

Approved Monday, 2-20-89

Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen, Chairman at
Chairperson

11:00 a.m./~~p.m.~~ on Wednesday, February 15, 1989 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Don Hayward, Revisor's Office
Chris Courtwright, Research Department
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Chairman Thiessen called the meeting to order and turned attention to SB156 and recognized Senator Martin, sponsor of the bill.

SB156:AN ACT repealing K.S.A. 1988 Supp. 12-190, relating to the sales taxation of farm and business machinery and equipment by certain local governmental jurisdictions.

Senator Martin said the City of Galena requested he have this bill drafted. In discussing the bill, the Senator said he found out that you have to repeal all of the cities, or none.

Don Hayward said in regard to cities, that is correct. Otherwise, the whole act would be non-uniform. Counties can be exempted out or grandfathered in, one by one. We have control over them, through statute, but the city home rule lies in the constitution, and the only thing that the constitution allows you to do with regard to cities is pass laws that are uniformly applicable to all cities.

Senator Martin said a memorandum by John Luttjohann (ATTACHMENT 1) shows the fiscal impact of \$125,000.

Senator Francisco asked if it would be possible to get a break-down on the \$125,000. by jurisdictions.

John Luttjohann said he would be glad to get this for the committee. Mr. Luttjohann said the department feels this would be a step forward, because right now there is a lot of confusion among the equipment and implement dealers, as to when they have to charge the local taxes.

The Chairman adjourned the meeting at 11:15 a.m.



KANSAS DEPARTMENT OF REVENUE

Division of Taxation

Robert B. Docking State Office Building
Topeka, Kansas 66625-0001

JOHN R. LUTTJOHANN
Director of Taxation

MEMORANDUM

TO: THE HONORABLE DAN THIESSEN, CHAIRMAN
SENATE ASSESSMENT AND TAXATION COMMITTEE

FROM: JOHN R. LUTTJOHANN
DIRECTOR OF TAXATION

DATE: FEBRUARY 15, 1989

SUBJECT: SENATE BILL NO. 156

Thank you for the opportunity to appear before you today on Senate Bill No. 156.

As introduced, this legislation would repeal K.S.A. 12-190 regarding certain exemptions from local sales taxes. The effect of this legislation would be to exempt the sale of farm machinery and manufacturing machinery and equipment from all local sales taxes. Currently, the following cities and counties still impose their respective local sales taxes on these types of sales:

<u>County</u>	<u>City</u>
Johnson	Galena
Seward	Lawrence
Wyandotte	Leavenworth
	Manhattan
	Ogden
	Overland Park
	Topeka

The above local taxing jurisdictions imposed their sales taxes before statutory countywide and city retailers' sales taxes were enacted in 1978. At that time, K.S.A. 12-190 was also enacted to permit these ten jurisdictions to continue taxing the sale of farm machinery and manufacturing machinery and equipment.

Based upon statistical information from state sales tax collections for FY 1988 by county, the Department estimates this exemption would reduce the local sales tax collections for these ten jurisdictions by a maximum of \$125,000. This amount represents 0.2% of the total local sales tax collections for these ten jurisdictions.

I would be happy to respond to any questions which you may have.

*Director of Taxation (913) 296-3044 • Income & Inheritance Tax Bureau (913) 296-3051
Business Tax Bureau (913) 296-2461 • Mineral Tax Bureau (913) 296-7713
Audit Services Bureau (913) 296-7719*

Attachment 1
Senate Assessment & Tax
Wednesday, 2-15-89