

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

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

11:00 a.m. ~~a.m.~~ on Thursday, March 23, 1989 in room 519-s of the Capitol.

All members were present except:

Senator Fred Kerr (excused)

Committee staff present:

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

Conferees appearing before the committee:

Ed DeSoignie, Public Affairs Dir.-KS Contractors Association
Woody Moses, KS Agricultural Producer's Association
Tom Slattery-Associated General Contractors of KS
Kelly Arnold-City of Lawrence

Chairman Thiessen called the meeting to order and said the agenda for today is on HB2516 and called upon Ed DeSoignie, Public Affairs Director, KS Contractors Association.

HB2516: would stipulate that all tangible personal property removed from the state between November 1 and the next succeeding January 1 and returned prior to March 1 shall have acquired situs and be listed with the county appraiser of the county to which such property has been returned.

Ed DeSoignie said, his association represents over 335 heavy, highway and municipal utility contractor and associate member firms in the KS construction industry. He said, while the association is supportive of efforts to close the door on these activities, they have concerns with the problems it will create for those firms who have legitimate reason for moving their equipment across state lines in the course of their business. He said he was speaking of construction firms that through necessity perform work in the surrounding states.

He said, without clarifying language, the language appearing on lines 44 through 51 of the bill would permit taxation of the same piece of equipment by two separate states. As a means of avoiding such situations, the Association respectfully requests that the bill be amended as indicated in the attachment to the testimony. The amendment would not in our opinion alter the original intent of the bill. It would establish two conditions which must be met. (1) that the property was removed for legitimate business purposes; and (2) that such property was listed for taxation purposes in some other state for that tax year. The individual would be required to submit proof to the county assessor that both conditions have been met.

Mr. DeSoignie said a copy of the suggested amended is attached to his testimony, and he asked, that the committee give favorable consideration to the requested amendatory language. (ATTACHMENT 1)

The Chairman recognized Woody Moses, KS Agricultural Producer's Association.

Woody Moses said his Association represents a group of approximately 120 crushers of limestone, sand and gravel throughout the State, and he said, they rise in support of the amendment by the KS Contractors Association. He said, several of their members also operate portable plants throughout the State and at various times, operate at quarries in the State of Oklahoma and Missouri, and they have a portable plant, crushing rock, or a dredge pumping sand and they may be there anywhere from 2 to 6 weeks, and then will move the equipment back into the State of Kansas. He said, they support the amendment, because it would help to avoid the situation of double taxation.

Chairman Thiessen called upon Tom Slattery, Associated General Contractors of KS.

Tom Slattery said the Association is in support of the amendment by Mr. DeSoignie.

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He said, he was also appearing today in behalf of the Kansas City Builders Chapter of AGC of KS, which he said, they work very closely with, and he, had been asked by Mr. Dan Morgan to distribute his testimony for him, as he could not be here today, and he asked permission of the Chair.

Chairman Thiessen accepted the testimony for Dan Morgan, Director of Governmental Affairs, KC Chapter, Associated General Contractors. (ATTACHMENT 2)

After committee discussion The Chairman concluded hearing on HB2516 and turned attention to HB2033.

HB2033:as amended, would codify a number of procedures the Department of Revenue would be required to follow in the administration of most taxes.

Chairman Thiessen asked Chris Courtwright if he would review the bill for the committee.

Chris Courtwright said the bill is known as the taxpayers, bill of rights, and he said the bill would enact a number of so-called taxpayer rights that are similar so some new provision that the IRS has put in, and he read the provisions of the supplement note to the committee, and he said, this had been requested by the Department of Revenue.

After committee discussion The Chairman entertained the committee to work the bill.

Senator Martin moved to favorable pass HB2033, seconded by Senator Petty. The motion carried.

The Chairman asked for the committee's pleasure on HB2516.

Senator Lee moved to amend HB2516 by striking the "period" on line 51, and inserting "unless the owner of such property submits proof to the county appraiser under oath that such property was removed from the state for legitimate business purposes, and has been listed for taxation for the appropriate tax year in some other state or territory.", seconded by Senator Petty. The motion carried.

Senator Langworthy moved to favorably pass HB2516 as amended, seconded by Sentaor Lee. The motion carried.

The Chairman turned attention to SB332.

Senator Martin moved to favorably pass SB332, seconded by Senator Petty. The motion carried.

Chairman Thiessen turned attention to SB328, and asked the committee, if they were ready to work the bill.

Senator Lee moved to amend SB328 by inserting on line 22 before the word "by" "shall list such mobile home for property taxation as required by K.S.A. 1988 Supp. 79-306. If registration of such mobile home is required" and on line 23 after the word "Annotated" insert ", such listing of a mobile home or homes owned by an applicant for registration or the renewal of registration thereof", and on line 23 after the word "shall" insert "be made at the time of registration or renewal of registration", seconded by Senator Montgomery. The motion carried.

Senator Montgomery moved to favorable pass SB328 as amended, seconded by Senator Lee. The motion carried.

The Chairman turned attention to SB333

Senator Karr moved to amend SB333 by striking on line 32, the words "or before", seconded by Senator Langworthy. The motion carried.

Senator Karr moved to favorably pass SB333 as amended, seconded by Senator Montgomery. The motion carried.

Chairman Thiessen turned attention to SB341.

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Senator Francisco moved to pass SB341 favorably, seconded by Senator Petty. The motion carried.

The Chairman turned attention to SB325.

Senator Martin said he would like to amend SB227 into SB325.

The Chairman said that is a pretty major provision, and Senator Martin said the bill does not have a fiscal note, and has no major changes. After committee discussion, The Chairman recognized Kelly Arnold, City of Lawrence.

Kelly Arnold said he had spoken with John Luttjohann and he said the Department is in favor of SB325.

The Chairman said he thought the committee would delay action on SB325, and would take the bill up at another meeting, and turned attention to HB2032.

Senator Petty move to favorably pass HB2032, seconded by Senator Langworthy. The motion carried.

Chairman Thiessen turned attention to HB2515

Senator Lee moved to adopt the technical amendment by striking the words "problem or vulnerable" in lines 44 and 91, and on lines 67-69 replacing the wording after the date as follows: "any production credit association or agricultural credit association chartered by the farm credit administration under the federal farm credit act as amended, (12 U.S.C. 20001 et seq), which" and on line 73, strike the words "it's best", seconded by Senator Karr. The motion carried

Senator Lee moved to favorably pass HB2515 as amended, seconded by Senator Karr. The motion carried.

The Chairman turned attention to SB186

Senator Langworthy moved to favorably pass SB186, seconded by Senator Francisco. The motion carried.

The Chairman adjourned the meeting at 11:58 a.m.

TESTIMONY
BY THE KANSAS CONTRACTORS ASSOCIATION
BEFORE THE SENATE ASSESSMENT AND TAXATION COMMITTEE
REGARDING HOUSE BILL 2516, AS AMENDED

March 23, 1989

Mr. Chairman, and members of the Senate Assessment and Taxation Committee. Thank you for the opportunity to appear before you this morning.

My name is Ed DeSoignie. I am the Public Affairs Director of the Kansas Contractors Association. Our association represents over 335 heavy, highway and municipal utility contractor and associate member firms in the Kansas construction industry.

House Bill 2516 stipulates that any tangible personal property removed from the state between November 1 and January 1 and returned to the state prior to March 1 shall have acquired situs and be listed with the county appraiser of the county to which the property was returned. While the Association is supportive of efforts to close the door on these activities, we have concerns with the problems it will create for those firms who have legitimate reason for moving their equipment across state lines in the course of their business. I am speaking of construction firms that through necessity perform work in the surrounding states.

Without clarifying language, the language appearing on lines 44 through 51 of the bill would permit taxation of the same piece of equipment by two separate states. For example, a contractor who moves equipment to Oklahoma on November 15 for a pavement patching job would be taxed by Oklahoma on January 1 for that equipment. Upon moving the equipment back to Kansas on February 15, the bill would require that the equipment be taxed in the county in which it acquires situs.

As a means of avoiding such situations, the Association respectfully requests that the bill be amended as indicated in the attachment to the testimony. The amendment would not in our opinion alter the original intent of the bill. It would establish two conditions which must be met:

Attachment 1
Senate Assessment and Taxation
Thursday, March 23, 1989

Testimony
Before Senate Assessment & Taxation Committee
Regarding House Bill 2516, As Amended
March 23, 1989

- (1) That the property was removed for legitimate business purposes; and
- (2) That such property was listed for taxation purposes in some other state for that tax year. The individual would be required to submit proof to the county assessor that both conditions have been met. The language was modeled upon K.S.A. 79-316 which was repealed by the 1987 legislature because the statute had been left without an implementing statute since 1965, when K.S.A. 79-314 was repealed.

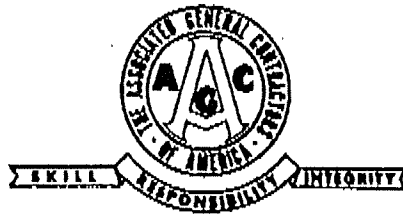
In closing we would ask your favorable consideration of the requested amendatory language. That concludes my prepared remarks.
Thank you.

HOUSE BILL 2516 - AMENDMENT

On line 51 striking the period after "thereto" and inserting the following:

"unless the owner of such property submits proof to the county appraiser under oath that such property was removed from the state for legitimate business purposes, and has been listed for taxation for the appropriate tax year in some other state or territory."

ATT?
3-23



**TESTIMONY BEFORE THE SENATE COMMITTEE
ON ASSESSMENT AND TAXATION**

RE: HB 2516

**BY DAN MORGAN, DIRECTOR OF GOVERNMENTAL AFFAIRS
KANSAS CITY CHAPTER, ASSOCIATED GENERAL CONTRACTORS**

AND

BUILDERS' ASSOCIATION OF MISSOURI

Thursday, March 23, 1989

Mr. Chairman and members of the Committee, my name is Dan Morgan. I appear before you today on behalf of the Builders' Association and the Kansas City Chapter of the Associated General Contractors of America. Our 575-plus membership is composed of general contractors, subcontractors and material or service suppliers engaged in commercial and industrial building construction in western Missouri and northeastern Kansas. The majority of our members are located in the metropolitan Kansas City area and nearly one-third of our total membership are domiciled in Johnson and Wyandotte Counties in Kansas. Naturally many of our Kansas-based contractors perform work on the Missouri side of the state line and many Missouri-based contractors perform work in Kansas. It is vital to our industry to maintain the open and competitive free market environment that currently exists between our sister states, Kansas and Missouri.

Mr. Chairman and committee members, I rise in support of the amendment offered this morning by Mr. Ed De Soignie with the Kansas Contractors Association. This is an amendment which addresses a double taxation problem posed by the current version of House Bill 2516 which became apparent to us only very recently. I regret that the implications of this bill became clear only after House

consideration of the bill. For that reason we did not address this proposal on the House side. I am happy to have the opportunity to speak to our concern with the bill at this time.

As you know, the amended version of House Bill 2516 would stipulate that all tangible personal property removed from the state between November 1 and the next succeeding January 1 and returned prior to March 1 shall have acquired situs and be listed with the county appraiser of the county to which such property has been returned. As previously stated, many of our Missouri-based contractors work regularly on the Kansas side and move equipment back and forth, between Kansas and Missouri, on a regular basis. Consequently, many such contractors who already have their equipment listed for taxation in Missouri will also be assessed on the Kansas side. Without our proposed amendment these contractors would be taxed on the same equipment in both states. The proposed amendment would alleviate this double taxation problem.

As previously explained the proposed amendment would strike the period after "thereto" on line 51 of the bill and insert the following:

"unless the owner of such property submits proof to the county appraiser under oath that such property was removed from the state for legitimate business purposes, and has been listed for taxation for the appropriate tax year in some other state or territory."

We strongly support this amendment to HB 2516. It addresses a problem that would have major impact on our industry - especially in the Kansas City metropolitan area. We ask that you support this proposed amendment to HB 2516. Thank you very much.