

Approved

Date

3/27/90

MINUTES OF THE House COMMITTEE ON Taxation

The meeting was called to order by Representative Keith Roe at  
Chairperson

9:00 a.m./~~p.m.~~ on March 26, 1990 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn, Research Department  
Chris Courtwright, Research Department  
Don Hayward, Revisor's Office

Conferees appearing before the committee:

Senator Sheila Frahm  
Senator Audrey Langworthy  
Representative Al Lane  
Representative Jessie Branson  
Bob Meinen, Secretary of Wildlife and Parks  
Keith Farrar, Chairman, Board of Tax Appeals  
Wiley McFarland, Gray County Commissioner  
Warren Parker, Kansas Farm Bureau  
Neale Peterson, Mayor of Fairway  
Jim Yonally, Shawnee Mission & Blue Valley Schools  
Mary Birch, Overland Park Chamber of Commerce  
Alan Sims, City of Overland Park  
Don Seifert, City of Olathe  
Brian McNichols, Lenexa City Council President  
John Moir, City of Wichita  
John Torbert, Kansas Association of Counties  
Ernie Mosher, League of Kansas Municipalities  
Linton Bartlett, City of Kansas City, Kansas  
Gerry Ray, Johnson County Commissioners  
Terry Humphrey, Recreational Vehicle Council  
Don Christman, Recreational Vehicle Council/Kansas Manufactured Housing Assn.

Bob Meinen, Secretary of Wildlife and Parks, testified in support of SB 551, stating that it would clarify the tax valuation on those shooting areas that are principally still oriented toward agricultural production.

The Chairman concluded the hearing on SB 551.

Chairman Roe requested the Committee to turn to SB 572.

Senator Frahm testified in support of SB 572, stating that State ASCS statistics indicate that no county has enough effected acres to lose a significant portion of their property tax revenue. (Attachment 1)

Wiley McFarland, Gray County Commissioner, testified in support of SB 572, stating that there is an extreme inequity in K.S.A. 1988 Supp. 79-1476. The new reappraisal for agricultural land is supposed to be based on use value, not on its possible potential or past usage. (Attachment 2)

Keith Farrar, Chairman, BOTA, stated that the Legislature should look at SB 572 very closely. The Secretary also stated that they have received complaints on the methods of taxing CRP land, and there are problems as far as uniformity and fairness.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,  
room 519-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 26, 1990

Warren Parker, Kansas Farm Bureau, testified in support of SB 572, stating that this bill brings a measure of equity to yet another type of agricultural land ... irrigated land. (Attachment 3)

Chairman Roe concluded the hearing on SB 572.

The Chairman directed the Committee to turn to SB 560.

Senator Langworthy testified in support of SB 560, stating that doing nothing on the motor vehicle tax doesn't help taxpayers - it only causes more problems and adds another burden to the property tax dilemma. (Attachment 4)

Representative Lane testified in support of SB 560, stating that he is interested in this bill primarily as it affects Johnson County. He also stated that those who were impacted most adversely by the property tax and classification problem will be also hurt by an increase in their property tax in his district.

Representative Branson testified in support of SB 560, stating that she is concerned for the potential revenue impact that the decrease of motor vehicle property tax will have on the government entities in Douglas County. (Attachment 5)

Neale Peterson, Mayor of Fairway, testified in support of SB 560, stating that passage of this bill will afford them an opportunity to cope with their tax shortfall by phasing it out. (Attachment 6)

Jim Yonally, Shawnee Mission and Blue Valley School Districts, testified in support of SB 560, stating that they believe it would be good public policy to phase in the shift from motor vehicle tax to general property tax in those counties where the shift is significant. (Attachment 7)

Mary Birch, Overland Park Chamber of Commerce, testified in support of SB 560, stating that the motor vehicle tax shift is too much for them to absorb at one time - phasing it in will give them a little time for adjustment, absorption and natural growth (maybe) to help them out. (Attachment 8)

Alan Sims, City of Overland Park, testified in support of SB 560, stating that in the absence of alternative sources of revenue, this bill is the best approach because it would provide a much-needed transition period to allow local governments an opportunity to adjust to significant loss in revenue. (Attachment 9)

Don Seifert, City of Olathe, testified in support of SB 560, stating that this issue is particularly important to them because Johnson County experienced the largest percentage decline in its average mill levy and the largest valuation increase in the state. (Attachment 10)

Brian McNichols, Lenexa City Council President, testified in support of SB 560, stating that no action on this bill would necessitate that local units of government make this revenue source up from property taxes. (Attachment 11)

John Moir, City of Wichita, testified in support of SB 560, stating that without enactment of this bill, the City of Wichita would lose about \$1.3 million in 1991. With passage of this bill, they would lose about \$830,000 in 1991 and the remaining \$470,000 in 1992. (Attachment 12)

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,  
room 519-S, Statehouse, at 9:00 ~~a.m.~~<sup>p.m.</sup> on March 26, 1990.

John Torbert, Kansas Association of Counties, testified in support of SB 560, stating that this legislation will act as a shock absorber. The result will be that motor vehicle personal property taxes in those counties affected will still go down - they will just not go down as rapidly. (Attachment 13)

Ernie Mosher, League of Kansas Municipalities, testified in support of SB 560, stating if this bill does not pass and HB 2700 does pass with a home rule option, local governing bodies could legally modify the tax lid to increase property taxes to replace the lost revenue. (Attachment 14)

Linton Bartlett, City of Kansas City, Kansas, testified in support of SB 560, stating that the phase-in period would give the City time to adjust its expenditures to meet the declining motor vehicle tax revenues or to raise replacement revenue from other permitted revenue sources. (Attachment 15)

Gerry Ray, Johnson County Board of Commissioners, testified in support of SB 560, stating that when reappraisal and classification were adopted by the Legislature, the local units were guaranteed it was to be revenue neutral. As they face the loss of over \$4 million dollars, it is difficult to understand how that can be referred to as revenue neutral. (Attachment 16)

Terry Humphrey, Recreational Vehicle Council, testified in opposition to SB 560, stating that it is detrimental to the R.V. business of Kansas and unfair to the Kansas vehicle owners who expected tax relief in 1991. (Attachment 17)

Don Christman, Recreational Vehicle Council, testified in opposition to SB 560, stating that every concerned and informed Kansas citizen had to weigh the anticipated effects of Reappraisal and Classification in order to vote on the 1986 constitutional amendment. Anticipated increases and savings were sold to the public in a package. (Attachment 18)

Written testimony was provided by:

Helen Stephens, Blue Valley USD #229 (Attachment 19)

Gary Toeppen, Lawrence Chamber of Commerce (Attachment 20)

Chairman Roe concluded the hearing on SB 560.

The minutes of March 22 and March 23, 1990, were approved.

The meeting adjourned at 10:25 a.m.



HOUSE COMMITTEE ON TAXATION

DATE 3/26/90

NAME	ADDRESS	REPRESENTING
Alan Steppat	Topeka	Pete McBill & Assoc.
Tom Whitaker	Topeka	Ks Motor Carriers Assn.
RH Grant	"	PUD
Kevin Kelly	OK	SOW
Linton Bartlett	KCK	City of Kansas City
JOHN MOIR	WICHITA	CITY OF WICHITA
Cathy Haldeman	Wichita	City of Wichita
Mike Miller	Topeka	City of Topeka
Mary Birch	Overland Park	Chambers of Commerce
Don Geisert	Olathe	City of Olathe
Jerry Ray	Olathe	Johnson Co. Commission
Dev Beadley	Topeka	KS Assoc of Counties
Rod Griffin	Lawrence	University Daily Kansan
Kelly Arnold	Lawrence	City of Lawrence
Nancy Kemper	Lawrence	Douglas County Treasurer
Bill Curtis	Topeka	KS Assoc. of School Bds.
E. Karbon	Topeka	League of KS Municipalities
Audrey Langworthy	Topeka	Senate
BRIAN McNichols	LENEXA	CITY OF & KS. League of Municipalities





TOPEKA

SENATE CHAMBER

SHEILA FRAHM

DISTRICT 40

CHEYENNE, DECATUR, GOVE, GRAHAM,  
LOGAN, RAWLINS, SCOTT, SHERIDAN,  
SHERMAN, THOMAS, WALLACE, WICHITA  
COUNTIES

985 S. RANGE  
COLBY, KANSAS 67701

(913) 462-6948—HOME

COMMITTEE ASSIGNMENTS

CHAIRPERSON: JOINT COMMITTEE ON ADMINISTRATIVE  
RULES AND REGULATIONS  
VICE CHAIRPERSON: EDUCATION  
MEMBER: AGRICULTURE  
ASSESSMENT AND TAXATION  
ENERGY AND NATURAL RESOURCES  
LOCAL GOVERNMENT

HOUSE ASSESSMENT & TAXATION COMMITTEE

SB 572

March 26, 1990

Chairman Roe and Members of the Committee: Thank you for the opportunity to appear before you this morning and request your consideration of SB 572. This bill addresses the concern raised by many farmers, and local and state officials about property taxes on formerly irrigated CRP acres. The Conservation Reserve Program (CRP) is a USDA program designed to retire some land from production for a period of ten years. The landowner agrees to plant and maintain grass and cannot use the land for any productive purpose during the 10 year contract. There is an annual payment, usually about \$50 per acre, to the landowner.

In 1987 SB 378 (now KSA 79-1476) established the basis for appraisal of farmland put into CRP: . . . . *in the case of such land which is subject to the federal conservation reserve program, in its usage immediately prior to being subject to such program . . . .*

SB 572 seeks to revise the above as follows: . . . . For all taxable years commencing after December 31, 1989, all land devoted to agricultural use which is subject to the federal conservation reserve program shall be classified as CULTIVATED dryland for the purpose of valuation for property tax purposes pursuant to this section. (p. 2, line 9-10).

An individual who has placed formerly irrigated land in CRP is receiving the same payment per acre as a dryland owner with land placed in CRP. The appraisal varies, of course, but this is placing the irrigated land owner in an inequitable position. The irrigated land is appraised higher.

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Attachment 1

We have requested statistics from the State ASCS (Agricultural Stabilization and Conservation Office) regarding the number of acres with prior usage for irrigation which have gone into CRP. Preliminary indications are attached. We feel that no county has enough effected acres to lose a significant portion of their property tax revenue.

In 1987 when this committee reviewed this situation they were addressing the impact of replacing all CRP farmland (both dryland and irrigated) on the tax rolls with pasture land. This would have had a devastating affect on the tax base in some counties. SB 572 only returns formerly irrigated CRP to CULTIVATED dryland values. At the end of the 10 year contract period when the decision must be made whether the individual farmer will return his land to former use or keep it in grass -- then the counties must reappraise each parcel and put it onto the tax rolls according to use-value.

The Senate Assessment & Taxation Committee received results of a survey of appraisers in nearly all of our 105 counties. Many raised questions about agricultural land, irrigated land and three indicated special concern with formerly irrigated CRP land. To date no county has raised concern about potential loss of revenue from SB 572. Local County officials have called to indicate that this will address a concern in their county.

I know you reviewed part of this concern during the summer interim and heard testimony at that time. Today, we have commissioners, farmers, appraisers, and state officials here to give you specific examples of how they see this impacting the total picture.

Again, thank you for your consideration of SB 572. I believe we can address one of the concerns about the appraisal of agricultural land by recommending this bill favorably.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Room 545-N - Statehouse

Phone 296-3181

February 13, 1990

TO: Senator Sheila Frahm

Office No. 143-N

RE: Irrigated Land Enrolled in the Federal Government's Conservation Reserve Program

You asked for information regarding the number of previously irrigated acres of land that have been enrolled in the federal government's Conservation Reserve Program (CRP) by county in Kansas. In an attempt to determine the number of acres, I contacted both the state offices of the Soil Conservation Service and the Agricultural Stabilization and Conservation Service (ASCS). Neither office had this data readily available.

Following my initial conversation with Mr. Frank Mosier of the state ASCS office, he indicated to me that he would contact several of the county offices and determine as best as possible the number of irrigated acres that were enrolled in the CRP. The following information was provided to me by Mr. Mosier. It indicates the results of Mr. Mosier's informal county survey.

<u>County</u>	<u>Number of Acres</u>
Cheyenne	2,300
Gove	620
Logan	164
Ness	294
Decatur	0
Lane	47
Rawlins	96
Sheridan	357
Sherman	1,054
Thomas	496
Trego	107
Wallace	5,563
Finney	3,215
Grant	1,776
Greeley	2,614
Hamilton	1,000
Haskell	6,820
Kearny	11,600
Morton	1,200
Scott	348
Seward	2,867
Stanton	9,327
Stevens	1,032
Wichita	4,992
TOTAL	57,889



As I indicated to you over the telephone, Mr. Mosier questioned the figures from some of the counties. Those he questioned as being too large were the figures from Haskell, Kearny, Stanton, and Wichita counties. Mr. Mosier also stated that an Economic Research Office publication indicated that Kansas had 33,781 formally irrigated acres enrolled in the CRP. Mr. Mosier could not explain the discrepancy.

I hope this preliminary information is helpful to you. I will attempt to contact those individuals at the Economic Research Service (USDA) when I receive a copy of the report to determine how they arrived at the Kansas figure. In the meantime if you have any questions, please feel free to contact me.

Sincerely,



Raney Gilliland  
Principal Analyst

RG/bd

TESTIMONY ON SENATE BILL NO. 572  
SENATE TAXATION COMMITTEE

TIMOTHY N. HAGEMANN, EXECUTIVE DIRECTOR  
KANSAS LEGISLATIVE POLICY GROUP  
PROPONENT OF SB 572

Mr. Chairman and Members:

My name is Timothy N. Hagemann. I am Executive Director of the Kansas Legislative Policy Group (K.L.P.G.).

The K.L.P.G. is an organization of County Commissioners representing 24 rural counties.

I appear today as a proponent of SB 572.

Use Value was conceived and partially implemented prior to the Conservation Reserve Program (C.R.P.). However, after C.R.P. land was a reality, this Body ammended KSA 1476 to require those lands enrolled in the C.R.P. program to be classified "in it's usage immediately prior to being subject to such program." This ammendment was necessary to prohibit cropland enrolled in the program from being classified for Use Value as grassland.

Under the first enrollments in the program only land being farmed under dry cropland practices was bid into the program. Therefore, no attention was directed towards the possibility of irrigated land being a future problem. However, due to the following factors the situation has changed.

1. High cost of inputs
2. Increased energy prices
3. Low commodity prices
4. Lender concerns relating to cash flow positions
5. Unmeasurable or negative future benefits from continuing marginal irrigation practices

Due to these factors, many landowners, tenant farmers, lending institutions and farm managers saw that discontinuation of irrigation and enrollment in C.R.P. was the only profitable future for marginal irrigated lands.

It must be noted that payments for irrigated land are no higher than for dryland enrolled in C.R.P. Approximately \$50.00 per acre is the maximum payment under current procedures. I am personally not aware of any irrigated land enrolled that realized net profits above the potential from C.R.P. payments, although there may be isolated cases in areas of the State with which I am not familiar.

if for no other reason -----the payment for all land is the same regardless of whether dry or irrigated-----I urge you to act favorably on SB 572.

I will be more than happy to respond to your questions.



For Presentation to:  
House Assessment & Taxation Committee  
9 A.M. 26 Mar 1990  
Wiley McFarland, Gray County Commissioner  
Cimarron, Kansas

I'm testifying before you today to point out what I believe is an extreme inequity in K.S.A. 1988 Supp. 79-1476. Our new reappraisal for agricultural land is supposed to be based on use value and in our county and all counties I know about, the land is assessed each year based on what and how the land is used that year, not on its possible potential or past usage.

By statute K.S.A. 1988 Supp. 79-1476, agricultural land that entered into federal contract after September 1986 was to be assessed for taxing purposes at the taxing rate for its use prior to the government contract. Specifically what I'm referring to is the Conservation Reserve Program, CRP land.

In our county and many other counties, formerly irrigated farm land as well as non-irrigated farm land has been entered into the program with C.R.P. payment amount of approximately \$50.00 per acre per year which is the same for either irrigated land or dry land.

The taxes assessed on the land, due to K.S.A. 1988 Supp. 79-1476 however makes the taxes on the irrigated land approximately 4 times the taxes assessed on the dry land. I'll give an example of figures taken from tax protest forms submitted in December 1989 that averages 15 quarters of irrigated land which relates irrigated to dry land rates. The irrigated land average appraisal was \$185.00 per acre, whereas the same land with a dry land average appraisal was \$46.50 per acre, approximately a 4 to 1 ratio.

The example I gave was for center pivot irrigation circles, approximately 130 acres per quarter leaving approximately 30 acres in the corners which were unfarmed, and thus are not in the C.R.P. contract. These corners are assessed as pasture land. However, they are not being utilized for pasture as it is uneconomical to fence or pasture 7 1/2 acre tracts with no water availability.

To give a little information as to effect a possible changing of the statute to include all Government contract land at a dry farm land rate, Gray County has as of now, 32,763 acres of C.R.P. land. Of that amount 8,620 is formerly irrigated and assessed at the irrigated rate. The total assessed evaluation loss to Gray County by shifting the irrigated to dry land rate would be approximately \$358,161.00 or about 0.77%. I have heard the reason that statute K.S.A. 1988 Supp. 79-1476 was implemented was to avoid all C.R.P. land going onto the tax rolls as pasture land which would have a considerable assessment reduction. I agree that C.R.P. contract land, with its C.R.P. income, should not be assessed as pasture, but as non-irrigated farm land. One thing

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Attachment 2

many counties will have to plan for at the end of the contracts, probably in about 8 to 10 years, is the land will be assessed as pasture at that time.

We in Gray County knew we had a problem when the appeals started rolling in last April. I guess you don't realize what the statutes do to you until you start to try to live with them.

We met with Mr. Walters and Mr. Orringdorf of the State Property Evaluation Department to see if there was some means of equity we could devise. They were sympathetic that it wasn't fair but they smiled and said "Sorry, that's one we can't help with, the statute is specific." We talked to legislators who have felt it isn't fair.

Getting the data as to the former use of C.R.P. land, that is dry or irrigated, was not easy. To see how much land in Gray Co. was involved, in June we asked the A.S.C.S. office if they could tell us about the acres enrolled in C.R.P. They said they'd try to find a means to let us know, We got their information about 1 December and a bill for \$142.00. They gave us xeroxed copies of the aerial maps they have and the descriptions. However, they had no differentiation of irrigated or dry land. Our appraiser's office had to go through the parcels designated by A.S.C.S. which defined the acres dedicated to C.R.P., then compare those involved acres to our county appraisal maps to determine the former irrigated and dry land usage. This is the way we determined the 8,620 acres of irrigated and 24,143 acres of dry land for a total of 32,763 C.R.P. acres.



# PUBLIC POLICY STATEMENT

HOUSE TAXATION COMMITTEE

RE: S.B. 572 - Concerning valuation of irrigated land in CRP

March 26, 1990  
Topeka, Kansas

Presented by:  
Warren A. Parker, Assistant Director  
Public Affairs Division  
Kansas Farm Bureau

**Mr. Chairman and Members of the Committee:**

My name is Warren Parker. I am the Assistant Director of Public Affairs for Kansas Farm Bureau. We appreciate the opportunity to make very brief comments on S.B. 572. We come as a proponent of this measure.

When use value appraisal language was added to S.B. 164 in 1985 as the Legislature developed the plan for the statewide computer assisted mass appraisal it was indicated agricultural land would be valued on its income or productivity "attributable to the inherent capabilities of such land in its current usage ..." In 1987 the law was amended so that many counties which were by then experiencing significant acreage enrollments in the CRP would not lose tax base by having CRP ground valued as pasture or grassland. The amendment indicated that such CRP ground would be valued at its use "immediately prior to being subject to such program."

S.B. 572 brings a measure of equity to yet another type of agricultural land ... irrigated land. This proposal would have that irrigated land which is enrolled in CRP valued as cropland. Mr. Chairman we support this concept. Thank you for the opportunity to make these comments.

*3/26/90  
Attachment 3*



STATE OF KANSAS



TOPEKA

SENATE CHAMBER

March 26, 1990

AUDREY LANGWORTHY

SENATOR, 7TH DISTRICT

JOHNSON COUNTY

6324 ASH

PRAIRIE VILLAGE, KANSAS 66208-1369

(913) 362-4067

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

MEMBER: CHILDREN AND YOUTH ADVISORY COUNCIL

To: Members of the House Taxation Committee

The issue of a revenue shortfall due to the loss of motor vehicle property tax is not new. It was studied during the interim but no action was taken to correct the problem. At that time, I stated that the decision was not going to make the problem go away. Indeed, it is becoming more critical with each passing day. We all admit we are in a tax crisis; we all say we want to help solve it. Doing nothing on the motor vehicle tax doesn't help taxpayers. It only causes more problems and adds another burden to the property tax dilemma. Many have said, "If only we had phased-in classification, we would not have had to deal with such violent shifts and we would have had more time to address the problem."

SB 560 does just that. It phases in the decrease of revenues of the motor vehicle tax. It gives cities, counties, school districts and other taxing units time to adjust. In my county alone, we lose \$27.5 million in 1991. The Shawnee Mission School District loses \$9 million. Time can help solve this severe jolt. I would urge you to consider this alternative. The end result is still the same, lower automobile taxes; but it helps negate the continued aftershocks caused by classification and reappraisal.

3/26/90

Attachment 4

B 560

Estimated Tax on Hypothetical \$10,000 Vehicle in Each Year

KANSAS COUNTY <u>NAME</u>	Tax <u>in CY90</u>	Tax <u>in CY91</u>	Tax in CY91 per <u>SB560</u>	Proj CY91 Impact of <u>S.B. 560</u>
JOHNSON	\$532.75	\$320.25	\$479.47	\$159.23
DOUGLAS	478.62	361.74	430.76	69.02
CRAWFORD	454.42	348.54	408.98	60.44
SHERIDAN	415.61	321.49	374.05	52.55
CHEYENNE	350.29	274.45	315.26	40.81
WYANDOTTE	577.20	453.10	519.48	66.38
ELLIS	395.85	314.84	356.27	41.43
SCOTT	412.10	330.84	370.89	40.05
SHERMAN	394.93	317.84	355.43	37.60
SUMNER	473.98	382.42	426.58	44.16
LEAVENWORTH	463.02	373.60	416.72	43.12
SHAWNEE	535.03	432.61	481.52	48.91
JACKSON	420.50	342.57	378.45	35.88
SEWARD	378.02	310.84	340.22	29.38
BARBER	386.52	318.17	347.87	29.70
THOMAS	402.97	332.47	362.67	30.20
JEFFERSON	393.39	325.97	354.05	28.08
BROWN	397.48	330.05	357.73	27.68
FORD	448.57	374.54	403.71	29.18
CHEROKEE	360.27	301.58	324.24	22.67
EDWARDS	356.47	300.46	320.83	20.37
SALINE	424.23	358.72	381.81	23.09
DONIPHAN	447.76	379.00	402.98	23.99
RENO	423.24	360.41	380.91	20.51
SEDGWICK	419.84	359.18	377.86	18.68
RILEY	438.64	375.70	394.78	19.08
NEMAHA	331.09	283.67	297.98	14.30
MIAMI	395.29	338.75	355.76	17.01
STAFFORD	385.44	332.06	346.90	14.84
GEARY	393.46	341.69	354.11	12.42
BUTLER	429.70	373.17	386.73	13.56
PAWNEE	359.08	315.31	323.17	-7.87
GRANT	189.21	166.52	170.29	3.77
WABAUNSEE	354.14	313.99	318.72	4.73
HAMILTON	326.79	290.69	294.11	3.42
BARTON	406.38	361.66	365.74	4.08
CHAUTAUQUA	367.04	327.01	330.34	3.32
WALLACE	285.26	256.36	256.74	0.38
FRANKLIN	401.93	361.50	361.74	0.24

*Sen. Audrey Langworthy*

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Preliminary 1989 Motor Vehicle Tax Data

Alphabetical Order

KANSAS COUNTY NAME	COUNTYWIDE 1987 AVG MILL LEVY	COUNTYWIDE 1988 AVG MILL LEVY	COUNTYWIDE 1989 AVG MILL LEVY	Tax 'n Tag Receipts in CY89	Estimated CY89 Values	Projected CY91 Values	Projected CY91 Taxes	Proj. CY91 Taxes under S.B. 560	Proj. Impact of S.B. 560
ALLEN	120.82	122.50	129.65	1,264,497	10,466,000	11,320,000	1,467,592	1,467,592	0
ANDERSON	105.48	104.74	105.97	593,899	5,630,000	6,089,000	645,258	645,258	0
ATCHISON	143.88	153.33	141.01	1,522,841	10,584,000	11,448,000	1,614,290	1,614,290	0
BARBER	117.04	128.84	106.06	622,816	5,321,000	5,755,000	610,356	667,322	56,966
BARTON	131.30	135.46	120.55	3,244,823	24,713,000	26,730,000	3,222,352	3,258,729	36,377
BOURBON	146.79	148.50	135.61	1,395,993	9,510,000	10,286,000	1,394,877	1,394,877	0
BROWN	133.67	132.49	110.02	995,555	7,448,000	8,056,000	886,297	960,620	74,323
BUFLER	133.64	143.23	124.39	5,323,266	39,834,000	43,084,000	5,359,172	5,553,940	194,767
CHASE	103.29	109.86	111.23	247,620	2,397,000	2,593,000	288,420	288,420	0
CHAUTAQUA	121.51	122.35	109.00	393,519	3,239,000	3,503,000	381,843	385,723	3,881
CHEROKEE	117.25	120.09	100.53	1,624,376	13,854,000	14,984,000	1,506,272	1,619,488	113,216
CHEYENNE	112.85	116.76	91.48	295,043	2,614,000	2,827,000	258,622	297,078	38,456
CLARK	87.43	98.91	105.28	220,567	2,523,000	2,729,000	287,299	287,299	0
CLAY	115.23	125.15	125.80	739,906	6,421,000	6,945,000	873,665	873,665	0
CLOUD	144.01	146.67	153.76	1,034,016	7,180,000	7,766,000	1,194,131	1,194,131	0
COFFEY	43.02	43.21	48.44	339,472	7,892,000	8,536,000	413,462	413,462	0
COMANCHE	103.70	114.70	111.51	242,165	2,335,000	2,526,000	281,670	281,670	0
COWLEY	134.07	147.07	143.02	3,386,176	25,257,000	27,318,000	3,906,995	3,906,995	0
CRAWFORD	146.78	151.47	116.18	3,468,487	23,631,000	25,559,000	2,969,445	3,484,369	514,924
DECATUR	109.03	109.65	99.09	364,163	3,340,000	3,613,000	358,030	358,030	0
DICKINSON	121.53	123.21	111.35	1,607,280	13,225,000	14,304,000	1,592,690	1,592,690	0
DOINIPHAN	150.06	149.25	126.33	796,433	5,307,000	5,740,000	725,145	771,042	45,898
DOUGLAS	146.95	159.54	120.58	7,798,804	53,072,000	57,403,000	6,921,677	8,242,293	1,320,616
EDWARDS	110.94	118.82	100.15	379,812	3,424,000	3,703,000	370,864	396,008	25,144
ELK	125.92	127.86	135.41	309,117	2,455,000	2,655,000	359,525	359,525	0
ELLIS	128.49	131.95	104.95	2,572,720	20,023,000	21,657,000	2,272,803	2,571,882	299,078
ELLSWORTH	102.62	115.98	123.33	516,941	5,037,000	5,448,000	671,888	671,888	0
FINNEY	98.01	106.52	106.58	2,334,825	23,823,000	25,767,000	2,746,211	2,746,211	0
FORD	138.06	149.52	124.85	2,669,328	19,334,000	20,912,000	2,610,761	2,814,139	203,378
FRANKLIN	131.02	133.98	120.50	2,001,616	15,277,000	16,524,000	1,991,115	1,992,437	1,321
GEARY	110.44	131.15	113.90	1,547,348	14,010,000	15,153,000	1,725,869	1,788,620	62,750
GOVE	101.97	103.94	102.34	306,745	3,008,000	3,253,000	332,917	332,917	0
GRAHAM	128.50	130.82	126.55	365,344	2,843,000	3,075,000	389,144	389,144	0
GRANT	58.95	63.07	55.51	427,637	7,255,000	7,847,000	435,549	445,418	9,868
GRAY	114.22	116.41	115.01	581,834	5,094,000	5,510,000	633,728	633,728	0
GREELEY	91.16	108.65	100.37	159,504	1,750,000	1,893,000	189,994	189,994	0
GREENWOOD	142.42	155.30	145.17	786,022	5,519,000	5,969,000	866,509	866,509	0
HAMILTON	102.15	108.93	96.90	241,447	2,364,000	2,557,000	247,768	250,683	2,915
HARPER	124.95	128.25	120.45	765,736	6,129,000	6,629,000	798,438	798,438	0
HARVEY	142.61	146.69	135.83	3,004,312	21,066,000	22,785,000	3,094,874	3,094,874	0
HASKELL	66.49	66.74	63.29	281,450	4,233,000	4,578,000	289,738	289,738	0
HODGEMAN	121.02	123.80	126.38	272,094	2,248,000	2,431,000	307,220	307,220	0
JACKSON	139.22	140.17	114.19	1,081,343	7,767,000	8,401,000	959,310	1,059,777	100,466
JEFFERSON	127.68	131.13	108.66	1,626,362	12,738,000	13,777,000	1,496,979	1,625,923	128,944
JEWELL	134.00	123.83	120.54	433,619	3,236,000	3,500,000	421,884	421,884	0
JOHNSON	165.27	177.58	106.75	68,325,478	413,415,000	447,150,000	47,733,038	71,465,684	23,732,646
KEARNY	42.16	50.21	47.85	184,793	4,383,000	4,741,000	226,855	226,855	0
KINOMAN	109.30	108.22	112.28	803,772	7,354,000	7,954,000	893,092	893,092	0
KIOWA	80.17	91.66	89.15	282,439	3,523,000	3,810,000	339,661	339,661	0
LANETTE	149.00	149.19	143.77	2,174,940	14,589,000	15,779,000	2,288,519	2,288,519	0
LANE	121.02	120.93	129.72	306,910	2,536,000	2,743,000	355,827	355,827	0
LEAVENWORTH	146.24	154.34	124.53	5,489,440	37,538,000	40,601,000	5,056,160	5,639,696	583,537
LINCOLN	98.77	113.81	127.75	279,795	2,833,000	3,064,000	391,434	391,434	0
LINN	70.40	71.97	69.39	478,106	6,791,000	7,345,000	509,652	509,652	0
LOGAN	102.13	107.52	105.98	279,492	2,737,000	2,960,000	313,699	313,699	0
LYON	140.21	148.58	141.00	3,161,162	22,546,000	24,386,000	3,438,399	3,438,399	0
MARION	112.18	112.04	106.40	1,015,568	9,053,000	9,792,000	1,041,887	1,041,887	0
MARSHALL	128.99	134.22	125.56	1,102,915	8,550,000	9,248,000	1,161,166	1,161,166	0
MCPHERSON	112.57	119.30	118.83	2,389,878	21,231,000	22,963,000	2,728,669	2,728,669	0
MEADE	71.86	83.20	93.03	290,485	4,042,000	4,372,000	406,717	406,717	0
MIAMI	123.77	131.76	112.92	2,373,234	19,175,000	20,740,000	2,341,909	2,459,477	117,568
MITCHELL	114.31	117.96	121.94	645,215	5,645,000	6,106,000	744,587	744,587	0
MONTOOMERY	143.94	152.26	142.64	3,659,150	25,421,000	27,495,000	3,921,916	3,921,916	0
MORRIS	105.96	109.28	105.55	505,170	4,767,000	5,156,000	544,192	544,192	0
MORTON	65.30	71.28	70.44	255,783	3,917,000	4,237,000	298,458	298,458	0
NEMAH	101.96	110.36	94.56	838,396	8,223,000	8,894,000	840,998	883,404	42,405
NEOSHO	158.25	165.50	163.00	1,919,989	12,133,000	13,123,000	2,139,034	2,139,034	0
NESS	108.89	114.89	114.59	420,448	3,861,000	4,176,000	478,539	478,539	0
NORTON	138.71	137.54	133.63	581,730	4,194,000	4,536,000	606,161	606,161	0
OSAGE	110.74	113.62	105.12	1,306,731	11,800,000	12,763,000	1,341,596	1,341,596	0
OSBORNE	108.42	110.29	120.39	415,245	3,830,000	4,143,000	498,789	498,789	0
OTTAWA	109.43	108.85	116.01	467,837	4,275,000	4,624,000	536,408	536,408	0
PAWNEE	115.90	119.69	105.10	689,341	5,948,000	6,433,000	676,119	692,987	16,868
PHILLIPS	117.55	120.73	129.17	559,421	4,759,000	5,147,000	664,855	664,855	0
POTTAWATOMIE	60.29	64.03	66.91	817,878	13,567,000	14,674,000	981,792	981,792	0
PRATT	119.75	126.10	127.11	1,009,106	8,427,000	9,115,000	1,158,570	1,158,570	0
RAWLINS	123.38	134.53	127.84	351,431	2,848,000	3,080,000	393,735	393,735	0
RENO	137.73	141.08	120.14	6,170,045	44,798,000	48,454,000	5,821,026	6,152,262	331,236
REPUBLIC	116.65	122.84	126.37	617,639	5,295,000	5,727,000	723,736	723,736	0
RICE	104.24	110.60	117.06	859,194	8,242,000	8,915,000	1,043,569	1,043,569	0
RILEY	131.88	146.21	125.23	3,658,594	27,743,000	30,007,000	3,757,883	3,948,706	190,824
ROOKS	109.90	115.41	118.88	581,784	5,294,000	5,726,000	680,700	680,700	0
RUSH	104.54	117.25	119.10	330,249	3,159,000	3,417,000	406,976	406,976	0
RUSSELL	125.44	121.70	116.11	928,102	7,398,000	8,002,000	929,119	929,119	0
SALINE	132.73	141.41	119.57	5,064,589	38,157,000	41,271,000	4,934,888	5,252,508	317,620
SCOTT	121.92	137.37	110.28	641,636	5,263,000	5,692,000	627,718	703,707	75,989
SEDOWICK	133.19	139.95	119.73	42,514,689	319,204,000	345,251,000	41,335,608	43,484,997	2,149,390
SEWARD	110.51	126.01	103.61	1,694,566	15,334,000	16,585,000	1,718,410	1,880,853	162,443
SHAWNEE	176.38	178.34	144.20	21,447,919	121,600,000	131,523,000	18,966,129	21,110,441	2,144,312
SHERIDAN	131.46	138.54	107.16	354,237	2,695,000	2,915,000	312,384	363,449	51,065
SHERMAN	134.15	131.64	105.95	760,544	5,669,000	6,132,000	649,658	726,506	76,848
SMITH	120.74	129.23	122.65	480,116	3,977,000	4,302,000	527,654	527,654	0
STAFFORD	125.11	128.48	110.69	503,792	4,659,000	5,039,000	557,744	582,671	24,927
STANTON	70.56	81.06	77.71	203,628	2,886,000	3,121,000	242,543	242,543	0
STEVENS	39.12	39.44	37.40	225,962	5,776,000	6,247,000	233,651	233,651	0
SUMNER	153.87	157.99	127.47	2,690,107	17,483,000	18,910,000	2,410,514	2,688,884	278,371
THOMAS	138.66	134.32	110.82	916,515	6,610,000	7,149,000	792,264	864,242	71,977
TREGO	121.39	124.88	116.33	377,811	3,112,000	3,366,000	391,557	391,557	0
WANAUNSEE	112.61	118.05	104.66	574,805	5,104,000	5,520,000	577,751	586,449	8,698
WALLACE	89.80	95.09	85.45	155,240	1,729,000	1,870,000	159,798	160,033	235
WASHINGTON	119.72	11							

STATE OF KANSAS

JESSIE M. BRANSON  
REPRESENTATIVE, FORTY-FOURTH DISTRICT  
800 BROADVIEW DRIVE  
LAWRENCE, KANSAS 66044-2423  
(913) 843-7171



TOPEKA

HOUSE OF  
REPRESENTATIVES  
March 26, 1990

COMMITTEE ASSIGNMENTS

RANKING MINORITY MEMBER: PUBLIC HEALTH AND WELFARE

MEMBER: EDUCATION  
TAXATION

VICE CHAIRMAN: COMMISSION ON MEDICAL INDIGENCE AND HOMELESSNESS

MEMBER: KANSAS COORDINATING COUNCIL ON EARLY CHILDHOOD DEVELOPMENT  
KANSAS SPECIAL EDUCATION ADVISORY COUNCIL

DELEGATE: NATIONAL CONFERENCE ON STATE LEGISLATURES; COMMITTEE ON CHILDREN, FAMILIES AND SOCIAL ISSUES

TO: Representative Keith Roe, Chair  
and Members  
House Committee on Taxation  
FROM: Representative Jessie Branson  
RE: Support of S.B. 560, Motor Vehicle Property Tax

*Jessie*

Mr. Chairman and Committee Members, I stand in support of Senate Bill No. 560.

I support the bill because of my concern for the potential revenue impact that the decrease of motor vehicle property tax will have on the government entities in Douglas County. For instance, Douglas County will experience an estimated shortfall of \$346,620, the City of Lawrence a \$337,955 shortfall, and Lawrence Public School District #497, a \$727,903 shortfall. This amounts to a total of \$1,412,478.

*3/26/90*  
*Attachment 5*

Was this the intent of the Legislature when we passed reappraisal? I believe not. It is one of the tax problems that transpired with reappraisal and needs to be addressed. If we do not address it, Douglas County, the City of Lawrence and Lawrence Public School District #497 simply can not maintain the present level of services.

The Legislature is currently reviewing numerous tax proposals in striving to reach equitable solutions to the reappraisal problem. S.B. 560 is one equitable solution to help those counties that are experiencing potential revenue shortfalls in motor vehicle property tax. With the "phase in" approach, as addressed in the bill, Douglas County will experience a less severe revenue shortfall in 1991 and 1992. By 1993, motor vehicle property tax revenue generated will be comparable to the 1990 level.

In a year of uncertainty for local governments, this bill takes a positive step in resolving some of that uncertainty. This is legislation that reaffirms our partnership with local government and helps maintain those needed services that we expect from our schools and government.

Thank you for the opportunity of testifying on S.B. 560.



March 26, 1990

Testimony by:  
Neale Peterson, Mayor  
City of Fairway (Johnson County)

Honorable Keith Roe, Chairman  
Members, House Committee on Taxation

Re: SB-560 (Reading time -- 3 minutes)

My name is Neale Peterson. I am -- and have been for many more years than I care to remember -- Mayor of the City of Fairway in Johnson County.

Confident in doing so without their prior approval, I am here today to appear in support of Senate Bill 560 on behalf of the recently restless property taxpayers in Fairway. Also -- at their specific request -- on behalf of five of our neighboring cities.

To recognize our critical and unique need for this particular piece of legislation -- it is necessary for one to know something of our demographics. So, let me briefly tell you that Fairway is a small, fully-developed, land-locked, and mostly all-residential community of about 5,000 historically peaceful souls. We are located just over the state line from the Plaza in Kansas City, MO. Although differing somewhat in population, the other five cities have these same kind of characteristics.

Now that the lessons in geography and sociology are over, the question in your minds just has to be -- "OK, fella, so what's your problem?"

Well, go along with me for a minute, if you will. Try to imagine yourself in a little four-part scenerio I'd like to paint for you:

1. In exercise of good faith -- you budgeted in accord with both the intent and the letter of the tax lid by NOT padding your '89 budget AND by levying the same property tax dollars for '90. A little pinch here, a little pinch there, and delaying plans for a needed infrastructure project made that all possible. The effort even became palatable when feedback from an explanatory letter mailed to all the residents was unanimously positive.
2. Near year-end, you (and all other taxing entities in your County) were shocked when someone found out and advised you that as a fall-out of reappraisal from K.S.A. 79-5105, you are going to have a critical shortfall of revenue as you budget for '91.
3. Soon thereafter, an extension of that tax lid, in some form, became imminent.
4. Now you have a dilemma on your hands. What do you do?

3/26/90

Attachment 6



So much for an imaginary scenerio, because for Fairway and those I represent, it is neither an imagination, nor even a prophecy. It is a harsh reality, which will befall us if SB-560 fails to pass! If you doubt that, please recall our demographics, which preclude any growth of our tax base. Also, please know that we have previously exhausted all the other statutory opportunities afforded us for additional sources of revenue. And, the projections provided to our six cities by the County, predict shortfalls ranging from 9% to 24% of the total property tax levied for 1990. Speaking for Fairway alone -- although it may strike you as facetious -- our only options are (and have been for some time) to increase the cost of dog licenses and to forego the modest COLA increases deserved by all our dedicated employees.

In closing, I implore you to pass SB-560 and afford us an opportunity to cope with the shortfall by phasing it out. In analogy -- let us eat this loaf of bread in three slices, rather than the whole loaf in one oversized bite. Adoption of SB-560 would provide us with the latitude to manage the situation in the business-like manner expected by our taxpayers.

The only option suggested by some of your peers, is that we should explain to our constituents that lower taxes on automobiles will offset their property taxes. Even if it should do so equitably for all, I humbly submit that any effort to "educate" them in that way is merely wishful thinking and will simply not fly. Another suggestion is that we cut back services. In cities like us, that is not possible when the only services provided are basic to the mandated health and safety of our residents, such as snow removal and law enforcement.

If any of you have other suggestions, or any doubt or questions about our need for this Bill -- I urge you to speak up. We would certainly welcome your advice.

Testimony Before the House Taxation Committee on SB 560  
March 26, 1990

Mister Chairman and members of the House Taxation Committee, I am Jim Yonally, representing the Shawnee Mission Board of Education, and we are pleased to appear in support of SB 560.

As you know, the purpose of SB 560 is to "phase in" the reduction in motor vehicle tax expected in some counties. As you also know, motor vehicle taxes are based on the average county levy of the second previous year. Thus, the tax paid in 1990 is based on the average county levy of 1988, the '91 levy based on the county levy of '89, etc.

Senate Bill 560 provides that the motor vehicle tax to be paid in 1991 will be at the rate for 1991, or 90% of the rate applicable for 1990, whichever is greater. Information provided by the Department of Legislative Research shows that 28 counties had an increase in average county levy from 1988 to 1989, thus the provisions of the bill would not apply. Furthermore, 38 counties had a decrease of less than 10%, so the bill would not apply to those counties, as well. This leaves 39 counties where this bill would have an impact. This is illustrated on a separate attachment, showing the effect on a motor vehicle having a market value, in 1990, of \$10,000. As you can see, the bill has the greatest impact in Johnson County. Even so, the taxpayer would see a reduction in taxes of about \$130 (from \$532.75 to \$402.76). In Douglas County, the reduction would be about \$117, in Crawford, about \$111, and so forth. At the other end of the scale, the difference in passing, or not passing this bill, is only 20 cents in Franklin, and 30 cents in Wallace County.

Some important points to keep in mind:

1. This bill does not take funds from one part of the state, or one county, and shift them to another.
2. Money that local units of government do not receive from one source (motor vehicle taxes) will simply have to be raised from another source, general property taxes. There has been a lot of concern expressed about the effects of classification on small businesses. Most small businesses do not own "company cars" for their owners or employees. Thus, they will not benefit from the reduction in motor vehicle taxes, but they will, again, suffer from the increase in taxes on their property caused by the shift that occurs.
3. Many of us, with hindsight, believe that we would have been better served if we had phased in the effects of classification. We now have the opportunity to phase in this shift from motor vehicle tax to general property tax. We believe it would be good public policy to do that in those counties where the shift is significant.
4. Passing, or not passing, this bill has nothing to do with tax increases, or decreases. It has to do with tax shifts.

I would be happy to try to answer any questions.

3/26/90  
Attachment 7



# OVERLAND PARK

chamber of commerce

## TESTIMONY

3/26/90

### HOUSE ASSESSMENT & TAXATION COMMITTEE KANSAS LEGISLATURE

My name is Mary Birch. I am President of the Overland Park Chamber of Commerce and stand before you today, representing the business community in Overland Park.

The Overland Park Chamber of Commerce supports SB 560 pertaining to taxation of motor vehicles. It addresses one of the top legislative priorities of our organization in 1990.

Reappraisal/Classification quite obviously has had a dramatic impact in Johnson County. Unfortunately, this impact was not a one year occurrence. In essence there is still more to come.

This year, the results of both reappraisal and classification shifted about \$27 million of tax liability. Approximately \$22 million of that shifted to commercial property. Increases of 50 to 500% have already been incurred by commercial real estate.

3/26/90

Page 2.

Subsequently, as reported last week, Johnson County has an average effective commercial rate of 3.2%. And averages, as we know, indicate that some are lower and some are higher! We have had base employers (National Headquarters) in the service sector threaten to move out of the state and small businesses close up. Office rental rates have increased 80c to \$2.00 per square foot, some even more. We are at a decided competitive disadvantage with neighboring states to attract further business growth or even keep what we have. As one landlord told me the other day, to compete in the Kansas City market today, "It's like someone put a 100 pound weight around our necks and tied our hands behind our backs and said 'Go to it, Survive.'"

The reappraisal and classification issue in itself is a critical one and attempts are being made from everywhere to address it.

However, to exacerbate this catastrophic situation, we now face the motor vehicle problems. This year, automobiles in Johnson County will be assessed at the county mill average of approximately 177 mills. Next year they will be assessed at an average rate of approximately 106 mills. That translates into a loss to local units of government of another \$27 million. Therefore, another shift to real estate is going to occur. Considering the existing percent locked into the constitution with commercial at 30% and other classes much lower, commercial real estate once again is going to carry the major portion of the shift.

Page 3.

The business community is here to tell you we can't take it. Another 5 - 10 mill increase in property taxes will kill us. The effective rate will go up again. The residents get a one year break and then their homes go up.

The shift is too much for us to absorb at one time. Phasing it in will give us a little time for adjustment, absorption and natural growth (maybe) to help us out.

We realize this is not as critical a situation in other counties, but it threatens the very survival of Johnson County as a viable economic entity in the State of Kansas. We also realize how popular this issue is with the residential community, but there will be no residential community if there is no business community.





TESTIMONY BEFORE  
HOUSE TAXATION COMMITTEE

MARCH 26, 1990

Good morning, Chairman Roe, members of the House Taxation Committee, my name is Alan Sims, Assistant to the City Manager, representing the City of Overland Park. I appear before you today in support of Senate Bill 560.

As you are aware, motor vehicle taxes collected by counties and distributed to cities are based on the county average tax rate. As a result of reappraisal, the assessed valuation in Johnson County increased 89 percent, which resulted in a reduction in the mill rate of more than 40 percent. When that reduced county average rate is applied to the special vehicle valuation, the motor vehicle tax collected will decrease significantly. The fiscal impact to the City of Overland Park is projected to be about \$1.2 million a year.

Motor Vehicle Revenue Shortfalls, proposal No. 9, was a topic for discussion during the 1989 interim study session. The charge given to the special committee on Assessment & Taxation was to study the impact of reappraisal and classification on motor vehicle taxes and make recommendations to alleviate the anticipated large shortfalls therefrom.

*3/26/90  
Attachment 9*



The Special Committee concluded that lower mill levies would cause reductions in motor vehicle taxes, but the mill levies would not be affected until calendar year 1991. By then, the committee further concluded that local units would have the time to charter out of the new tax lid or turn to other revenue sources. Some members of the committee also suggested that local governments cut services to offset the loss in revenue.

It is our belief that cutting services is not a viable alternative. Like many other cities, Overland Park has experienced a consistent growth in population. To accommodate that growth in population, there has also been an increase in the demand for city services -- police, fire, public works, parks and recreation, etc. Yet in spite of this, an audit requested by the Legislative Division of Post Audit into the effectiveness of property tax limitation enacted in response to statewide reappraisal determined that the City of Overland Park increased its budgeted levies by less than one percent from 1988 to 1989. In order to respond to demands associated with growth, cutting services is not an alternative for us.

As to the recommendation to charter out from under a new tax lid and raise taxes to compensate for the loss, we question the merit of placing an additional burden on taxpayers, some of which have already experienced 200, 300 and 400 percent increases. Much has been said about the merits of reduced reliance on the property tax. However, if some type of phase-in provision is not considered

by this body, property taxpayers who have already been hit hard will be forced to absorb another increase from this shift in taxes.

We readily embrace and welcome the committee's recommendation to turn to replacement sources of revenue. However, in the absence of alternative sources of revenue, we submit to you that the phase-in provision in SB 560 is the best approach because it would provide a much-needed transition period to allow local governments an opportunity to adjust to this significant loss in revenue.

We thank you for this opportunity to appear in support of SB 560.



# CITY OF OLATHE

## MEMORANDUM

TO: Members of the House Committee on Taxation  
FROM: Donald R. Seifert, Planning and Development Director  
SUBJECT: Senate Bill No. 560, Motor Vehicle Tax  
DATE: March 26, 1990

On behalf of the Olathe City Council, thank you for the opportunity to speak today in support of SB 560. This bill would phase in the loss of motor vehicle tax revenue that will occur in 1991 and later years for local government units in counties which experienced valuation increases following statewide reappraisal. As the Committee knows, Johnson County experienced the largest valuation increase in the state. The County also had the largest percentage decline in its average mill levy. For this reason, this issue is particularly important to us. For the same reasons, this is a non-issue in many areas of the state.

For 1990, the motor vehicle tax represents 20% of the general property tax levied to support the City of Olathe's library, debt service, and general operating funds. Under current law, we project the loss of approximately \$760,000, or a 40% decline in motor vehicle tax revenue to support our city's 1991 budget. This is an extremely large decrease to absorb in one budget year.

*3/26/90*  
*Attachment 10*

It will be difficult, if not impossible, to simply cut spending, increase other revenues, or shift a loss of this magnitude to real estate. The Committee's action last week on the motor vehicle amendment to HB 2700, the proposed new tax lid, implies that you do not favor such a shift. At this late point in the session, the Committee has also been hesitant to advance other bills to provide cities with the authority to examine other revenue sources. Even under a charter ordinance, shifting the motor vehicle loss to real estate would further aggravate the difficult tax situation we are all experiencing concerning property owners. We strongly believe the motor vehicle tax provides a critically needed balance to the mix of revenue sources available to local government. We must recognize that the motor vehicle loss must be made up somewhere to provide the services expected by our citizens.

We are aware that many object to the current level of motor vehicle property taxes in Kansas. With a large population of new residents, we frequently hear in Olathe these same complaints. SB 560 will provide tax relief to motor vehicle owners. However, SB 560 would allow our municipal budget a few years to gradually adjust to this serious revenue loss.

We would respectfully urge the Committee to favorably recommend this bill.

TESTIMONY TO HOUSE TAXATION COMMITTEE

REGARDING SENATE BILL 560

BRIAN McNICHOLS, CITY COUNCIL PRESIDENT

LENEXA, KANSAS

MARCH 26, 1990

Mr. Chairman and Members of the Committee:

I am Brian McNichols, Council President for the City of Lenexa, a City of 34,000 residents located in Johnson County. I am representing the Lenexa Governing Body to voice their support for Senate Bill 560. I would also add that the Lenexa Chamber of Commerce is in full support of Senate Bill 560.

Specifically, we are asking for relief with respect to a projected revenue shortfall in 1991 of approximately \$533,000 as a result of the effect of reappraisal on the motor vehicle tax.

Reappraisal was sold to local governments as a process that would be revenue neutral. Lenexa, along with other local units of government including school districts, community colleges, the county library system, Johnson County Parks & Recreation, etc., cannot possibly take a loss of this magnitude without either cutting services or finding alternative revenue sources, i.e. ad valorem property taxes. One alternative would be if the state authorized cities a local option sales tax which could allow local units of government to reduce their reliance on property taxes as well as offset the projected revenue decreases in motor vehicle taxes.

Lenexa supports this proposed phase out through 1994. If a phase out is not accomplished, and/or some type of replacement revenue identified, Lenexa will most likely be forced to increase ad valorem property taxes to offset the decrease. The motor vehicle tax is a completely different revenue source and, for local units of government separate from the ad valorem property tax. Yet, it is a component of reappraisal and ad valorem property taxes since the existing formula

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is tied to the average county mill levy. By the Legislature taking no action on this bill, it in effect necessitates that local units of government make this revenue source up from property taxes, which will adversely affect several groups of individuals.

1. Senior citizens/low income families and families on fixed income who are property owners (providing they do not have vehicles or own vehicles of relatively small value). These individuals/families most likely receive little benefit from a decrease in motor vehicle property taxes but would incur a substantial burden in increased property taxes. Also, many older homes in Johnson County have been assessed higher valuations due to reappraisal.
2. Business Community. The business community was hit hard as a result of the recent reappraisal/classification process and will benefit little from the decrease in motor vehicle taxes (with a few exceptions), yet might be forced to incur increased property taxes.

Finally, I would state that as local governmental units begin assessing increased ad valorem property taxes to offset the decrease in revenues, the following year will bring about an increased average county mill levy that will automatically increase the motor vehicle property taxes similar to their previous levels. In effect, by not assisting local governments to deal with this glitch might well amount to a double tax increase.

I urge this Committee to support Senate Bill 560. The phase out will substantially assist local units of government to deal with this revenue short fall, allowing us to possibly avoid any further property tax increases. Mr. Chairman and members of the Committee, thank you for allowing me to speak today and I would be pleased to try to answer any questions you might have.

# WICHITA



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

March 26, 1990

The Honorable Keith Roe  
Chairman  
House Committee on Taxation  
House of Representatives  
State Capitol  
Topeka, KS 66612

**Subject: Senate Bill No. 560**

Dear Representative Roe:

Senate Bill No. 560 amends current law to mitigate the adverse impacts of reappraisal on motor vehicle property tax revenues in 1991. Motor vehicles are taxed at a rate derived from the average county tax rate (current general property taxes certified by all taxing subdivisions in the county divided by the county assessed valuation). In many Kansas counties, assessed valuation increased significantly in 1989. This increase has resulted in corresponding decreases in the 1989 average county tax rate, which will be used to calculate motor vehicle property taxes in calendar year 1991 (the time lag is due to administrative reasons involving the State Department of Revenue and the various county clerks). Senate Bill No. 560 phases the decline in the average county tax rate resulting from reappraisal over three years:

1. In 1991, the county average tax rate would be no less than 90 percent of the 1989 rate.
2. In 1992, the county average tax rate would be no less than 80 percent of the 1989 rate.
3. In 1993, the county average tax rate would be no less than 70 percent of the 1989 rate.
4. In 1994, the county average tax rate would be computed the same as under current law.

The average <sup>Sedgwick</sup> county tax rate declined from 139.95 to 119.73 mills, a decrease of 20.22 mills or 14.45 percent. The statewide average declined from 130.40 to 111.42 mills, a decrease of 18.98 mills or 14.6 percent.

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Keith Roe, Chairman  
House Committee on Taxation  
Subject: Senate Bill 560  
March 26, 1990  
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For Sedgwick County and Wichita, the net effect of Senate Bill No. 560 would be to spread the loss in motor vehicle property tax revenues over a two year period. Without enactment of Senate Bill No. 560, the City of Wichita would lose approximately \$1.3 million in 1991. With passage of the bill, the City would lose about \$830,000 in 1991 and the remaining \$470,000 in 1992.

If the Legislature cannot enact a proposal to maintain the effective tax rate on motor vehicles which would eliminate revenues losses, Senate Bill No. 560 at least mitigates the damage to local governments.

A new tax lid could eliminate the margin under the existing lid to levy additional property taxes. Therefore, local units could not increase general property taxes to offset motor vehicle property tax lost revenues--unless the new tax lid exempts levies needed to offset motor vehicle property tax losses. Some municipalities may not have the capacity to shift the lost motor vehicle property tax revenues to the general property tax within their current tax lid. Therefore, new statutory language would be required to permit municipalities to shift motor vehicle property tax losses to the general property tax.

Sincerely,



John Moir  
Director of Finance

JM/gf



"Service to County Government"

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

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**Executive Director**  
John T. Torbert

March 26, 1990

**TESTIMONY**

To: House Taxation Committee

From: John T. Torbert  
Executive Director

Subject: SB 560 (Motor Vehicle Taxes)

The Kansas Association of Counties is in support of SB 560. Our convention adopted platform statement on this issue is as follows:

"When reappraisal was discussed, local governments were promised by the state that we would be held harmless from actual losses in revenue. This motor vehicle situation is leading to a revenue loss in some counties. In some situations, the loss will be substantial and of such magnitude that it can not be made up from other sources of tax dollars. Given the "hold harmless" promise and the fact that legislatively created problems deserve legislative correction, the legislature should take action to hold local government harmless from this shortfall, or, at the very least, minimize its impact."

Senate Bill 560 does not "hold us harmless" from revenue losses that will be experienced as a result of mill levies decreasing after reappraisal. It does however, minimize the impact of those losses. Further, instead of the loss hitting all at once, this legislation phases it out, thus making it easier to account for in the budgeting process.

This legislation has the most impact in those counties with significant increases in valuation and thus significant decreases in their tax levies. (Counties with decreased valuation would not be affected by this legislation.) A conservative estimate of the lost revenue is a statewide impact of in excess of \$50 million.

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This legislation will act as a shock absorber. The result will be that motor vehicle personal property taxes in those counties affected will still go down. They will just not go down as rapidly. It is also not a good idea to concentrate all of your "tax eggs" in one basket. This legislation keeps revenue sources somewhat diversified which is a positive result. With all the tax shifts that have occurred in such a short period of time, we do not think it is wise to allow yet another shift. This legislation precludes that additional large shift.

We urge your favorable consideration of SB 560.

TSJMV TAX





**League  
of Kansas  
Municipalities**

**Municipal  
Legislative  
Testimony**

An Instrumentality of its Member Cities. 112 West Seventh Street, Topeka, Kansas 66603 913-354-9565 Fax 354-4186

To: House Committee on Taxation  
Re: SB 560--Special Motor Vehicle Tax; Phase-In of Local Revenue Loss  
From: E.A. Mosher, Executive Director  
Date: March 26, 1990

On behalf of the League and its member cities, I appear in support of SB 560, which would phase in the loss of special motor vehicle tax revenue resulting from reduced average countywide tax rates under reappraisal. We would emphasize the following major points:

(1) The bill affects only those local units, and the owners of vehicles therein, within counties where the county average tax rate went down. It would not affect local units or vehicles in other counties.

(2) Absent the passage of a bill like SB 560, some local governments will suffer a significant loss of local revenue.

(3) We do not argue that motor vehicles may now be taxed too high, or too low, but simply observe that when some property pays less, others pay more--a result made abundantly clear during the past year.

(4) HB 2700, the tax lid bill, does not provide tax lid authority to replace revenue lost from decreased vehicle taxes. Whether it passes or not, most local officials don't look forward to increasing the tax rate on homes and other property so that vehicle owners can get a tax break.

(5) While SB 560 provides for a four-year phase-in of the revenue loss (90-80-70-same), this time frame is of primary significance to governmental units in Johnson County and other counties where the 1989 average tax rate dropped substantially.

(6) In some areas, inflation and the purchase of new and more expensive vehicles may increase future revenue. While this will help, there will still be lost revenue where reappraisal resulted in reduced tax rates.

(7) If SB 560 does not pass, and HB 2700 does pass with a home rule option, local governing bodies could legally modify the tax lid to increase property taxes to replace the lost revenue. If this were done by each unit in the 39 counties facing a 10% loss, it would take separate actions by 39 counties, 252 cities, 530 townships and 9 community college districts. This is a total of 830--and 300 even if none of the townships took such action.

Attached to my testimony is some background information that may be of interest to you. The first page shows county average tax rates by county for 1988 and 1989 and the percentage change. The first set of data is by county, alphabetically. The second column

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shows the rate changes by descending order. You will note that there were 28 counties where the rate increased; local units in these counties would not be affected by the bill. There are 38 counties in which the 1989 tax rate decreased, but less than 10%. The 39 counties where the rate reduced at least 10% are shown in the bottom portion of the right hand column.

The remaining pages shows the calendar 1988 collections (latest available) of motor vehicle taxes, by county, and the distribution therein by type of governmental unit. You will note that total special vehicle taxes in 1988 totaled to \$242.9 million. In 1988, special vehicle taxes were equivalent to 16.6% of total general property taxes levied. The proportion in cities was somewhat higher; vehicle taxes allocated to cities of \$48.9 million in 1988 was equivalent to 21.5% of the general property taxes levied that year by cities.

There is an old French proverb that goes to the effect that you should want not only what you want, but also what it leads to!. The Americanized version is, you can't have one without the other. Local officials join you in wishing we could reduce vehicle taxes, without raising taxes on someone else. But you can't. If SB 560 cannot be passed, then at least HB 2720, the local option sales tax authority bill, should be passed as an alternative to increased city and county property taxes in at least some areas!

COUNTY	COUNTYWIDE 1988 AVG MILL LEVY	COUNTYWIDE 1989 AVG MILL LEVY	PERCENT INCREASE
ALLEN	122.50	129.65	5.8
ANDERSON	104.74	105.97	1.2
ATCHISON	153.33	141.01	(8.0)
BARBER	128.84	106.06	(17.7)
BARTON	135.46	120.55	(11.0)
BOURBON	148.50	135.61	(8.7)
BROWN	132.49	110.02	(17.0)
BUTLER	143.23	124.39	(13.2)
CHASE	109.86	111.23	1.3
CHAUTAUQUA	122.35	109.00	(10.9)
CHEROKEE	120.09	100.53	(16.3)
CHEYENNE	116.76	91.48	(21.7)
CLARK	98.91	105.28	6.4
CLAY	125.15	125.80	0.5
CLOUD	146.67	153.76	4.8
COFFEY	43.21	48.44	12.1
COMANCHE	114.70	111.51	(2.8)
COMBLEY	147.07	143.02	(2.8)
CRAMFORD	151.47	116.18	(23.3)
DECATUR	109.65	99.09	(9.6)
DICKINSON	123.21	111.35	(9.6)
DOMIPHAN	149.25	126.33	(15.4)
DOUGLAS	159.54	120.58	(24.4)
EDWARDS	118.82	100.15	(15.7)
ELK	127.86	135.41	5.9
ELLIS	131.95	104.95	(20.5)
ELLSWORTH	115.98	123.33	6.3
FINNEY	106.52	106.58	0.1
FORD	149.52	124.85	(16.5)
FRANKLIN	133.98	120.50	(10.1)
GEARY	131.15	113.90	(13.2)
GOVE	103.94	102.34	(1.5)
GRAHAM	130.82	126.55	(3.3)
GRAFT	63.07	55.51	(12.0)
GRAY	116.41	115.01	(1.2)
GREELEY	108.65	100.37	(7.6)
GREENWOOD	155.30	145.17	(6.5)
HAMILTON	108.93	96.90	(11.0)
HARPER	128.25	120.45	(6.1)
HARVEY	146.69	135.83	(7.4)
HASKELL	66.74	63.29	(5.2)
HODGEMAN	123.80	126.38	2.1
JACKSON	140.17	114.19	(18.5)
JEFFERSON	131.13	108.66	(17.1)
JEWELL	123.83	120.54	(2.7)
JOHNSON	177.58	106.75	(39.9)
KEARNEY	50.21	47.85	(4.7)
KINGMAN	108.22	112.28	3.8
KIOWA	91.66	89.15	(2.7)
LABETTE	149.19	143.77	(3.6)
LANE	120.93	129.72	7.3
LEAVENWORTH	154.34	124.53	(19.3)
LINCOLN	113.81	127.75	12.3
LISS	71.97	69.39	(3.6)
LOGAN	107.52	105.98	(1.4)
LYON	148.58	141.00	(5.1)
MARION	112.04	106.40	(5.0)
MARSHALL	134.22	125.56	(6.5)
MCIPHERSON	119.30	118.83	(0.4)
MEADE	83.20	93.03	11.8
MIAMI	131.76	112.92	(14.3)
MITCHELL	117.96	121.94	3.4
MONTGOMERY	152.26	142.64	(6.3)
MORRIS	109.28	105.55	(3.4)
MORTON	71.28	70.44	(1.2)
NEMAHA	110.36	94.56	(14.3)
NEOSHO	165.50	163.00	(1.5)
NESS	114.89	114.59	(0.3)
NORTHON	137.54	133.63	(2.8)
OSAGE	113.62	105.12	(7.5)
OSBORNE	110.29	120.39	9.2
OTTAWA	108.85	116.01	6.6
PAWNEE	119.69	105.10	(12.2)
PHILLIPS	120.73	129.17	7.0
POTTAWATOMIE	64.03	66.91	4.5
PRATT	126.10	127.11	0.8
RAWLINS	134.53	127.84	(5.0)
REBO	141.08	120.14	(14.8)
REPUBLIC	122.84	126.37	2.9
RICE	110.60	117.06	5.8
RILEY	146.21	125.23	(14.3)
ROOKS	115.41	118.88	3.0
RUSH	117.25	119.10	1.6
RUSSELL	121.70	116.11	(4.6)
SALINE	141.41	119.57	(15.4)
SCOTT	137.37	110.28	(19.7)
SEDMICK	139.95	119.73	(14.4)
SEWARD	126.01	103.61	(17.8)
SHAWNEE	178.34	144.20	(19.1)
SHERIDAN	138.54	107.16	(22.6)
SHERMAN	131.64	105.95	(19.5)
SMITH	129.23	122.65	(5.1)
STAFFORD	128.48	110.69	(13.9)
STANTON	81.06	77.71	(4.1)
STEVENS	39.44	37.40	(5.2)
SUNGER	157.99	127.47	(19.3)
THOMAS	134.32	110.82	(17.5)
TREGO	124.88	116.33	(6.8)
WABAUNSEE	118.05	104.66	(11.3)
WALLACE	95.09	85.45	(10.1)
WASHINGTON	116.81	119.03	1.9
WICHITA	118.48	122.45	3.3
WILSON	116.90	118.31	1.2
WOODSON	114.56	113.42	(1.0)
WYANDOTTE	192.40	151.03	(21.5)
TOTAL	130.40	111.41	(14.6)

SOURCE: DIVISION OF PROPERTY VALUATION, DEPARTMENT

COUNTY	COUNTYWIDE 1988 AVG MILL LEVY	COUNTYWIDE 1989 AVG MILL LEVY	PERCENT INCREASE
LINCOLN	113.81	127.75	12.3
COFFEY	43.21	48.44	12.1
MEADE	83.20	93.03	11.8
OSBORNE	110.29	120.39	9.2
LANE	120.93	129.72	7.3
PHILLIPS	120.73	129.17	7.0
OTTAWA	108.85	116.01	6.6
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ELLSWORTH	115.98	123.33	6.3
ELK	127.86	135.41	5.9
RICE	110.60	117.06	5.8
ALLEN	122.50	129.65	5.8
CLOUD	146.67	153.76	4.8
POTTAWATOMIE	64.03	66.91	4.5
KINGMAN	108.22	112.28	3.8
MITCHELL	117.96	121.94	3.4
WICHITA	118.48	122.45	3.3
ROOKS	115.41	118.88	3.0
REPUBLIC	122.84	126.37	2.9
HODGEMAN	123.80	126.38	2.1
WASHINGTON	116.81	119.03	1.9
RUSH	117.25	119.10	1.6
CHASE	109.86	111.23	1.3
WILSON	116.90	118.31	1.2
ANDERSON	104.74	105.97	1.2
PRATT	126.10	127.11	0.8
CLAY	125.15	125.80	0.5
FINNEY	106.52	106.58	0.1
NESS	114.89	114.59	(0.3)
MCIPHERSON	119.30	118.83	(0.4)
WOODSON	114.56	113.42	(1.0)
MORTON	71.28	70.44	(1.2)
GRAY	116.41	115.01	(1.2)
LOGAN	107.52	105.98	(1.4)
NEOSHO	165.50	163.00	(1.5)
GOVE	103.94	102.34	(1.5)
JEWELL	123.83	120.54	(2.7)
KIOWA	91.66	89.15	(2.7)
COMBLEY	147.07	143.02	(2.8)
COMANCHE	114.70	111.51	(2.8)
MORTON	137.54	133.63	(2.8)
GRAHAM	130.82	126.55	(3.3)
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BUTLER	143.23	124.39	(13.2)
GEARY	131.15	113.90	(13.2)
STAFFORD	128.48	110.69	(13.9)
MIAMI	131.76	112.92	(14.3)
NEMAHA	110.36	94.56	(14.3)
RILEY	146.21	125.23	(14.3)
SEDMICK	139.95	119.73	(14.4)
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SEWARD	126.01	103.61	(17.8)
JACKSON	140.17	114.19	(18.5)
SHAWNEE	178.34	144.20	(19.1)
LEAVENWORTH	154.34	124.53	(19.3)
SUNGER	157.99	127.47	(19.3)
SHERMAN	131.64	105.95	(19.5)
SCOTT	137.37	110.28	(19.7)
ELLIS	131.95	104.95	(20.5)
WYANDOTTE	192.40	151.03	(21.5)
CHEYENNE	116.76	91.48	(21.7)
SHERIDAN	138.54	107.16	(22.6)
CRAWFORD	151.47	116.18	(23.3)
DOUGLAS	159.54	120.58	(24.4)
JOHNSON	177.58	106.75	(39.9)
TOTAL	111.41	130.40	111.41 (14.6)

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Motor Vehicle-taxable valuation and taxes collected under  
K.S.A. Chp. 79-Art. 51 as of December 31, 1988  
as reported January 15, 1989

COUNTY NAME	State	County	Cities	Townships	Schools	Cemeteries	Drainages	Fire	Hospitals	Improvements	Libraries	Lights	Parks & Recreation	Sewers	Watersheds	All Other	Total Tax	Total Taxable Valuation
Allen	13,624	246,239	202,215	2,033	582,602	1,045	---	7,662	---	---	2,444	---	---	713	1,315	---	1,059,892	9,747,742
Anderson	7,440	177,759	87,161	1,039	261,865	1,283	---	7,523	---	---	1,732	---	---	---	4,684	---	550,486	5,297,462
Atchison	15,181	290,156	318,007	40,556	696,264	3,036	---	8,205	---	---	3,409	---	---	---	11,193	---	1,386,007	10,128,518
Barber	6,710	122,693	109,701	25,298	260,936	2,745	---	1,274	13,476	---	1,641	---	---	---	---	---	544,474	5,148,006
Barton	33,487	293,682	629,314	52,766	1,656,151	4,019	---	1,729	9,802	---	7,281	---	---	---	951	---	2,689,182	24,131,867
Bourbon	13,189	317,547	226,685	2,692	732,472	2,296	---	10,070	---	---	2,576	160	---	---	3,406	---	1,311,093	9,028,574
Brown	9,944	245,217	148,347	45,951	455,715	1,824	---	---	---	---	2,377	---	---	---	3,869	---	913,244	6,829,834
Butler	53,544	633,307	856,921	156,449	2,810,876	16	---	45,977	---	---	12,940	---	---	---	17,947	---	4,587,977	37,800,585
Chase	3,470	92,887	39,261	3,404	113,575	---	15	1,393	---	---	1,420	---	---	---	1,398	---	256,823	2,583,603
Chautauqua	4,217	130,534	63,042	856	123,918	3,361	---	1,629	2,785	---	1,144	---	---	---	2,128	---	333,014	3,097,031
Cherokee	19,541	495,962	188,102	4,237	836,713	---	---	---	---	---	3,973	---	---	---	---	---	1,548,528	13,148,411
Cheyenne	4,125	105,279	33,289	76	170,600	2,958	---	704	---	---	1,201	---	---	---	---	---	318,232	2,905,406
Clark	2,737	44,937	44,903	31	75,299	---	---	650	17,874	---	562	---	---	---	---	---	186,993	2,298,810
Clay	8,529	237,631	142,242	26,041	277,709	2,300	241	3,890	11,771	---	1,987	---	---	---	1	---	712,342	6,053,409
Cloud	9,553	263,879	160,989	2,322	483,833	3,499	21	3,655	---	---	2,401	---	---	---	3	---	929,555	6,811,873
Coffey	5,552	80,026	79,604	1,695	125,105	676	---	2,944	---	---	1,191	---	---	---	946	---	297,639	7,396,788
Comanche	2,683	73,330	58,997	300	88,068	1,000	---	---	---	---	1,952	---	---	---	---	---	226,330	2,308,733
Cowley	33,412	514,317	645,271	58,067	1,785,731	343	---	32,616	---	---	6,686	---	---	---	4,403	404	3,081,250	23,767,624
Crawford	34,184	929,919	656,753	11,785	1,558,506	---	---	21,335	14,099	---	6,867	---	---	---	18	---	3,233,466	22,525,991
Decatur	4,561	90,312	55,598	9,470	157,498	523	---	576	---	---	1,136	---	---	---	---	---	319,774	3,211,561
Dickinson	16,804	296,566	281,559	52,011	740,959	4,114	---	12,817	15,391	---	4,304	---	---	---	2,966	---	1,427,491	12,407,460
Doniphan	7,946	182,760	50,219	10,659	462,223	673	2,186	15,599	---	---	7,431	---	---	---	952	---	740,618	5,181,865
Douglas	73,542	1,597,330	1,560,836	147,777	3,618,955	4,287	2,633	---	---	---	6,824	---	---	---	11,091	---	7,023,275	49,546,913
Edward	5,033	62,352	68,751	12,547	166,492	3,299	---	---	---	---	865	---	---	---	62	---	319,401	3,336,855
Elk	3,091	97,834	50,320	135	100,317	3,981	---	1,224	---	---	817	---	---	---	1,641	---	259,360	2,304,274
Ellis	25,223	442,964	491,874	208	1,170,265	---	---	4,328	---	381	5,182	---	---	---	---	---	2,140,425	19,312,331
Ellsworth	6,094	81,599	84,495	12,155	245,349	173	---	2,444	---	---	1,850	---	---	---	55	---	434,214	4,743,751
Finney	27,060	426,473	331,770	2,252	1,389,515	---	1,203	---	---	---	---	---	---	1,083	949	---	2,180,305	22,250,527
Ford	26,377	380,525	533,353	27,891	1,419,606	1,172	2,018	18,937	26,479	1,194	3,100	---	31,595	---	5,580	---	2,477,827	18,484,210
Franklin	21,399	520,270	379,043	6,953	938,338	4,203	1,406	2,732	---	---	5,693	---	---	---	1,664	---	1,981,751	14,430,161
Gear	19,818	428,200	396,429	1,505	504,290	1,942	---	8,420	---	---	3,237	---	---	42	390	41	1,364,314	13,266,891
Gove	3,973	68,251	34,668	749	154,710	---	---	126	---	---	1,488	---	---	---	---	---	263,965	2,855,492
Graham	4,133	141,036	46,454	935	153,570	258	---	1,321	---	---	---	---	---	---	---	---	347,707	3,021,597
Grant	7,819	115,250	93,017	---	152,912	1,459	---	---	---	---	---	---	---	---	---	---	370,457	6,775,002
Gray	6,657	171,394	58,526	4,972	280,768	---	---	849	5,732	---	795	---	---	---	640	---	530,333	4,728,528
Greene	2,040	36,798	32,278	---	60,320	311	---	148	---	---	---	---	---	---	---	---	131,895	1,655,500
Greenwood	7,465	219,474	117,513	22,930	364,550	830	---	3,145	---	---	1,622	53	---	---	3,192	---	740,774	5,381,000
Hamilton	3,188	110,119	24,766	930	98,131	385	---	572	---	---	---	---	---	---	2	---	238,093	2,301,000
Harper	7,803	154,322	111,739	169	341,750	2,698	---	---	31,105	---	1,672	---	---	---	---	---	651,258	5,775,000
Harvey	28,498	422,209	617,527	47,081	1,453,947	1,002	2,552	1,469	---	---	4,131	---	---	---	3,771	---	2,582,187	19,961,866
Haskell	4,225	47,129	90,943	---	106,507	461	---	---	10,430	---	691	---	---	---	---	---	260,386	4,150,831
Hodgeman	2,973	102,030	18,701	---	126,489	1,048	---	1,474	---	---	---	---	---	---	4,964	---	257,679	2,101,618

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Motor Vehicle Taxable valuation and taxes collected under  
K.S.A. Chp. 79-Art. 51 as of December 31, 1988  
as reported January 15, 1989

COUNTY NAME	State	County	Cities	Townships	Schools	Cemeteries	Drainages	Fire	Hospitals	Improvements	Libraries	Lights	Parks & Recreation	Sewers	Watersheds	All Other	Total Tax	Total Taxable Valuation	
Jackson	10,706	459,946	88,111	---	402,336	10,377	---	14,394	454	---	---	---	---	---	5,462	---	991,786	7,286,914	
Jefferson	17,840	464,974	99,167	8,776	812,547	10,441	1,487	37,938	---	2,060	6,149	---	---	50	8,146	---	1,469,575	12,016,739	
Jewell	4,264	143,616	48,979	469	206,439	1,425	---	270	---	---	1,835	---	---	---	---	---	407,297	3,041,727	
Johnson	618,333	6,403,874	9,200,074	31,061	38,191,853	3,853	15,888	794,051	---	---	1,323,522	---	950,585	---	---	---	57,533,094	391,826,678	
Kearny	4,155	50,830	61,031	41	61,574	473	---	837	---	---	---	---	---	---	93	---	179,034	4,007,740	
Kingman	7,986	159,659	127,082	35,440	320,796	305	---	435	259	---	2,414	---	---	---	8	---	654,384	6,919,646	
Kiowa	4,161	62,896	46,874	---	122,588	3,674	---	355	---	---	---	---	---	---	---	---	240,548	3,308,224	
Labette	20,538	424,458	397,397	6,642	1,111,730	6,658	32	2,243	---	---	3,242	---	---	---	5,589	---	1,978,529	13,992,107	
Lane	3,298	68,293	24,085	322	123,012	1,301	---	531	---	693	---	---	---	---	4,057	---	225,642	2,398,966	
Leavenworth	54,296	1,224,710	873,989	151,615	2,721,738	164	495	1,954	---	---	18,337	---	---	---	1,127	---	5,047,298	35,961,197	
Lincoln	3,473	117,308	39,195	421	95,459	118	---	4,931	---	---	1,409	---	---	---	1,127	---	263,491	2,537,885	
Linn	7,962	131,361	64,516	4,115	224,189	1,265	---	2,991	---	---	4,509	100	---	---	6	---	441,014	6,658,416	
Logan	3,514	62,390	61,250	4,854	132,261	---	---	1,132	---	---	951	---	---	---	---	---	266,352	2,660,693	
Lyon	31,617	685,147	661,356	3,800	1,392,585	38	---	11,759	---	---	9,383	---	566	---	4,034	---	2,800,285	21,683,596	
Marion	11,581	279,553	180,074	1,376	444,057	1,117	---	6,056	14,929	1,125	3,886	---	---	---	2,829	---	946,583	8,466,677	
Marshall	11,618	346,805	201,139	39,783	474,076	2,877	---	2,723	---	---	2,983	---	---	---	2,108	---	1,084,112	8,114,427	
McPherson	25,747	435,338	433,931	46,083	1,075,597	2,032	---	18,440	---	---	5,081	---	---	---	1,040	225	2,043,514	19,094,514	
Meade	4,093	45,379	85,759	7,048	110,505	715	27	639	8,490	---	1,097	---	---	---	---	---	263,752	3,910,968	
Miami	27,434	607,018	226,283	5,197	1,275,622	3,574	---	15,690	---	---	20,285	1,579	---	---	1,276	1,467	2,185,425	18,243,646	
Mitchell	7,546	201,879	120,769	12,269	250,091	1,740	---	2,583	---	---	1,927	---	---	---	697	---	599,501	5,375,194	
Montgomery	33,646	645,835	613,458	2,569	2,002,416	3,745	784	13,468	---	---	6,435	---	---	---	382	---	3,322,738	24,275,007	
Morris	6,224	157,353	70,697	534	198,128	2,750	---	3,258	---	105	1,958	---	---	---	1,069	---	442,076	4,412,026	
Morton	3,837	66,512	56,643	---	80,661	3,463	---	---	---	---	---	---	---	---	---	---	211,116	3,525,590	
Nemaha	11,056	220,783	112,272	32,226	375,883	2,741	---	4,450	150	---	2,812	---	---	38	2,895	---	765,316	7,545,484	
Neosho	16,939	336,413	233,108	6,094	967,981	4,960	---	---	---	---	2,271	---	---	---	1,884	---	1,569,650	11,548,765	
Ness	4,887	77,826	86,793	1,743	181,091	---	---	---	94	33,356	---	1,137	---	---	2,561	---	389,488	3,826,764	
Northon	5,283	166,371	106,403	446	228,315	1,542	---	3,278	---	---	1,273	---	---	---	---	---	512,911	3,903,430	
Osage	16,362	322,658	187,526	66,689	534,382	8,426	---	37,769	---	---	4,389	---	---	---	1,856	---	1,180,057	11,159,560	
Osborne	4,910	98,468	104,069	10,288	171,700	1,081	---	2,074	---	---	1,734	---	---	---	3	72	394,399	3,747,899	
Ottawa	6,146	184,306	73,332	9,257	189,640	7,477	---	2,288	---	---	2,511	289	---	---	696	---	475,942	4,415,292	
Pawnee	7,318	100,822	158,748	20,067	302,880	1,862	---	---	---	---	---	---	---	---	2,868	---	594,565	5,609,794	
Phillips	6,233	175,558	93,605	438	207,208	260	---	2,108	---	---	2,351	---	---	---	---	---	487,764	4,635,441	
Pottawatomie	11,836	140,811	136,403	4,475	424,045	390	394	10,153	2,323	---	3,536	---	3	---	2,446	316	737,128	12,511,295	
Pratt	11,065	186,411	110,627	2,441	495,946	171	---	---	---	---	---	---	---	---	---	---	806,661	8,212,880	
Rawlins	3,793	102,104	27,704	2,309	166,812	11	---	766	---	---	---	---	---	---	---	---	303,499	2,703,858	
Reno	62,652	859,220	697,485	90,151	3,665,516	1,331	1,094	122,704	---	---	122,392	---	---	2,766	2,088	485	5,627,884	42,736,172	
Republic	6,987	227,727	95,337	268	253,534	4,002	303	7,119	---	---	2,461	---	---	---	---	---	597,740	4,958,390	
Rice	10,782	193,795	154,817	19,553	356,884	1,202	11	15,135	2,771	---	2,259	---	---	---	1,173	---	758,382	7,967,400	
Riley	38,831	611,030	660,685	37,511	1,972,740	3,269	15,577	---	---	---	6,668	---	---	---	1	---	3,346,312	25,757,700	
Rooks	6,282	124,379	118,289	3,537	213,577	2,944	---	306	9,424	---	---	1,809	1,893	---	---	---	482,440	5,013,297	
Rush	3,898	97,447	58,510	4,322	124,199	---	---	2,656	---	---	1,383	---	---	---	---	1,422	---	293,837	2,970,179
Russell	9,203	171,740	213,458	19,085	408,051	792	---	6,364	---	---	2,626	---	---	---	11	---	831,330	7,276,663	

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Motor Vehicle-taxable valuation and taxes collected under  
K.S.A. Chp. 79-Art. 51 as of December 31, 1988  
as reported January 15, 1989

COUNTY NAME	State	County	Cities	Townships	Schools	Cemeteries	Drainages	Fire	Hospitals	Improvements	Libraries	Lights	Parks & Recreation	Sewers	Watersheds	All Other	Total Tax	Total Taxable Valuation
Saline	51,689	723,646	1,027,211	1,382	2,681,791	1,211	---	18,643	---	---	124,181	---	---	---	---	5	4,629,759	36,075,577
Scott	6,609	133,778	145,827	256	266,407	---	---	606	---	---	---	---	---	---	49	---	553,532	5,175,809
Sedgwick	439,995	5,785,764	8,769,780	180,324	21,647,499	9,810	9,417	640,186	---	19,140	37,063	---	---	48,009	12,625	---	37,599,612	301,980,663
Seward	17,397	206,036	365,877	220	918,032	744	---	1,959	---	---	1,021	---	---	---	---	---	1,511,286	14,535,093
Shawnee	182,325	4,099,775	2,967,724	601,714	9,469,032	575	46,590	128,870	---	---	429,695	---	---	---	11,770	467,496	18,405,566	116,828,845
Sheridan	3,376	91,912	58,924	290	154,909	469	---	2,260	---	---	1,343	---	---	---	---	---	313,483	2,557,541
Sherman	7,154	168,749	120,281	---	400,987	---	---	3,157	---	---	1,668	---	---	---	---	---	701,996	5,165,033
Smith	5,400	173,270	64,210	685	232,524	425	---	---	---	---	2,013	---	972	---	---	25	479,524	3,851,011
Stafford	5,790	102,299	99,129	20,667	205,664	3,734	---	3,192	15,515	---	1,678	---	---	---	---	---	457,668	4,467,889
Stanton	3,393	68,550	29,290	---	86,106	1,131	---	525	---	---	---	---	---	---	---	---	188,995	2,600,654
Stevens	5,388	60,280	75,987	---	76,012	978	---	---	---	---	---	---	---	---	---	---	218,645	5,305,252
Sumner	22,821	601,710	515,996	86,876	1,177,497	5,866	---	19,061	4,272	---	4,823	---	---	---	9	30	2,438,961	16,549,804
Thomas	8,739	117,460	103,292	16,799	522,191	4,003	---	3,179	---	---	1,930	---	---	---	---	---	777,593	6,127,458
Trego	3,827	102,062	72,592	517	111,887	---	---	2,058	---	---	---	---	---	---	---	---	292,943	2,961,891
Wabaunsee	6,934	161,321	66,266	41,352	262,070	2,071	---	2,159	---	5,538	---	---	---	671	5,526	3,014	556,922	4,855,931
Wallace	2,284	72,811	16,157	414	79,398	---	---	467	---	---	750	---	---	---	---	---	172,281	1,594,644
Washington	6,525	171,995	90,587	21,710	237,543	1,641	---	4,167	2,548	---	2,729	---	---	---	64	75	539,584	4,706,938
Wichita	3,057	76,837	43,132	---	114,716	782	---	303	---	---	---	---	---	---	---	4	238,831	2,319,650
Wilson	9,403	264,423	106,406	549	352,754	3,310	---	2,338	---	268	1,913	---	---	---	906	---	742,270	6,627,647
Woodson	3,748	110,999	53,743	77	118,822	2,449	---	794	---	---	945	208	---	---	1,261	---	293,046	2,779,190
Wyandotte	149,927	2,947,198	6,646,398	10,392	7,136,434	---	23,107	---	---	---	27,580	---	---	---	---	---	16,941,036	98,387,255
<b>TOTAL</b>	<b>2,710,957</b>	<b>45,374,376</b>	<b>48,871,022</b>	<b>2,474,466</b>	<b>136,626,318</b>	<b>206,985</b>	<b>130,137</b>	<b>2,211,577</b>	<b>253,435</b>	<b>31,887</b>	<b>2,327,777</b>	<b>4,198</b>	<b>985,614</b>	<b>53,372</b>	<b>180,224</b>	<b>473,655</b>	<b>242,916,000</b>	<b>1,859,879,964</b>

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**TESTIMONY TO THE HOUSE TAXATION COMMITTEE  
ON SENATE BILL 560**

**LINTON BARTLETT, CITY OF KANSAS CITY, KANSAS**

The City of Kansas City supports Senate Bill 560 and appreciates this opportunity to express our opinion on this important legislation.

Motor vehicle property taxes are based on the average country mill levy rate in the preceding year. Due to reappraisal and classification, the assessed valuation in Wyandotte County has increased, which in turn means that the average county mill levy rate decreased. Therefore, the City's revenue from motor vehicle property taxes will decrease as the country-wide average mill levy rate also decreases.

The current 1989 tax year assessed valuation for all of Wyandotte County totals \$601,874,334. This represents a 42 percent increase from the September 1988 valuation. Assessed valuation for the City of Kansas City, Kansas alone has increased from \$388,985,268 to \$545,092,169 -- a 40 percent increase.

The average tax rate in Wyandotte County has decreased by 21.5 percent. The mill levy for the City of Kansas City decreased from 77.201 to 57.201 or a 26.0 percent reduction. A reduction at the average county mill levy rate of 21.5 percent would result in lost revenue of approximately \$2.0 million to the City of Kansas City in 1991. To illustrate what that amount of money means to the City, \$2.0 million is approximately the amount budgeted for 1990 to run the City's emergency medical services program. To lose that amount of revenue would have a substantial adverse impact on an already tight budget. In the 1990 budget motor vehicle property taxes account for 6.0 percent of the annual cash-basis revenue collections for the City. With a proposed loss of \$2.0 million the City would see a revenue reduction of approximately 2.0 percent in one year.

Given these circumstances, the City's 1990 Legislative Program supported legislation which would hold cities harmless from this potential loss in motor vehicle property tax revenue. Since there was little or no support for such legislation, the phase-in approach contained in Senate Bill 560 is crucial so that the City's annual operations budget does not have to absorb a \$2.0 million revenue loss in one year. This phase-in period would give the City time to adjust its expenditures to meet the declining motor vehicle tax revenues or to raise replacement revenue from other permitted revenue sources.

*3/26/90  
Attachment 15*

Testimony to the House Taxation Committee  
on Senate Bill 560

In a budget where sales tax revenues are showing little or no growth and property tax revenues are closely controlled by the City Council, the opportunity to phase-in the significant loss in motor vehicle property tax revenue would help minimize any potential impact on needed programs and services.

Therefore, the City of Kansas City respectfully asks the House Taxation Committee to act favorably on Senate Bill 560. The bill provides a reasonable solution to a potentially major budgetary problem for many local units of government in Kansas.

Thank you for the opportunity to express our opinion on this bill.



MARCH 26, 1990

HEARING ON SENATE BILL 560

HOUSE TAXATION COMMITTEE

TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL COORDINATOR  
JOHNSON COUNTY BOARD OF COMMISSIONERS

Mr. Chairman, members of the committee, my name is Gerry Ray representing the Johnson County Board of Commissioners and appearing in support of Senate Bill 560.

Senate Bill 560 offers a solution to a problem created due to the reappraisal process and the affect on the rate of tax for motor vehicles. The tax rate for motor vehicles is based on the average of the countywide mill levy, which in Johnson County was reduced approximately 40% after reappraisal. For the County government alone, this equates to over \$4 million dollars in lost revenues from motor vehicle tax in 1991. For all taxing units within the county the total amount could go as high as \$27 million. Senate Bill 560 offers a phase in approach to the revenue loss that at least provides the time to adjust over a period of years, rather than having it impact in one year.

During the 1989 Legislative Session the local units were assured that it was not the intent of the Legislature to reduce revenues in this manner and that it would only take a technical "clean-up" bill in 1990 to take care of it. Some time after the Legislature adjourned, this seemed to change in some minds and the motor vehicle tax rate began being described as a tax reduction resulting from reappraisal. We contended during the Interim Study that it was not a tax reduction but rather a tax shift, because the only way that the revenue loss can be recovered is through increased property tax. Further, as property tax increases to cover the shortfall, this will automatically push up the motor vehicle rate, thus making it a tax increase in the long term.

This all held true until the "Iron Clad" tax lid came on the scene. If that concept prevails we will have only two recourses, cut services or place higher user fees on them. Over the past twenty years in Johnson County we have believed the quality of life that has been provided by the local units has greatly influenced the growth and development of the area. We now contend that if we are

*3/26/90*

*Attachment 16*

forced to cut back on the key factors creating that level of quality, it will have a direct effect on our future. Further, if we are compelled to initiate or increase fees for emergency medical service, parks, libraries, only to mention a few, the effect will be felt the most by those in the lower income or fixed income category.

In the past few years Johnson County, along with other local governments, has had to deal with many revenue problems, including the loss of Federal Revenue Sharing. In addition we have experienced numerous mandates from both the Federal and State levels. Such as increases in the cost of the judicial system, a corrections system that required the construction and operation of a new jail, additional requirements in the area of wastewater treatment and of course the cost of the reappraisal. All of this while the elderly population continues to grow rapidly and require increased services necessary to maintain their well being.

When reappraisal and classification were adopted by the Legislature the local units were guaranteed it was to be revenue neutral. In the Governor's message to the Legislature this year it was again mentioned that reappraisal was revenue neutral. As we face the loss of over \$4 million dollars, it is difficult to understand how that can be referred to as revenue neutral. We are not asking that the motor vehicle taxes be raised or that they even remain at the current level permanently. We are only asking that we be given the opportunity to phase the loss into our budget so that we will be able to devise workable solutions to the problem. We need the help of this committee. We urge you to support the passage of Senate Bill 560.



# Recreational Vehicle Council

Member of Kansas Manufactured Housing Association

112 SW 6th Street \* Suite 204 \* Topeka \* Kansas \* 66603 \* 913-357-5256

## TESTIMONY BEFORE THE HOUSE

### TAXATION COMMITTEE

TO: Representative Keith Roe, Chairman and  
Members of the Committee

FROM: Terry Humphrey  
Executive Director

DATE: March 26, 1990

RE: Senate Bill 560

Mr. Chairman and members of the Committee, I am Terry Humphrey, Executive Director of the Kansas Manufactured Housing Association and today I am speaking on behalf of our associate members the Recreational Vehicle Council. The Council is made up of 16 businesses of which 13 are retail dealers and three manufacturers. Together they employ close to 1,000 people.

The Recreational Vehicle Council is opposed to Senate Bill 560 which would delay a significant reduction in property taxes paid by motor vehicle owners in 1991. The anticipated reduction in property taxes on vehicles is a due to reduced mill levies resulting from reappraisal and the tax lid. In 1986 when the classification amendment was sold to the voters it was expected that real property tax rates would go up and personal property taxes on vehicles would probably go down. Now that this has occurred in 77 counties the Recreational Vehicle Council feels that it is unfair to defer this property tax break for another four years.

At this time, it is generally felt that Kansas has extremely high personal property taxes on vehicles as compared to other states. Also R.V. retailers report that many of their customers register and tag their vehicles in other states to avoid the high property taxes in Kansas.

When the R.V. Council was formed last year the number one issue identified was vehicles tax reform. Kansas R.V.

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manufacturers report that R.V. sales in Kansas are poor when compared to the rest of their market area. Furthermore they feel that a small population and unreasonably high personal property taxes on big ticket items are responsible.

In summary, Senate Bill 560 is detrimental to the R.V. business of Kansas and unfair to the Kansas vehicle owners who expected tax relief in 1991. Please oppose Senate Bill 560. Thank you.

# Recreational Vehicle Council

Member of Kansas Manufactured Housing Association

112 SW 6th Street \* Suite 204 \* Topeka \* Kansas \* 66603 \* 913-357-5256

Augusta R.V., Inc.  
Box 100  
Augusta

Ned Hiatt's Country Sales, Inc.  
Box 610  
Lyndon

B & B Travel Land  
16139 E. Kellogg  
Wichita

NuWa Ind.  
Box 808  
Chanute

Collard Chev. R.V. Center  
Holiday Plaza, Hwy. 73, Box 40  
Lansing

R & D Camperland  
4650 S. Broadway  
Wichita

Davis Moore Recreational Vehicle  
121 E. Kellogg  
Wichita

ReMax R.V.  
4118 Seward  
Topeka

Harper Camperland, Inc.  
117 W. 14th  
Harper

Riner Camper Sales  
536 N. Young  
Wichita

Hawley Brothers R.V.  
1900 Wyatt Earp  
Dodge City

Wichita R.V.  
9331 W. Kellogg  
Wichita

KIT R.V.  
Box 586  
McPherson

Wilcox Homes & R.V. Center, Inc.  
835 N.E. Hwy. 24  
Topeka

Kansas Kampers  
2401 E. Kansas Ave.  
McPherson

King of the Road  
Box 553  
Russell



**HOMES & RV CENTER, INC.**

835 Northeast Highway 24 • Topeka, Kansas 66608 • 913 357-5111

TESTIMONY BEFORE THE  
HOUSE TAXATION COMMITTEE

TO: REP. KEITH ROE, CHAIRMAN  
AND MEMBERS OF THE COMMITTEE

FROM: DONALD L. CHRISTMAN, PRESIDENT  
WILCOX HOMES AND R.V. CENTER, INC.

DATE: MARCH 26, 1990

I APPRECIATE THE OPPORTUNITY TO APPEAR THIS MORNING TO SPEAK IN OPPOSITION TO SENATE BILL 550. MY NAME IS DON CHRISTMAN. I'M PRESIDENT OF WILCOX R.V. CENTER IN TOPEKA AND CHAIRMAN OF THE RECREATIONAL VEHICLE COUNCIL OF THE KANSAS MANUFACTURED HOUSING ASSOCIATION.

EVERY CONCERNED AND INFORMED KANSAS CITIZEN HAD TO WEIGH THE ANTICIPATED EFFECTS OF REAPPRAISAL AND CLASSIFICATION IN ORDER TO VOTE ON THE 1986 CONSTITUTIONAL AMMENDMENT. ANTICIPATED INCREASES AND SAVINGS WERE SOLD TO THE PUBLIC IN A PACKAGE. FOR BUSINESSMEN, ELIMINATION OF INVENTORY TAX PROMISED TO OFFSET SOME OF THE EFFECTS OF QUADRUPLED PROPERTY TAX. FOR THE AVERAGE CITIZEN ANTICIPATED REDUCTION IN PERSONAL PROPERTY TAX WAS TO SOMEWHAT OFFSET INCREASES IN THE REAL PROPERTY TAX ON THEIR HOMES. YOUR CONSTITUENTS AND MY CUSTOMERS EXPECT THAT TAX OFFSET. I SUBMIT THAT IT IS NOW UNFAIR TO DEFER THAT ANTICIPATED TAX SAVINGS.

EVEN AT THE ANTICIPATED REDUCED LEVEL, TAXES ON PERSONAL PROPERTY ARE SIGNIFICANTLY HIGHER THAN IN SURROUNDING STATES, AND PEOPLE ARE LEAVING THIS STATE, BEING FORCED TO LEAVE THIS STATE, TO RELIEVE THEMSELVES OF THE BURDEN. JOHN AND BETTY ROWE ARE FRIENDS WHO MOVED TO TOPEKA 6 OR SO YEARS AGO FROM MISSOURI. JOHN NOW RESIDES IN GROVE, OKLAHOMA, MOVING FROM TOPEKA CITING THE GENERAL TAX SITUATION AS THE REASON FOR LEAVING KANSAS. JOHN AND BETTY ARE RETIRED, HAVE A COMFORTABLE INCOME, ARE MOBILE AS MANY OF OUR RETIREES NOW ARE, AND HAVE CAST THEIR VOTE ON TAXATION. THEY HAVE LEFT KANSAS.

HOMER GIFFORD MOVED TO TOPEKA IN 1969, RAISED HIS FAMILY HERE, RETIRED HERE AND WANTED TO STAY HERE. HOMER'S PERSONAL PROPERTY CONSISTED OF 2 CARS, 1 MOTORHOME AND A MANUFACTURED HOME THAT SERVED AS SUMMER QUARTERS IN TOPEKA. ONE CAR AND THE MOTORHOME WERE REGISTERED IN TEXAS FOR TWO REASONS: 1. HE WINTERED IN TEXAS 6 OR MORE MONTHS A YEAR AND THE CAR AND MOTORHOME WERE HIS RESIDENCE AND TRANSPORTATION RESPECTIVELY. 2. HE SOUGHT RELIEF FROM THE EXCESSIVE TAX ON THE MOTORHOME AND CAR. THE SHAWNEE COUNTY TREASURER THREATENED THE GIFFORDS WITH A LAWSUIT TRYING TO FORCE KANSAS REGISTRATION OF THE VEHICLES THAT WERE REGISTERED IN TEXAS. HOMER VOWED TO NEVER PAY KANSAS TAX AGAIN AND HE WON'T. HOMER GIFFORD IS RETIRED, HAS A COMFORTABLE INCOME, IS MOBILE AND HAS CAST HIS VOTE ON TAXATION. HOMER AND HIS WIFE NOW RESIDE IN GRAND ISLAND, NEBRASKA.

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HOW HIGH IS THE PERSONAL PROPERTY TAX ON A MOTORHOME IN KANSAS? A MEDIUM PRICE CLASS A MOTORHOME WOULD SELL FOR AROUND \$50,000.00. USING A BASE PRICE OF \$40,000 TIMES 30% TIMES 1989 MILL LEVY FOR SHAWNEE COUNTY YIELDS A TAX OF \$2,412.00 OR OVER \$200.00 PER MONTH. THE SAME UNIT ON THE 1990 MILL LEVY WOULD YIELD A TAX OF \$1,860.00, STILL \$150.00 PER MONTH. BY COMPARISON A CONVENTIONAL HOME WOULD HAVE TO HAVE AN APPRAISED VALUE OF \$100,000.00 TO PRODUCE \$1,860.00 IN REAL ESTATE TAX.

HOW HIGH IS THE PERSONAL PROPERTY TAX IN KANSAS? IT IS HIGH ENOUGH THAT I REGULARLY HAVE CUSTOMERS TELL ME THEY CAN NOT BUY MY PRODUCT BECAUSE THE PERSONAL PROPERTY TAX IS TOO HIGH. IT IS HIGH ENOUGH THAT KANSAS RESIDENTS ARE REGISTERING THEIR VEHICLES OUT OF STATE. IT IS HIGH ENOUGH THAT THE RECREATIONAL VEHICLE COUNCIL HAS BEEN FORMED, A COUNCIL OF R.V. DEALERS AND MANUFACTURERS FROM ACROSS THIS STATE, TO SEEK RELIEF FROM THE EXORBITANT AND UNFAIR PERSONAL PROPERTY TAXES LEVIED AGAINST RECREATIONAL PERSONAL PROPERTY IN THIS STATE.

THE KANSAS R.V. COUNCIL URGES YOUR DEFEAT OF SENATE BILL 560, AND ENCOURAGES AN IN-DEPTH LOOK AT PERSONAL PROPERTY TAX IN THE FUTURE. THE KANSAS R.V. COUNCIL PLANS TO RETURN NEXT YEAR SEEKING PERSONAL PROPERTY TAX RELIEF FOR ALL TYPES OF RECREATIONAL PERSONAL PROPERTY.

THANK YOU FOR YOUR ATTENTION. AT THIS TIME I WOULD TAKE QUESTIONS OR I MAY BE REACHED AT MY TOPEKA OFFICE, PHONE 357-5111, IF FURTHER DISCUSSION REGARDING MY TESTIMONY IS IN ORDER.

CORDIALLY,



DON CHRISTMAN, PRESIDENT  
WILCOX R.V. CENTER, INC.  
TOPEKA, KANSAS



HOUSE TAXATION COMMITTEE  
March 26, 1990

Senate Bill 560

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to speak to you today. My name is Helen Stephens, representing Blue Valley USD #229.

We support SB560 and its provisions to phase down the motor vehicle tax over a three-year period. As you can see from the attached schedule (provided by legislative research), those constituents affected by this legislation will still receive a promised reduction in their vehicle tax. We believe a phase-down of the motor vehicle tax for these counties is more acceptable than shifting the burden to property taxes.

Again, thank you for this opportunity.

3/26/90

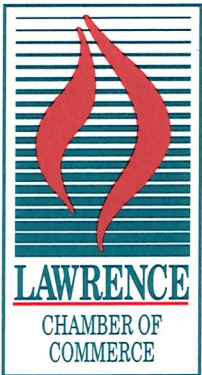
Attachment 19

Motor Vehicle Tax on Hypothetical Vehicle in Selected Counties with and without S.B. 560

KANSAS

COUNTY NAME	COUNTYWIDE 1988 AVG MILL LEVY	COUNTYWIDE 1989 AVG MILL LEVY	90% of 1988 LEVY	1990 Tax	1991 Tax w/o SB 560	1991 Tax with SB 560
JOHNSON	177.58	106.75	159.82	\$532.75	\$269.01	\$402.76
DOUGLAS	159.54	120.58	143.59	478.62	303.86	361.84
CRAWFORD	151.47	116.18	136.33	454.42	292.77	343.54
SHERIDAN	138.54	107.16	124.68	415.61	270.05	314.20
CHEYENNE	116.76	91.48	105.09	350.29	230.54	264.82
WYANDOTTE	192.40	151.03	173.16	577.20	380.60	436.36
ELLIS	131.95	104.95	118.76	395.85	264.46	299.26
SCOTT	137.37	110.28	123.63	412.10	277.91	311.55
SHERMAN	131.64	105.95	118.48	394.93	266.98	298.56
SUMNER	157.99	127.47	142.19	473.98	321.23	358.33
LEAVENWORTH	154.34	124.53	138.91	463.02	313.82	350.04
SHAWNEE	178.34	144.20	160.51	535.03	363.39	404.48
JACKSON	140.17	114.19	126.15	420.50	287.76	317.90
SEWARD	126.01	103.61	113.41	378.02	261.10	285.79
BARBER	128.84	106.06	115.96	386.52	267.26	292.21
THOMAS	134.32	110.82	120.89	402.97	279.27	304.64
JEFFERSON	131.13	108.66	118.02	393.39	273.82	297.40
BROWN	132.49	110.02	119.24	397.48	277.24	300.49
FORD	149.52	124.85	134.57	448.57	314.61	339.12
CHEROKEE	120.09	100.53	108.08	360.27	253.32	272.36
EDWARDS	118.82	100.15	106.94	356.47	252.38	269.50
SALINE	141.41	119.57	127.27	424.23	301.32	320.72
DONIPHAN	149.25	126.33	134.33	447.76	318.36	338.51
RENO	141.08	120.14	126.97	423.24	302.74	319.97
SEDGWICK	139.95	119.73	125.95	419.84	301.71	317.40
RILEY	146.21	125.23	131.59	438.64	315.59	331.61
NEMAHA	110.36	94.56	99.33	331.09	238.29	250.30
MIAMI	131.76	112.92	118.59	395.29	284.55	298.84
STAFFORD	128.48	110.69	115.63	385.44	278.93	291.39
GEARY	131.15	113.90	118.04	393.46	287.02	297.45
BUTLER	143.23	124.39	128.91	429.70	313.46	324.85
PAWNEE	119.69	105.10	107.72	359.08	264.86	271.46
GRANT	63.07	55.51	56.76	189.21	139.87	143.04
WABAUNSEE	118.05	104.66	106.24	354.14	263.76	267.73
HAMILTON	108.93	96.90	98.04	326.79	244.18	247.06
BARTON	135.46	120.55	121.91	406.38	303.79	307.22
CHAUTAUQUA	122.35	109.00	110.11	367.04	274.69	277.48
WALLACE	95.09	85.45	85.58	285.26	215.34	215.66
FRANKLIN	133.98	120.50	120.58	401.93	303.66	303.86

SOURCE: DIVISION OF PROPERTY VALUATION AND KLRD COMPUTATIONS



March 26, 1990

TO: House Committee on Taxation  
FROM: Gary Toebben, President  
Lawrence Chamber of Commerce  
RE: SB560, Motor Vehicle Property Tax

(913) 865-4411  
(913) 865-4400 FAX

The members of the Lawrence Chamber of Commerce urge you to support SB560.

We are concerned about the impact that decreased motor vehicle property tax revenue will have on the overall mill levy and the delivery of public services in Lawrence and Douglas County during 1991.

The estimated loss in motor vehicle tax revenue for our city, county and school district in 1991 will total nearly \$1.5 million. To put \$1.5 million into perspective, this figure represents more than 4% of the total annual property taxes used to support our city, county and school district today.

The Lawrence Chamber of Commerce urges you to pass SB560 and phase in the loss of motor vehicle tax revenue over three years. We are already up to our necks in property tax shifts. We don't need everyone scurrying around looking for yet another revenue replacement in 1991.

*3/26/90*

*Attachment 20*