax

Method of Taxation. Most motor vehicles in Kansas, but not all, are subject to a special vehicle tax under K.S.A. 79-5101 et seq., collected in lieu of the general property tax. (Motor vehicles with a gross weight of more than 12,000 pounds are subject to the general property tax, while motor carrier vehicles are subject to a state assessed and levied tax.) Under the special vehicle tax, vehicles are placed in value classes specified by statute, based on 30% of their depreciated value, and the tax is levied on the mid-point of the value class. The minimum tax on any vehicle is $12 and vehicles at least 15 years old also pay a tax of $12. The tax rate applied is the countywide average mill levy for the "next preceeding tax year".

Unlike other taxable property, including trucks over 12,000 pounds, vehicles subject to the special vehicle tax are taxed at the average countywide tax rate, not the applicable local rate. Further, the tax is paid at the time the vehicle is registered, not on the December 20-June 20 system used for general property taxe payments.

Since the average county rate is used to levy taxes beginning in January of each year, the next preceding average levy must be used. For example, the tax rate applied to vehicles registered beginning January 1, 1990 will be based on the countywide average tax rate of taxes levied during 1988. Taxes levied in 1989, based on January 1, 1989 assessments under reappraisal, will not affect the tax on special vehicles paid in 1990.

The revenue from the special vehicle tax is distributed among all taxing subdivisions, including the state, in proportion to the respective share of the prior year's total tax levy rate within the "tax levy unit" in which the vehicle has its situs.

Revenue Trends; Distribution. Following is the trend of special vehicle taxes in recent years:

Year	Valuation Amount (Millions)	Valuation Growth %	Taxes Amount (Millions)	Taxes Growth %
1981	$1,132.2	----	$108.4	----
1982	1,339.7	18.3%	134.5	24.1%
1983	1,350.0	.8	140.5	4.5
1984	1,465.0	9.9	152.0	8.2
1985	1,565.1	6.8	179.0	17.8
1986	1,633.3	4.4	199.4	11.4
1987	1,783.6	9.2	216.7	8.7

The distribution of the revenue from the special motor vehicle tax has been as follows (thousands omitted):

	1983	1984	1985	1986	1987
State	$ 1,889	$ 2,093	$ 2,216	$ 2,382	$ 2,504
Counties	24,913	26,731	31,858	35,486	40,163
Cities*	32,310	34,468	39,755	42,471	42,977
Townships	1,500	1,686	2,000	2,052	2,235
Schools**	75,617	82,407	97,892	110,501	121,851
Special Dist.	4,223	4,600	5,269	6,479	6,924
TOTAL	$140,451	$151,984	$178,990	$199,371	$216,654

The relation between the general property taxes levied by a local unit and the amount of vehicle taxes received varies for each taxing subdivision. As noted below, vehicle taxes received by cities, statewide, were equivalent to 20.3% of general taxes in 1987.

1987 Taxes

	(1) Vehicle Taxes (Millions)	(2) General Property Taxes (Millions)	(3) Percent (1) of (2)
State	$ 2.504	$ 16.9	14.8
Counties	40.163	306.8	13.1
Cities*	42.977	211.2	20.3
Townships	2.235	20.0	11.2
Schools**	121.851	789.4	15.4
Special Dist.	6.924	48.1	14.4
TOTAL	$216.654	$1,392.4	15.6%

Revenue Loss. Information on the assessed valuation and taxes on vehicles for 1988 is not yet available. However, following are estimates of vehicle tax revenue, assuming a 7% annual growth rate: 1988 -- $231.9 million; 1989 -- $248.1 million; 1990 -- $265.5 million.

Following are estimates of 1991 revenue from the vehicle tax, under reappraisal:

-- 1991 estimate based on 25% reduction in 1989 county average rate, with no change in vehicle valuation -- $199.1 million, a $66.4 million reduction.
-- 1991 estimate based on 20% reduction in 1989 county average rate, with no change in vehicle valuation -- $212.4 million, a $53.1 million reduction.

The above are general statewide estimates. In counties where assessed valuations and total taxes remain the same in 1989 compared to 1988, there could be an increase in total motor vehicle taxes from normal growth in their assessed valuation. On the other hand, where a county's assessed valuation increases in the 30% - 40% range, the loss of revenue would be substantially more than the average county loss.

Part III—Options for Action

Basic Options. There are two basic options for legislative action: (1) do nothing, now or in the future, but adjust the tax power and tax lid authority of local units to permit additional general property taxes to replace the lost vehicle revenue, or (2) provide for adjustments to the vehicle tax system, now and/or at the 1990 legislative session.

It is proposed that the 1989 legislature take two actions:

(1) Enact a 1989 law to provide what may be a temporary solution, to help avoid additional taxes being levied in 1989 (where legally possible) by local governments in order to soften the blow of potentially substantial vehicle tax revenue losses in 1991, and

(2) Provide for an interim legislative study so that a permanent solution may be achieved.

Proposed 1989 Law

Legislative action to provide some protection against substantial losses in local revenue from the vehicle tax under the new "reappraisal program" may be done in one of two ways: (1) by changing the base or valuations subject to taxation, or (2) by modifying or adjusting the applicable tax rates. Adjusting the tax rates would appear to be the simplest method. **This method could also be applied to motor carrier property.** This could be done by one of two ways:

(1) Providing by law that the tax rate applied to vehicles in 1991 shall be the same rate applied to vehicles in 1990, the approach used by HB 2149***, or

(2) Providing by law that the 1991 tax rate applicable to vehicles shall continue to be the average countywide rate for 1989, but not less then 90%, (or some other percentage) of the rate applied to vehicles in 1990. For example, if the average county rate in 1988 was 130.0 mills, and the average rate in 1989 was 91 mills, the rate applied to vehicles would be 117 mills (90% of 130).

The advantage of the second approach is that it protects the revenue base of local units in those counties where the tax rate increases due to "reappraisal" and lower valuations than in 1988. At the same time, it at least assures those units in counties where tax rates drop substantially from "reappraisal" that their revenue loss from special vehicles would not be too great. Further, it maintains a continuing relationship between general property tax rates and special vehicle tax rates.

Interim Legislative Study

Attached is a proposed resolution for an interim legislative study. It is proposed that the resolution be formally introduced and passed in order to send a clear message to local government officials that the problem is not being ignored. While most all interim legislative studies in recent years have been the result of propositions approved by the legislative coordinating council, **it is suggested that this subject deserves high visability, by passage of the resolution in both houses.** Local officials need the reassurance that the matter is considered serious by the legislature, and that it will at least be subject to intensive interim study in 1989.

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* Includes airport and transit authorities.
** Includes school districts, pre-unification school district bond levies, community colleges, and municipal universities.
*** HB 2149, by Rep. Foster is in House Committee on Taxation.

Sources of Data: April 19, 1988 Memorandum of Kansas Legislative Research Department and annual editions of Statistical Report of Property Assessment and Taxation.

Senate Concurrent Resolution No. _____

By Committee on ______________________

A CONCURRENT RESOLUTION providing for a special committee to make a legislative study concerning the taxation of vehicles and motor carrier property.

Be it resolved by the Senate of the State of Kansas, the House of Representatives concurring therein: That the legislative coordinating council shall appoint or designate a special committee to study the following: The taxation of motor vehicles subject to the county average property tax rate under Article 51 of K.S.A. Chapter 79, and the taxation of motor carrier property subject to the statewide average property tax rate under Article 6a of K.S.A. Chapter 79, and the impact of applying such tax rates affected by reappraisal and other changes made in the assessment and taxation of general property, and the loss of local government revenue which may result from these changes, and such other matters as the legislative coordinating council may specify. Such special committee shall make its report and recommendations to the legislature and transmit the same to the legislative coordinating council on or before December 1, 1989, unless such council authorizes an extension of such time.

Linton Bartlett 4

City of Kansas City, Kansas 1989 Kansas Legislature

ISSUE #2:

Motor Vehicle Property Tax

SUMMARY:

The Kansas motor vehicle property tax is based on the second preceding year's county average general property tax rate. Reappraisal will increase assessed valuation in Wyandotte County. This in turn will reduce the county average tax levy rate. Thus, motor vehicle property taxes will decline in proportion to the decrease in the county average general property tax rate.

To correct this revenue shortfall, we suggest amendments to current law changing the method for calculating the motor vehicle property tax. The amendments would base the motor vehicle property tax on the prior year amounts received by all taxing subdivisions in each county for this revenue source divided by the assessed valuation for motor vehicle in each county on November 1 of the prior year to establish the county average motor vehicle property tax rate. This will insure that the various taxing districts affected in each county do not realize a reduction in revenues after reappraisal. With these proposed amendments necessary to implement this method, revenue growth would continue to be provided from the increase in motor vehicle assessed valuation and the prior year's actual revenues. We are proposing these legislative changes be made effective January 1, 1990.

ACTION & COMMENTS:

Work with the City of Wichita and have bill introduced

See Appendix "B" for specific language of amendments

Att. 4

MEMORANDUM

TO: Mr. Michael O'Keefe, Director
Division of Budget

DATE: February 10, 1989

FROM: Kansas Department of Revenue

RE: House Bill 2149
as Introduced

BRIEF OF BILL:

House Bill 2149 as Introduced amends motor vehicle property tax statutes to provide that the motor vehicle property tax will be determined by multiplying the taxable value of a vehicle by an average county-wide motor vehicle tax rate, rather than by the average county-wide tax rate. This county-wide average motor vehicle tax rate would be determined by dividing the county-wide motor vehicle property tax by the county-wide taxable motor vehicle valuation.

This bill amends K.S.A. 79-5105 and 79-5111. It is effective from and after publication in the statute book.

FISCAL IMPACT:

It is estimated that passage of this bill would have an indeterminable effect on the State Institutional and Educational Building Funds that receive 1.5 million of assessed valuation. Data are not available to make an estimate.

ADMINISTRATIVE IMPACT:

None.

ADMINISTRATIVE PROBLEMS AND COMMENTS:

This bill is built upon the assumption that county average tax rates will decrease once reappraisal and classification are implemented; and therefore, revenue from motor vehicle tax will decrease. No one, at this time, can estimate with any reliability what the average county tax rates will be after the implementation of classification and reappraisal. All the Division of Property Valuation can say for certain is that they will not all go down. Therefore, those counties which would have realized an increase in motor vehicle taxes will be precluded from doing so by the provisions of this bill.

The language contained on lines 49 through 55 which explains how the "county average motor vehicle property tax rate" is calculated is circular. The effect of this language is to freeze the 1987 "county average tax rate" for use in all future years.

Example: For tax year 1989 the 1987 county average tax rate is applied.

Assume: The rate to be $120 per thousand dollars of valuation; and total "value of motor vehicle property" to be $1 million.

Att. 5

Then: Tax collections would be value ($1 million) times rate (.120) = $120,000 tax.

Therefore: To compute the following year's tax rate - divide taxes ($120,000) by value ($ 1 million) to get rate = .120.

One of the primary forces behind reappraisal was that personal property was reappraised annually, while real estate had not been reappraised for many years. Therefore, personal property was carrying a vastly disproportionate share of the tax burden.

Many taxpayers complain to the Division and to legislators about the extremely high tax on motor vehicles, and point out that the tax on the $5,000 car is higher than the tax on their $50,000 home. For several years the Division's response to these complaints has been to lend a sympathetic ear and make vague comments about real estate picking up a larger share of the total tax after reappraisal. This should cause mill levies to decline and tax on personal property to decrease. This proposal would maintain the disproportionately large tax on motor vehicles while reappraisal will probably increase taxes on homes.

Either exemption or preferential valuation treatment and assessment rate has been provided for virtually all income-producing personal property. Recreational type property (i.e. boats, campers, golf cars, hot air balloons, etc.) will still be valued at market and assessed at 30%. However, these items will benefit if any levy reduction occurs. Large trucks will also still be valued at market and assessed at 30%, but will also benefit from any levy reduction which may occur. This proposal would single out motor vehicles under 12,000 pounds to carry an even more disproportionate share of the total tax burden.

APPROVED BY:

Ed C. Rolfs
Secretary of Revenue

KANSAS ASSOCIATION OF COUNTIES

"Service to County Government"

212 S. W. 7th Street
Topeka, Kansas 66603
(913) 233-2271
FAX (913) 233-4830

Testimony

February 20, 1989

To; House Transportation Committee

From; John T. Torbert
Executive Director

Subject- HB 2149 by Foster

The Kansas Association of Counties Governing Board met on February 8 in Topeka. At that time one of the subjects that received extensive discussion was the issue of the taxation of motor vehicles and the impact of reappraisal.

While there was agreement that the problem was potentially a very significant one, the board did not find enough comfort with any of the solutions thus offered to endorse one or to recommend a solution on its own. The board felt that inasmuch as the new values were not yet compiled statewide, that the best approach would be to wait on those values so that the potential impact is a certainty instead of an estimation based on incomplete data.

At the very least, the board supports an interim study so that the issue can be examined fully in a less time constrained setting and a solution put forth that is based on hard information.

TSJHTRAN

Att. 6

Kansas Department of Transportation

February 20, 1989

SUBJECT: HOUSE BILL 2328

House Bill 2328 would require KDOT to add an incentive-disincentive clause to most projects in an incorporated city. KDOT currently adds this type of clause to less than 10 projects per year. House Bill 2328 would require this type clause to be added to many more projects, probably in excess of 100 projects per year.

KDOT cannot charge a penalty for late completion, however a disincentive can be assessed which is an agreed amount for the inconvenience to the public, added cost of engineering, etc.

The financial impact to KDOT cannot be determined without an in-depth study of each project but it would be a substantial cost to KDOT.

KDOT believes it would take an additional 3 or 4 employees to add this type clause to contracts.

KDOT has to justify the use of incentive-disincentive clauses to the Federal Highway Administration on projects utilizing federal funds. In most cases it would be difficult, if not impossible, to justify to the FHWA.

We feel that we do an adequate job in evaluating which projects to use an incentive-disincentive clause in at the present time.

KDOT is very opposed to the passage of House Bill 2328.

James D. Jones

JAMES D. JONES, P.E.
DIRECTOR OF OPERATIONS

JDJ:wab

Att. 7