

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Audrey Langworthy, Vice Chairperson at  
Chairperson

11:00 a.m./~~pm~~ on Monday, February 27, 1989 in room 519-S of the Capitol.

All members were present except:

Senator Dan Thiessen, Chairman (Excused)

Committee staff present:

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

Conferees appearing before the committee:

Senator Doug Walker, Sponsor of SB283  
Ray Petty, Executive Director, Topeka Independent Living Resource Center  
Donald F. Lindsey, Jr., Representing-United Transportation Union  
Martha Gabehart, Dept. of Human Resources, Div. for the Handicapped  
Senator Gerald Karr, Sponsor of SB172  
Pat McDonald, Shawnee County Clerk  
John Luttjohann, Director of Taxation, Dept. of Revenue  
Terry Hamblin, Director of Property Valuation, Dept. of Revenue  
Representative Larry Turnquist, Sponsor of SB290  
John Peirpont, representing Children and Youth Advisory Committee  
Robert L. Meinen, testifying for Trends in KS Nongame Wildlife Improvement Fund

Senator Audrey Langworthy called the meeting to order turning attention to SB283, and she called upon Senator Doug Walker. Senator Audrey Langworthy reviewed and passed out a handout on The Kansas Family and Children Trust Fund. (ATTACHMENT 1-a)

SB283: AN ACT relating to income taxation; concerning the credit for renovation of certain property for accessibility to handicapped persons; amending K.S.A. 79-32-176 and repealing the existing section.

**The following conferees were proponents of SB283.**

Senator Doug Walker said he introduced SB283 and the concept is an attempt to increase the current residential handicapped accessibility tax credit. He said maximum benefit under current law is \$5,000 or less per year, and this is so low, very few people qualify.

He said, the only change in the current statute is the table addressing Kansas adjusted gross income. He encouraged the committees favorable consideration of SB283. (ATTACHMENT 1-b)

Ray Petty, Executive Director, Topeka Independent Living Resource Center said you have my written testimony and he would address the tax credit and the fiscal note. He said in reviewing the committee minutes from 1978 and 1981 when this law was implemented the figures were around \$195,000 for 1st year implementation of this program. It has been 10 years and the Department of Revenue doesn't know, how much has been spent. There are so few of these returns, they don't have enough to establish a data base.

They are requesting a revision of the sliding scale, and they asked for support of SB283. (ATTACHMENT 2)

Donald F. Lindsey, Jr. said SB283 raises the adjusted gross income to qualify for a tax credit to a more realistic level. He would like to see similar provisions which are extended to business, be extended to individual taxpayers. That would be a tax credit in the amount equal to 50% of such expenditures or the amount of \$10,000 which ever is less, pursuant to K.S.A. Chapter 79 Article 32.

SB283 is a start in helping families of physically impaired individuals and he asked the committee for favorable passage of SB283. (ATTACHMENT 3)

Martha Gabehart, Department of Human Resources, Division for the Handicapped said

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Monday, February 27, 1989

we believe the income limits specified in SB283 are more realistic in terms of making the tax credit available to those who need it most.

She encouraged the committee to pass the bill favorably. (ATTACHMENT 4)

After committee discussion Madam Chairperson closed the hearing on SB283 and moved to SBL72 and recognized Senator Karr.

SBL72:AN ACT amending the homestead property tax refund act; concerning the definition of property taxes accrued; amending K.S.A. 1988 Supp. 79-4502 and repealing the existing section.

Senator Gerald Karr said he introduced SBL72 after receiving a number of concerns on the interpretation of the 40 acres. He said, he believes we should clarify it. It was amended last year and we do have some conferees to speak about the complications that developed through reappraisal.

Madam Chairperson called on Pat McDonald, Shawnee County Clerk.

Pat McDonald said County Clerks have the responsibility of assisting in preparation of homestead property tax claims, and their concern is the determination of the amount of taxes accrued for homestead property tax refund. With the enactment of reappraisal most farms now are considered mixed-use properties and will have multiple classification. Residential is appraised at 12%, other buildings at 30% of market value and agricultural land at 30% of use value. How do you determine which buildings to use and which to exclude, to allow the 40 acres?

Thank you for the opportunity to express our concerns. (ATTACHMENT 5)

Madam Chairperson called upon John Luttjohann, Director of Taxation, Department of Revenue.

John Luttjohann said the department would be glad to work with anyone regarding the definition of "homesite". He said we were not aware of any problems with the bill.

Terry Hamblin Director of Property Valuation, Department of Revenue said this legislation passed last session, took effect 7-1-88 and the tax bills sent out last November do not contain the breakdown on the homesite. The tax bills that come out next year will have that breakdown. What we failed to do last year was to handle the transition year. This legislation will work fine for "homestead refund" for 1989 taxes. It is only a transition problem.

His suggestion is for us to send out a memo to the County Clerks, from the Department of Revenue, explaining how to handle the situation for this year.

After committee discussion, Madam Chairperson closed hearings on SBL72 and turned attention to SB290.

SB290:AN ACT relating to income taxation; providing for an income tax refund or donation check-off for the Kansans for Kids program.

Madam Chairperson said this bill is a check-off for Kansan's for Kids Program. The essence of this bill was amended on to the "windfall bill" by Representative Larry Turnquist.

The Kansas Family and Children's trust fund was established by the 1980 legislature, to promote the prevention of family and child abuse, and neglect through the provision of "seed grant" funds to community based organizations. Funding sources include 22% of the marriage license fee, a State general fund appropriation, and Federal trust fund challenge grant monies.

Each funded project may receive up to \$20,000 for the 1st year and declining amounts for the 3 succeeding years. This bill would be an addition, and allow for a check-off on the income tax form, with a State match, up to or less than \$500,000. in any year.

Madam Chairperson called upon Representative Larry Turnquist.

Representative Larry Turnquist said the concept of SB290 is very easy to understand.

The reason he proposed this, having served on the Family and Children Trust Fund committee. He could see over the last several years, there was a definite need

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 519-S, Statehouse, at 11:00 a.m./~~PM~~ on Monday, February 27, 1989.

for additional funds. This is one method that is being used in 14 or 15 other States and, he feels it's cost effective, because you would have the donation of contribution proposal, with a State match, and this would not be made without a contribution from a taxpayer.

He urged the committee to support SB290

John Peirpont said the purpose of the Kansas Family and Children Trust Fund is to provide "seed money" for the implementation of community based programs, for the prevention of child abuse and domestic violence. Each year we may fund 30 or 40 programs, and that will be 1st, 2nd, 3rd and 4th year programs. They will also turn away 10-15 programs, because they do not have the funding for them. (ATTACHMENT 6)

Madam Chairperson recognized Robert L. Meinen, Kansas Department of Wildlife and Parks.

Robert L. Meinen said his handout is Trends in Kansas Nongame Wildlife Improvement Fund for 1981-1988. The trends were in income, number of eligible taxpayers, number and amount of donations and percent participation. The percentage of eligible taxpayers contributing to the check-off has remained relatively small.

Data from 16 states were used to determine the impact of competing check-offs on nongame check-off income (**see 2nd page for tables**) He urged this committee to accept an amendment on SB290 providing matching funds. The cap could be less than the chickadee check-off cap. (ATTACHMENT 7)

Madam Chairperson distributed a handout from Harry W. Craig, Jr., President of Martin Tractor Company, regarding SB42 previously heard. (ATTACHMENT 8)

Madam Chairperson closed the hearings and adjourned the meeting at 12:07 p.m.

STATE OF KANSAS

AT

AUDREY LANGWORTHY

SENATOR 7TH DISTRICT

JOHNSON COUNTY

6324 ASH

PRAIRIE VILLAGE, KANSAS 66208-1369

(913) 362-4067



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

CHAIRMAN CONFIRMATIONS  
CHAIRMAN LEGISLATIVE EDUCATIONAL PLANNING  
VICE-CHAIRMAN ASSESSMENT AND TAXATION  
VICE-CHAIRMAN PUBLIC HEALTH AND WELFARE  
MEMBER EDUCATION  
ENERGY AND NATURAL RESOURCES  
LOCAL GOVERNMENT  
CHILDREN AND YOUTH ADVISORY COUNCIL

The Kansas Family and Children Trust Fund was established by the 1980 Legislature to promote the prevention of family and child abuse and neglect through the provision of seed grant funds to community based organizations. Funding sources include 22% of the marriage license fee, a state general fund appropriation, and federal trust fund challenge grant monies. Since its inception, nearly two million dollars has been awarded to a wide variety of programs.

Trust Fund grants are awarded by the Children and Youth Advisory Committee and are administered by the SRS-Youth Services Grants Unit. Proposals are solicited beginning in January of each year, with awards being made in June. Each funded project may receive up to \$20,000 for the first year and declining amounts for three succeeding years.

Attachment 1-A  
Senate Assessment & Taxation  
Monday, February 27, 1989

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to 75-5321, inclusive, to division of services to children and youth. The provisions of K.S.A. 75-5301 to 75-5321, inclusive, or any amendments thereto, which have general application to all divisions of the department of social and rehabilitation services established therein shall be applicable to the division of services to children and youth.

History: L. 1974, ch. 362, § 6; July 1.

75-5328. Family and children trust fund; grants, gifts and bequests; expenditures for certain purposes; "educational programs" defined; commissioner of youth services to exercise powers and duties under section. (a) There is hereby created in the state treasury the family and children trust fund. The secretary of social and rehabilitation services may apply for, receive and accept grants, gifts and bequests from any source, governmental or private, for the purposes for which money may be expended from the family and children trust fund under subsection (b), and the secretary shall remit all moneys so received to the state treasurer at least monthly. Upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited to the family and children trust fund.

(b) Moneys in the family and children trust fund shall be used for the following purposes: (1) Matching federal moneys to purchase services relating to community-based programs for the prevention of problems of families and children; (2) providing start-up or expansion grants for community-based prevention projects or educational programs for the problems of families and children, primarily but not limited to, child abuse and neglect and family abuse; and (3) study and evaluate community-based prevention projects and educational programs for the problems of families and children. For the purpose of this subsection (b), "educational programs" shall include instructional and demonstration programs whose main purpose is to disseminate information and techniques or to provide services for the prevention of problems of families and children. No moneys in the family and children trust fund shall be used for the purpose of providing services for the voluntary termination of pregnancy.

(c) The children and youth advisory committee shall advise the secretary and the commissioner of youth services in detail on the expenditures of moneys in the family and children trust fund.

(d) All expenditures from the family and children trust fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of social and rehabilitation services or by a person or persons designated by the secretary.

(e) The secretary shall designate the commissioner of youth services to exercise the powers and perform the duties granted to and imposed upon the secretary under this section.

History: L. 1980, ch. 106, § 8; L. 1982, ch. 357, § 31; July 1.

Revisor's Note:

Children and youth advisory committee successor to advisory committee to the division of services to children and youth, see 38-1401 et seq.

75-5329. Alcohol and drug abuse services established; administration of alcohol and drug abuse services; commissioner of alcohol and drug abuse services, appointment and compensation. There is hereby established, within and as a part of the department of social and rehabilitation services, and under the supervision of the secretary of social and rehabilitation services, alcohol and drug abuse services, the head of which shall be the commissioner of alcohol and drug abuse services. Under the supervision of the secretary of social and rehabilitation services, the commissioner of alcohol and drug abuse services shall administer alcohol and drug abuse services. The secretary of social and rehabilitation services shall appoint the commissioner of alcohol and drug abuse services, and the commissioner shall serve at the pleasure of the secretary of social and rehabilitation services. The commissioner of alcohol and drug abuse services shall be in the unclassified service of the Kansas civil service act and shall receive an annual salary fixed by the secretary of social and rehabilitation services and approved by the governor.

History: L. 1980, ch. 362, § 13; L. 1980, ch. 272, § 11; L. 1982, ch. 347, § 73; July 1.

75-5330. Rights saved in legal actions and proceedings. (a) No suit, action, or other

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

MEMBER: CONFIRMATIONS  
EDUCATION  
ENERGY AND NATURAL RESOURCES  
FEDERAL AND STATE AFFAIRS  
PUBLIC HEALTH AND WELFARE

DOUG WALKER  
SENATOR, 12TH DISTRICT  
MIAMI, BOURBON, LINN,  
ANDERSON, ALLEN AND  
NEOSHO COUNTIES  
212 FIRST  
OSAWATOMIE, KANSAS 66064  
(913) 755-4192 (HOME)  
(913) 296-7380 (STATE CAPITOL)

TESTIMONY IN SUPPORT OF S.B.283

Presented to: Assessment and Taxation

I want to thank you for the opportunity to testify today in support of S.B. 283.

SB.283 is an attempt to increase the current residential handicapped accessibility tax credit income levels to a more realistic level. As you can see in the current law the income guidelines are so low that very few people qualify for any significant tax credit.

Currently to receive maximum benefit from these tax credits your income would have to be \$5,000 or less per year. Any income over \$30,000 would disqualify you from receiving any tax credit.

Beneficiaries of this type of tax credit are individuals or families who, in all probability have incurred substantial expense due to an accident or some type of incapacitating medical problem. For these individuals or families, modifying their home is a necessary requirement.

Nothing in the current statute has been changed except the table addressing Kansas adjusted gross income and the percentage of expenditure eligible for credit.

I would encourage your favorable consideration of SB 283 and would not object its placement on the Consent Calendar.



## TOPEKA RESOURCE CENTER FOR THE HANDICAPPED

West Tenth Professional Building  
1119 West Tenth, Suite 2  
Topeka, Kansas 66604-1105

Telephone  
913-233-6323

Testimony presented to the Senate Assessment and Taxation Committee  
in support of Senate Bill 283  
by Ray Petty, Executive Director  
Topeka Independent Living Resource Center  
Monday, February 27

Madame Vice-chairperson and Members of the Committee:

Thank you for taking time to consider this bill. We are requesting a revision of the sliding scale which has been a part of the Kansas accessibility tax credit for principal dwellings for almost ten years now. The current scale is not reaching those in need of accessibility modifications.

Persons at the lower end of the scale receive three-fourths of the cost of making modifications up to a maximum of \$1,250. By extending the range on this group to allow persons with incomes up to \$15,000 to receive that level of assistance, it is more likely that persons who have some ability to pay would be able to invest in accessibility. No person making over \$50,000 would be credited, but persons making between \$40,000 and \$50,000 would be reimbursed at 15% of their cost for accessibility modifications. Keep in mind that such a person would have to invest in the neighborhood of \$8,000 to recoup the full \$1,250 allowed.

This program is a good idea. It just needs to be nudged upward into an income range where persons have sufficient funds to invest in the accessibility of their own home. Since the credit applies to principal dwellings, renters would also be able to take advantage of this credit. This is significant due to provisions of the recently passed federal Housing Amendments Act which give tenants the right to make modifications at their own expense.

Kansas' investment in accessible housing is consistent with the independent living philosophy which espouses mainstreaming, if you will, whenever and wherever possible. Not forcing persons to seek public housing, or even be displaced from their home because they have or acquire a disability is sound public policy. It spreads more accessible housing around the community. It helps people where they live.

My board of directors asks for your support of Senate Bill No. 283.

Attachment 2  
Senate Assessment & Taxation  
Monday, February 27, 1989

**A Project of the Topeka Independent Living Resource Center, Inc.**

# *united transportation union*

DONALD F. LINDSEY, JR.  
DIRECTOR-CHAIRMAN

KANSAS STATE LEGISLATIVE BOARD

1st AND MAIN STREET  
P.O. BOX 537  
OSAWATOMIE, KANSAS 66064  
OFFICE (913) 755-3191  
HOME (913) 755-3376

February 27, 1989

**STATEMENT OF DONALD F. LINDSEY, JR., DIRECTOR  
KANSAS STATE LEGISLATIVE BOARD  
UNITED TRANSPORTATION UNION  
IN SUPPORT OF S.B. 283**

**PRESENTED TO SENATE  
ASSESSMENT AND TAXATION  
HONORABLE DAN THIESSEN, CHAIRMAN**

Mr. Chairman and Members of the Committee, I am Don Lindsey, Director of the **Kansas State Legislative Board, United Transportation Union**. I am a duly elected officer, authorized to speak for our some 6,000 active and retired members and their families who reside in the State of Kansas. I appear in support of S.B. 283.

I became acutely aware of the many problems that families with physically impaired members face in March of 1988, when the 15 year old daughter of a member of my own local was involved in a traffic accident and left confined to a wheelchair, paralyzed from the waist down.

It is difficult to envision how one's family can cope with such a tragedy, and the sudden increase in expenses associated with such an accident. In visiting with this family and others, I have learned a great deal about the problems they have encountered and assure you this is not an isolated case. I and the members of the United Transportation Union feel strongly that the citizens of Kansas should do all in their power to help those less fortunate lead as near normal a life as possible by helping families to remodel their primary residence to accommodate a physically impaired family member.

S.B. 283 raises the adjusted gross income to qualify for a tax credit to a more realistic level, to help families who are required to remodel their homes for better accessibility. Many find, after doing extensive remodeling to their homes to accommodate their physically impaired child, spouse, or parent that their adjusted gross income excludes them from any help whatsoever from the state in the form of a tax credit. It is a tragedy, after a family's life is completely disrupted and they are faced with the unexpected expenses associated with caring for a physically impaired family member, the State of Kansas tells them they do not qualify for assistance because they make too much money.

Attachment 3  
Senate Assessment & Taxation  
Monday, February 27, 1989



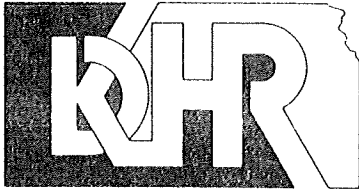
S.B. 283 is a positive move in the right direction and we are pleased to see the limits raised. However, if allowed to write a bill of my own, I would like to have seen similar provisions which are extended to business, be extended to individual taxpayers as well. That would be a tax credit in an amount equal to 50% of such expenditures or the amount of \$10,000, whichever is less, pursuant to KSA Chapter 79 Article 32.

When someone is forced to remodel their home in order to accommodate a loved one, who is physically impaired, those changes do not improve the value of the property. In fact, if anything the property value is decreased. I know from visiting with these families that any assistance from the state is greatly appreciated.

I would ask the committee members to look closely at the many problems faced by the families of physically impaired individuals and do all in your power to help them cope with the extra burdens placed upon them. S.B. 283 is a start in that direction.

KANSAS

DEPARTMENT OF HUMAN RESOURCES



ADVISORY COMMITTEE ON EMPLOYMENT  
OF THE HANDICAPPED

1430 S.W. Topeka Boulevard, Topeka, Kansas 66612-1877  
913-296-1722 (Voice) • 913-296-5044 (TDD) • 561-1722 (KANS-A-N)

Mike Hayden, Governor

Dennis R. Taylor, Secretary

TESTIMONY IN SUPPORT OF SENATE BILL 283  
Presented by Martha Gabehart, Employment & Training Liaison  
February 27, 1989

Thank you for the opportunity to speak in support of raising the income limits to claim a tax credit for making principal dwellings accessible. We believe the income limits specified in SB 283 are more realistic in terms of making the tax credit available to those who most need it.

The highest amount of money that can be claimed is \$1,250. This seems to be a reasonable amount of money to help keep someone who has a disability in their own home rather than being institutionalized.

Again, I thank you for the opportunity to comment on SB 283. I encourage you to pass the bill out of committee favorably.

ws\sb283

Attachment 4  
Senate Assessment & Taxation  
Monday, February 27, 1989



Shawnee County  
Office of County Clerk

PATSY A. "PAT" McDONALD

295-4155 Main  
295-4159 Accounting

Courthouse - Room 107  
Topeka, Kansas 66603-3963

February 27, 1989

To: Senate Assessment and Taxation Committee  
Re: SB172

The County Clerks are charged with the responsibility of assisting in the preparation of homestead property tax refund claims. It is because of our involvement in this matter that we have a few questions pertaining to SB 172. Our questions concern the determination of the amount of taxes accrued for the purpose of homestead property tax refund.

Last year this law was changed to define a homestead as the dwelling which is occupied as a residence and so much of the land surrounding it, as defined as a home site for ad valorem tax purposes. We understood the elimination of the 40 acres provision was done to alleviate the problem of how to determine which 40 acres and which improvements to include when figuring the tax applicable to the home site. With the enactment of reappraisal most farms now are considered mixed-use properties and will have multiple classifications.

The home, garage and lawn are appraised as residential at 12% (which is consistent with city property), other buildings at 30% of market value and agriculture land at 30% of use value. We are not comparing "apples to apples" when we compare "use value to market value". With reappraisal the value of the residential property would be easily ascertained as it would be shown on the tax receipt. The problem would arise when you try to determine the number of acres included in the home site. Once you have determined this acreage then you have the problem of determining the value of the remainder of the 40 acres. How would you determine which buildings to use and which ones to exclude if you are to allow the value of the 40 acres? Would you use the value of all the buildings, only the home, or a combination of the two?

Thank you for the opportunity to express our concerns. We would be happy to answer any questions you may have.

Gayle Landoll  
Marshall County Clerk  
Legislative Committee Chairman  
Kansas County Clerks' Association

*Patsy A. McDonald*  
Patsy A. McDonald  
Shawnee County Clerk  
Legislative Committee  
Kansas County Clerks' Association

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SENATE BILL 290  
February 27, 1989

Mr. Chairman, members of the Committee, thank you for the opportunity to testify today regarding SB 290. My name is John Pierpont, and I am here on behalf of the Children and Youth Advisory Committee. The Advisory Committee urges you to vote in favor of SB 290, which would provide taxpayers the opportunity to join statewide and community efforts to prevent child abuse and domestic violence by contributing to the Family and Children Trust Fund.

The purpose of the Kansas Family and Children Trust Fund is to provide "seed money" for the implementation of community-based programs for the prevention of child abuse and domestic violence. Projects typically funded through the Trust Fund include parent-education programs for first-time and "at risk" parents; sexual abuse prevention programs for school-age children; and community awareness programs for towns, cities and counties. Since the first programs were funded in 1981, over sixty-five communities have used Trust Fund monies to implement locally based prevention programs.

Thirty to thirty-five programs may be in operation in a given year; ten to fifteen programs may be turned down each year due to insufficient funding. In eight years of operation, the Family and Children Trust Fund has allocated \$1,778,916. Efforts are made to distribute funds equitably among Kansas' five Congressional Districts.

Trust Fund grants are awarded by the Children and Youth Advisory Committee which then monitors and evaluates grantee programs.

The Family and Children Trust Fund is authorized by KSA 75-5328. The Trust Fund is funded through an annual general fund appropriation (\$141,000); a percentage (22.4%) of the marriage license fee as authorized by KSA 23-106a; and the Federal Challenge Grant Program.

Past and Projected Trust Fund Revenues

	<u>% Marriage License Fee</u>	<u>General Fund Appropriation</u>	<u>Federal Grant</u>
FY 85	\$138,395.77	\$141,000	0
FY 86	\$131,395.77	\$141,000	\$70,575
FY 87	\$131,713.92	\$141,000	\$40,672
FY 88	\$130,000	\$141,000	\$43,114
FY 89	\$130,000	\$141,000	\$40,000
FY 90	\$130,000	\$141,000	\$40,000
FY 91	\$130,000	\$141,000	\$40,000

If funding for the Trust Fund is increased, it will be the first increase since its inception. Over the same period of time, however, inflation has increased over 30%. We are asking people in our local communities to do more with considerably fewer dollars. Child abuse and domestic violence are difficult social problems. They are difficult to prevent, and they cannot be prevented with inadequate resources. Still, it is more cost effective to prevent abuse than to treat it, and prevention is certainly more humane.

The Children and Youth Advisory Committee urges you to vote favorably on SB 290.

Thank you.

John Pierpont  
Coordinator  
296-4656

ATT 7  
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## TRENDS IN KANSAS NONGAME WILDLIFE IMPROVEMENT FUND 1981 - 1988

Trends in income, number of eligible taxpayers, number of donations, amount of average donation, and percent participation (donations/eligible taxpayers) are shown in the attached graphs. The dashed lines on each graph indicate the 95% confidence interval surrounding the eight-year average.

These trend data indicate that increases in income from the Checkoff are largely due to increases in the amount of the average donation. The percentage of eligible taxpayers contributing to the Checkoff has remained relatively small.

## IMPACT OF COMPETING CHECKOFFS ON OTHER STATES' NONGAME CHECKOFFS

Data from 16 states were used to determine the impact of competing checkoffs on nongame checkoff income (see attached table. These states experienced an average decline of 19% in nongame income the first year a competing checkoff was on the taxform. Significantly new checkoffs simply feed of an existing pool on donators. New checkoffs do not result in a new group of donators.

## POTENTIAL IMPACT OF COMPETING CHECKOFF ON KANSAS NONGAME FUND

The eight year average income from the Checkoff is \$144,000. A 19% decrease would put severe limitations on the Kansas Nongame Program (our annual O&M budget is \$140,000). The impact from a competing checkoff may be more severe in Kansas where a small number of taxpayers give a large amount to the nongame checkoff. A new checkoff will probably compete for the pool of 20,000 to 25,000 taxpayers that contribute to the nongame checkoff.

Income from Nongame Checkoff for States with Competing Checkoffs\*

State	Income Year Before Comp.	Income First Year of Comp.	Percent Change
AL	74,000	55,795	-25
AZ	300,000	245,000	-18
CO	552,449	458,758	-17
DE	84,831	57,530	-32
ID	106,639	106,247	- 0.4
IL	260,288	219,460	-16
KY	90,800	86,800	- 4
LA	315,270	64,467	-80
ME	129,000	112,000	-13
MA	375,634	310,443	-17
NJ	475,000	475,000	0
OK	140,000	86,000	-39
OR	359,981	272,152	-24
SC	160,000	140,000	-13
VA	373,754	392,282	+ 5
WV	166,437	131,842	-21

Average Percent Change: -18.8  
 Range (95% C.I.): -7.9 to -29.7

\*States with only nongame checkoff prior to start of competing checkoff(s)

This is an update of information compiled by Joe Schaffer in 1986 it does not reflect states that have added competing checkoffs since 1987.



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February 23, 1989

Senator Audrey Langworthy  
Room 143 North  
State Capitol  
Topeka, KS 66612

RE: Senate Bill No. 42

Dear Audrey:

My thanks to you, other members of your committee, and the Governor's office for your help in getting the Property Valuation Department to meet with our attorney in an attempt to arrive at agreed-upon language defining "merchant" and "inventory". It is my understanding that this meeting is to take place Friday morning, February 24.

We are only interested in accomplishing the intent of the Constitutional Amendment, yet not opening the "flood gates" to exempt property that is held strictly for rental purposes.

It is our opinion that current law is in conflict with the Constitutional Amendment passed by the people. The result will be a windfall of tax revenue paid by corporations to the State of Kansas. A result not intended by the framers of the amendment.

For your information I enclose a brief history prepared by our attorney concerning Senate Bill No. 42, the current law and Constitutional Amendment. Please feel free to distribute copies of this to your committee members if you feel that would be helpful.

It is our hope that this matter may be resolved in a positive manner soon, as individuals must file their returns by March 1 and corporations by April 1.

Attachment 8  
Senate Assessment & Taxation  
Monday, February 27, 1989

TRACTORS  GRADERS  LOADERS  
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**TOTAL SERVICE**

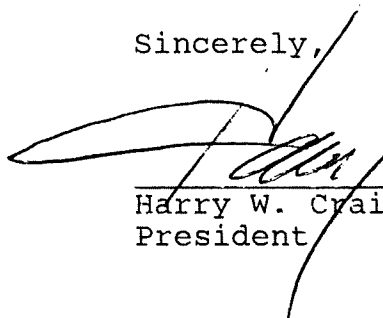
CONSTRUCTION EQUIPMENT  ENGINES  
LIFT TRUCKS  AGRICULTURAL EQUIPMENT

Senator Audrey Langworthy  
Page 2  
February 23, 1989

If I can be of further help in explaining our position I would be happy to meet with you at your convenience.

Best personal regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Harry W. Craig, Jr.", is written over a horizontal line. The signature is stylized and cursive.

Harry W. Craig, Jr.  
President

Encls.

cc William W. Martin, Chairman

Greg J. Martin, Executive Vice President

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S. LUCKY DE FRIES, J.D.  
KRISTINE K. SCHLAMAN, J.D.  
MARGO E. BURSON, J.D.  
RICHARD HARMON, J.D.

TELEPHONE 234-3461  
AREA CODE 913  
HAROLD R. SCHROEDER, J.D. (1986)  
LEONARD H. AXE, S.J.D. (1975)

February 14, 1989

Mr. Harry W. Craig, Jr., President  
Martin Tractor Company, Inc.  
P. O. Box 1698  
Topeka, KS 66601

Re: Senate Bill 42

Dear Harry:

Following the hearing on Senate Bill 42 before the Senate Assessment and Taxation Committee last week, I have been attempting to get a feel for how the Senate committee might be approaching Senate Bill 42 as it is currently drafted, or the other options discussed during the hearings before the committee. During my telephone conference with Senator Kerr following the hearing, he had encouraged us to attempt to orchestrate a meeting between ourselves, the Board of Tax Appeals and the Property Valuation Department in an effort to explore some alternatives that would address our concerns, or in the alternative, the possibility of simply repealing the language that was added as part of Senate Bill 453 last year. Jim Davidson, attorney for the Board of Tax Appeals, and Keith Farrar, Chairman of the Board of Tax Appeals, were more than happy to meet with us at any time concerning Senate Bill 42 and the various options, but I received word today, in response to my inquiries, that Terry Hamblin, Director of Property Valuation, had informed Bill Waters, his attorney, that he had no intention of meeting with us, and he had no intention of allowing Mr. Waters to meet with us on his behalf. Consequently, it appears to me that we need to now focus our attentions on educating the members of the Senate committee regarding the significance of the changes made as part of Senate Bill 453 last year, and why that represents a departure from the status quo.

In that regard, I believe we need to move very quickly to contact Senator Kerr, Senator Thiessen, and possibly the Governor's office in an effort to make the following points:

Mr. Harry W. Craig, Jr.  
February 14, 1989  
Page Two

1. The language that comprised the definition of the term "merchant" found at K.S.A. 79-1001 prior to the change effected by Senate Bill 453 last year, had been in place since 1959. From 1959 to 1971, there was some additional language contained as part of the definition of "merchant" which was stricken as part of Senate Bill No. 28 during the 1971 legislative session. That change can be found as part of Chapter 296 of the 1971 Session Laws. Additionally, the definition of "inventory" that we had prior to the passage of Senate Bill 453 last year was included as part of K.S.A. 79-1001 during the 1971 session. Prior to that time, there had not been a definition of "inventory" contained as part of that section. However, from 1971 until 1988, when Senate Bill 453 was passed, there had been no changes to the definition of the term "merchant" and "inventory" contained as part of K.S.A. 79-1001.
2. In November, 1986, Kansas voters approved a constitutional amendment establishing a system of classification to accompany the reappraisal legislation that had already been passed the year before. As part of that classification amendment passed by the Kansas voters, the tax on merchants' and manufacturers' inventory was repealed effective January 1, 1989. At the time that the voters passed the constitutional amendment, the definitions of "merchant" and "inventory" were in exactly the same form as they had been since 1971.
3. With very little fanfare, and in a supposed effort to clarify the intent of the definition of "merchant" and "inventory", the Property Valuation Department orchestrated the introduction and passage of Senate Bill No. 453 during the 1988 session. In my opinion, and based on conversations I have had with various individuals involved with the process last year, the Legislature never fully understood the significance of

Mr. Harry W. Craig, Jr.  
February 14, 1989  
Page Three

the changes included as part of Senate Bill 453 and the impact that those changes would have on the interpretation of the definitions of "merchant" and "inventory" that had existed since 1959. For purposes of comparison, I have attached copies of Chapter 296 of the 1971 Session Laws which reflects how the definitions existed from 1959 to 1971, and the changes that took place as part of the 1971 revisions, a copy of the definitions as they existed in 1988 prior to the passage of Senate Bill 453, and a copy of the changes that resulted from Senate Bill 453.

4. One is always going to be treading on very thin ice any time you attempt to explain or interpret statutes that are tied into a constitutional amendment such as we have here. Constitutional case law is clear that constitutional amendments are to be read in the context of the law as it existed at the time that the constitutional amendment was passed, and to try and go back and explain the intended scope of statutes existing at the time the constitutional amendment was passed is fraught with the risk of restricting what had been intended by the constitutional amendment. In this situation, it is clear to me that while the Property Valuation Department contended that they were simply attempting to clarify what the definitions of "merchant" and "inventory" had previously contemplated, they knew full well that the new language potentially restricted the scope of the exemption.
5. The new definitions of "merchant" and "inventory" passed as part of Senate Bill 453 make it clear that any inventory held as of January 1, 1989, or subsequent years, would be excluded from the exemption if at any time previous to that date, it had ever been leased or subjected to any sort of intervening use prior to the time that it is sold. Since the definitions of "merchant" and "inventory" that existed at the time Senate Bill 453 was introduced and passed, make no reference to intervening use or whether certain

Mr. Harry W. Craig, Jr.  
February 14, 1989  
Page Four


property was subject to depreciation or cost recovery accounting, I have never been able to understand why they feel this new language represented what was truly intended by the previous definitions. What is crystal clear is that all appraisers that I have spoken to and the Board of Tax Appeals were all under the impression that property in inventory and held for sale on January 1 of this year would be entitled to the merchant's inventory exemption regardless of whether that particular piece of property had been out on lease for a certain period of time at some time in the past. The focus is always "how is a piece of property being held on January 1" and not what use that piece of property has been put to previously.

Without regard to the additional language that we had hoped for, if we cannot at least achieve the repeal of the language added as part of Senate Bill 453, it is clear, based on the definitions as they now exist and the way that the Property Valuation Department is interpreting those provisions, that any property in inventory on January 1 of 1989 and any subsequent year that has been subjected to any intervening use between the time of original acquisition and the tax date in question will be disqualified from the merchant's inventory exemption. It is safe to say that tens of millions of dollars worth of equipment sitting in inventory as of January 1 of this year and subsequent years will be disqualified from the merchants' and manufacturers' inventory exemption simply because at some time in the past, that equipment had either been leased out or subjected to some other intervening use. Such a result is absolutely not what had been contemplated by the previous definition of "merchant" and "inventory". I do believe that we can enlist the support of the Board of Tax Appeals in confirming that the Property Valuation Department's interpretation is not consistent with what the Board viewed the previous situation to be, and that they would likely not interpret the statute in that fashion unless required to do so.

Mr. Harry W. Craig, Jr.  
February 14, 1989  
Page Five

I will keep you informed regarding my contact with Senators Kerr and Thiessen as well as the other individuals involved in the process. Please feel free to contact me if you should have any questions or concerns.

Very truly yours,



SCHROEDER, HEENEY, GROFF & COFFMAN  
A Professional Association

SLD:mls

Enclosure

his state, by exempting aircraft from imposition of the property tax levied by this state or its taxing authority as a leader in the manufacture of aircraft in business and industry to promote the economic growth of the state.

property, to the extent herein provided, from all property or ad valorem taxes levied by the State of Kansas:

commencing after December 31, 1976, and particularly used exclusively to earn income from the operation of a business or

as amended to read as follows: property, to the extent herein provided, from all property or ad valorem taxes levied by the State of Kansas:

every person.

and personal effects not used for the production of income from the sale of household goods and personal effects, except as otherwise specifically provided, including all items of furniture, cooking appliances, washing and drying machines, ironers, vacuum cleaners, record players, television sets, shop equipment, fishing equipment, vehicles, yard and garden equipment, photographic equipment, jewelry, and air conditioners if not a part of a central air conditioning system. For the production of income from the sale of household goods and personal effects for the production of income from the production of income from home purposes if such home purposes are not pursuant to K.S.A. 65-501 et seq.,

as well as graveyards.

shall apply to all taxable years beginning after 1976.

described property, to the extent herein provided, from all property or ad valorem taxes levied by the State of Kansas:

inventory for sale by any motor vehicle dealer. "motor vehicle" means a motor vehicle required to be registered under

the provisions of article 1 of chapter 8 of the Kansas Statutes Annotated, and amendments thereto, and "motor vehicle dealer" means and includes a new vehicle dealer and a used vehicle dealer as the same are defined by K.S.A. 8-126, and amendments thereto.

The provisions of this section shall apply to all taxable years commencing after December 31, 1988.

Sec. 6. On and after January 1, 1989, K.S.A. 79-1016 to 79-1018, inclusive, 79-1020, 79-1021 and 79-1023 and K.S.A. 1986 Supp. 79-1019 and 79-1022 are hereby repealed.

Sec. 7. K.S.A. 79-201c and 79-201k and K.S.A. 1987 Supp. 79-219 are hereby repealed.

Sec. 8. This act shall take effect and be in force from and after its publication in the statute book.

Approved April 22, 1988.

## CHAPTER 375

Senate Bill No. 453

AN ACT relating to property taxation; effecting statutory amendments necessary and incidental to the reappraisal and classification of property for taxation purposes; amending K.S.A. 79-304, 79-306, 79-501, 79-1439 and 79-4502 and K.S.A. 1987 Supp. 79-201d and 79-213 and repealing the existing sections; also repealing K.S.A. 79-306a, 79-307a, 79-307b, 79-307c, 79-307d, 79-316b, 79-316c, 79-1001, 79-1001b, 79-1001c, 79-1001d, 79-1003, 79-1004, 79-1004a, 79-1004b and 79-1005 and K.S.A. 1987 Supp. 79-216, 79-217, 79-218 and 79-1001a.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 1987 Supp. 79-201d is hereby amended to read as follows: 79-201d. The following described property, to the extent herein specified, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

*First.* Horses less than 12 months old; cattle less than 12 months old; mules and asses less than 12 months old; sheep less than six months old; hogs less than six months old; and goats less than six months old.

*Second.* All hay and silage. The term "hay" shall include alfalfa, brome, clover, and prairie hays and all other grasses and plants which are harvested for forage. The term "silage" shall include corn, milo, sorghum and all other plants, cut, compressed and preserved by its own fermentation for fodder.



~~Third.~~ *Second.* All farm storage and drying equipment meeting eligibility requirements, as provided in Title 7, Chapter XIV, Subchapter B, Part 1474 of the Code of Federal Regulations and as in effect on December 31, 1977, for loans under the federal farm storage and drying equipment loan program, whether financed or not, and all used farm storage and drying equipment meeting such eligibility requirements but for the fact that the same was not purchased from the commodity credit corporation, which equipment is used exclusively for the storage or drying of haylage, silage, corn, oats, barley, grain sorghum, wheat, rye, soybeans, flaxseed, rice, dry edible beans or sunflower seed, for any eight of the 10 calendar years next following the calendar year in which such equipment is acquired or construction thereof is completed. The provisions of this subsection shall apply to equipment acquired or the construction of which was completed during the calendar year 1977, or any year thereafter. The provisions of this section shall apply to all taxable years commencing after December 31, ~~1984~~ 1988.

New Sec. 2. To the extent herein specified, merchants' and manufacturers' inventory shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas.

As used in this section:

- (a) "Merchant" means and includes every person, company or corporation who shall own or hold, subject to their control, any tangible personal property within this state which shall have been purchased for resale without modification or change in form or substance, and without any intervening use;
- (b) "manufacturer" means and includes every person, company or corporation who is engaged in the business of transforming, refining or combining materials and labor to convert tangible personal property from one form to another including packaging; and
- (c) "inventory" means and includes those items of tangible personal property that: (1) Are held for sale in the ordinary course of business (finished goods); (2) are in process of production for such sale (work in process); or (3) are to be consumed either directly or indirectly in the production of finished goods (raw materials and supplies). Assets subject to depreciation or cost recovery accounting for federal income tax purposes shall not be classified as inventory. A depreciable asset that is retired from regular use and held for sale or as standby or as surplus equipment shall not be classified as inventory.

The provisions of this section shall apply to all taxable years commencing after December 31, 1988.

Sec. 3. K.S.A. 1987 Supp. as follows: 79-213. (a) Any exemption from the payment of or to be assessed, against the an initial request for exemption of tax appeals and provided

(b) The initial exemption for which the exemption is a legal and factual basis for the

(c) The request for exemption appraiser of the county when

(d) After a review of the preliminary examination of the praiser shall recommend that granted or denied, and, if necessary denial is recommended, a statute law relied upon shall be included

(e) The county appraiser, recommendation, shall file the recommendations of the county appraiser (f) Upon receipt of the request docket the same and notify praiser of such fact.

(g) After examination of the county appraiser's recommendation may fix a time and place for the cant and the county appraiser any case where a party to such hearing thereon, the same shall where the board sets a requirement county shall be represented counselor.

(h) In the event of a hearing not later than 90 days after the with the board.

(i) When a determination request for exemption, the board give notice of the same to the county appraiser by sending order.

(j) The date of the order, the district court, shall be the order is mailed to the party

## CHAPTER 296

## Senate Bill No. 28

AN ACT relating to taxation; providing for the listing and valuation of personal property held as inventory by merchants and manufacturers; prescribing certain penalties; authorizing the director of property valuation to adopt rules and regulations for the purposes of administering the provisions of this act; amending K. S. A. 79-1001, 79-1003, 79-1004 and 79-1005 and repealing the existing sections and also repealing K. S. A. 79-1002.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K. S. A. 79-1001 is hereby amended to read as follows: 79-1001. *As used in this act:* (a) *The word "merchant" shall mean and include every person, company or corporation who shall own or hold, subject to his control, any personal property within this state, which shall have been purchased with a view of being sold at an advanced price or profit, or which shall have been consigned to him for the purpose of being so sold, shall be held to be a merchant; and when such person shall be required, according to the provisions of this act, to make and deliver to the assessor a statement of his personal property, he shall include in such statement the value of the personal property appertaining to his business as a merchant, including all bills receivable, obligations or credits arising from the business of such merchant and in estimating the value of such property, bills receivable, obligations and credits, he shall estimate the average value thereof which he had in his possession or under his control during the year next preceding the first day of January preceding the time of making such statement or during that portion of said year which he may have been engaged in said business.*

(b) *The word "inventory" shall mean and include all personal property owned or held, subject to the control of a merchant, which shall have been purchased by him with a view of being sold at an advanced price or profit, or which shall have been consigned to him for the purpose of being so sold.*

*New Sec. 2.* Every merchant shall for the purpose of taxation make and deliver to the assessor a statement giving the fair market value in money of personal property held as inventory within the state of Kansas for sale in his business as a merchant. For the purpose of such statement the fair market value in money of personal property held by a merchant as inventory shall be an amount equal to the average of the fair market value in money of the personal property held as inventory within the state of Kansas for sale by such merchant during his tax year (as established for reporting for federal income tax purposes) next preceding the time of filing the statement of personal property.

*New Sec. 3.* The cost or market value of personal property held as inventory shall not be the sole criteria of its fair market value in

money. The average of the fair market value of personal property held as inventory for his preceding tax year (as established for reporting for federal income tax purposes) shall be determined as follows:

(a) Add the cost or market value of the beginning inventory by such merchant for his preceding tax year, as reported for federal income tax purposes, to the cost or market value of the ending inventory in such beginning inventory which is sold by such merchant on such date;

(b) add to the amount computed in (a) the cost or market value of personal property held by such merchant on the last day of such tax year for federal income tax purposes for such value of personal property not reflected in (a) which is consigned to and held for sale on such date;

(c) divide the amount computed in (a) and (b) by the number of inventories taken throughout such tax year. *Provided,* That if any merchant shall have records of his business that the average of inventory computed in the manner provided in (a) and (b) not reflect the true average of the cost or market value of the property held by him as inventory during such tax year, the average cost or market value of property held by such merchant shall be computed by averaging the value of property included in the actual inventories of such merchant during such year; and

(d) subtract from the average of the value of property held as inventory, as computed in (a), (b) and (c), the operating and administrative costs for which such inventory is listed as inventory, and the depreciation and obsolescence or depreciation in value of such inventory, determining the value of inventory under (a), (b) and (c), not exceeding an amount equal to 40% of the average value of the property determined under the provisions of (a), (b) and (c).

*New Sec. 4.* (a) Every merchant shall for the purpose of reporting for federal income tax purposes personal property as inventory for sale in his business as a merchant in more than one taxing subdivision within the state of Kansas for the purpose of reporting the same under the provisions of section 2 of this act shall be based upon the average value of the property held during the preceding tax year in each such location or in the proportion that the gross sales transacted at each such location bear to the total gross sales transacted by such merchant in all such locations within the state of Kansas.

79-919

TAXATION

of the director, or shall refuse or neglect to appear before the said director in obedience to his or her citation or summons, or shall fail to object to the tax imposed by this act within the time and in the manner prescribed by this act, it shall be estopped to question or impeach the action or determination of the said director or the validity of the tax imposed hereunder.

History: L. 1943, ch. 289, § 9; Feb. 23.

CASE ANNOTATIONS

1. Act discussed, construed, applied and held constitutional. Associated Rly. Equipment Owners v. Wilson, 167 K. 608, 611, 613, 615, 617, 208 P.2d 604.

79-919. Transfer of administration to director of taxation. (a) All of the powers, duties and functions of the director of property valuation relating to the act of which K.S.A. 79-906 is a part are hereby transferred to and conferred and imposed upon the director of taxation. The director of taxation shall be the successor in every way to the powers, duties and functions of the director of property valuation relating to said act of which K.S.A. 79-906 is a part.

(b) All rules and regulations of the director of property valuation in existence on the effective date of this act relating to said act of which K.S.A. 79-906 is a part, shall continue to be effective and shall be deemed to be duly adopted rules and regulations of the secretary of revenue, until revised, amended, revoked or nullified pursuant to law. All orders and directives of the director of property valuation relating to said act of which K.S.A. 79-906 is a part, shall continue to be effective and shall be deemed to be orders and directives of the director of taxation and, until revised, amended or nullified pursuant to law.

(c) The director of taxation shall succeed to all property and records which were used for, or pertain to, the performance of the powers, duties and functions relating to the act of which K.S.A. 79-906 is a part. When any conflict as to the proper disposition of such property or records arises under this section, and results from the provisions of this act, the same shall be determined by the governor, whose decision shall be final.

(d) When any conflict arises as to the disposition of any power, function or duty or the unexpended balance of any appropriation as a result of the transfer made by this act, such conflict shall be resolved by the

governor, and the decision of the governor shall be final.

History: L. 1972, ch. 358, § 2; July 1.

79-920. Preservation of actions and proceeding upon transfer of administration.

(a) No suit, action, or other proceeding, judicial or administrative, lawfully commenced, or which could have been commenced, by or against the director of property valuation in his or her official capacity or in relation to the discharge of his or her official duties, shall abate by reason of the taking effect of the provisions of this act.

(b) No criminal action commenced or which could have been commenced by the state shall abate by the taking effect of this act.

History: L. 1972, ch. 358, § 3; July 1.

Article 10.—MERCHANTS, MANUFACTURERS, MOTOR VEHICLE DEALERS AND CERTAIN CONTRACTORS

Cross References to Related Sections: Merchandise of transient dealers, see 79-1434.

MERCHANTS AND MANUFACTURERS INVENTORIES

79-1001. Definitions. As used in this act: (a) The word "merchant" shall mean and include every person, company or corporation who shall own or hold, subject to his or her control, any personal property within this state, which shall have been purchased with a view of being sold at an advanced price or profit, or which shall have been consigned to him or her for the purpose of being so sold.

(b) The word "inventory" shall mean and include all personal property owned or held, subject to the control of a merchant, which shall have been purchased by him or her with a view of being sold at an advanced price or profit, or which shall have been consigned to him, or her for the purpose of being so sold.

History: L. 1876, ch. 34, § 16; L. 1917, ch. 320, § 1; R.S. 1923, 79-1001; L. 1959, ch. 365, § 16; L. 1971, ch. 296, § 1; July 1.

Source or prior law: L. 1866, ch. 118, § 13; G.S. 1868, ch. 107, § 17.

Research and Pr. Taxation—331 C.J.S. Taxation

C. Annotation to L. 1. Stock sold a vendor. Howell. Annotations to L. 2. Nonprofit w chant within mea v. Sedgwick Cou 3. Cited in up rel., v. Dwyer, 2 4. Assessment indefiniteness. Cobler, 212 K. 6 5. Flowers gro environment not v. County Assess 562, 563, 567 P.2

79-1001a. ing for taxation Every merch. taxation make statement give money of per tory within th business as a such stateme money of per chant as inver to the averag money of the ventry withi by such merc established fo tax purposes) filing the stat History: L. 79-1001b money; basis ing average. 7 value of the ventry for sa preceding tax porting for fe shall be deter ner: (a) Add the property held such merchan year, as repo purposes for value of perso such beginni signed to anc chant on such