

Approved 3-27-90
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris at
Chairperson

9:02 a.m./p.m. on March 23, 1990 in room 254-E of the Capitol.

~~All members were present except:~~ Members present:
Senators Morris, Doyen, Francisco, Hayden, Kanan, F. Kerr, Martin, Rock,
Sallee and Vidricksen.

Committee staff present:
Ben Barrett, Legislative Research Department
Hank Avila, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Louise Cunningham, Committee Secretary

Conferees appearing before the committee:
Rep. E. Shore
Ramon Powers, Executive Director, Kansas State Historical Society
Rep. R. Bowden
Jerry McCoy, Sedgwick County Treasurer
Officer Ron Hoyler, Kansas Police Department
Betty McBride, Cherokee County Treasurer
Donald Jarrett, Chief Counsel, Johnson County Commissioners
Bev Bradley, Kansas Association of Counties

Hearing and Action on H.B. 2901 - Marking of Santa Fe Trail in Kansas.

Rep. Shore said the 1961 Legislature designated Highway 56 as the Santa Fe Trails Highway but no signing was done. This bill would have KDOT put up signs in locations where the Santa Fe Trail was evident. A copy of his statement is attached. (Attachment 1).

Ramon Powers appeared in support of the bill and said there was considerable interest in the Santa Fe Trail and this would increase public awareness of its importance in the history of the nation and the west in particular. They receive many inquiries from people from throughout the country wanting information on the Trail. A copy of his statement is attached. (Attachment 2).

A motion was made by Sen. Sallee to recommend H.B. 2901 favorably for passage and recommend it be placed on the Consent Calendar. Motion was seconded by Sen. Hayden. Motion carried.

Hearing and Action on H.B. 2598 - Registration of motor vehicles, residency.

This bill was the subject of an interim study, Proposal No. 54. The bill would establish a rebuttable presumption of residence in the county if the person owns, leases, or rents a place of domicile with the county and remains there for 90 days.

The Chairman said he had done a check over the lunch hour one day in the employee parking lot and had found 26 cars with out-of-state plates on cars. Many of the cars also had K.U. student stickers on the cars.

Rep. Bowden said this bill would address the problem of people who live in Kansas and register vehicles out of state or who live in one county but will register their vehicles in another county. A copy of his statement is attached. (Attachment 3).

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

room 254-E, Statehouse, at 9:02 a.m. ~~pm~~ on March 23, 1990.

Jerry McCoy spoke in favor of the bill and said estimates were that the state was losing at least \$3 million a year due to Kansas residents tagging their vehicle in different states. A copy of his statement is attached. (Attachment 4). He also submitted a letter from Robert L. McElroy dated October 31, 1988 which had been sent to the Governor and other officials on this subject. A copy is attached. (Attachment 5).

Officer Ron Hoyler spoke of Joint Wyandotte County/Kansas City support for this bill and they had received special recognition last year for bringing in some \$7 million in revenue through an aggressive license tag enforcement program. He felt the nine-months' grace period was too long. He said this was a much-needed piece of legislation. A copy of his statement is attached. (Attachment 6).

Betty McBride said in the past law enforcement agencies have hesitated to issue citations or enforce current statutes because the law was too vague. Since her county borders both Missouri and Oklahoma they know many vehicles are registered across the borders. It is difficult to estimate the actual loss of revenue to their county. A copy of her statement is attached. (Attachment 7).

Donald Jarrett requested that the legislature adopt defined criteria for the establishment of a "place of residence" applicable for vehicle registration. They also wanted specific statutory procedures related to "temporary" residents. A copy of his statement is attached. (Attachment 8).

Bev Bradley said this bill would help in solving a big problem for counties in Kansas, particularly those located adjacent to other states. A copy of her statement is attached. (Attachment 9).

A motion was made by Sen. Francisco to conceptually amend H.B. 2598 by changing the nine month period to 90 days in line 23 on page 2. Motion was seconded by Sen. F. Kerr. Motion carried.

A motion was made by Sen. Francisco to amend S.B. 660 into H.B. 2598. Motion was seconded by Sen. Hayden. Motion carried. S.B. 660 was a bill to increase compensation for county treasurers based on the number of vehicle registrations.

A motion was made by Sen. Rock to recommend H.B. 2598 as amended favorably for passage. Motion was seconded by Sen. Martin. Motion carried. Sen. Morris will carry the bill on the floor of the Senate.

Action on H.B. 2947 - Relating to highway construction identified as system enhancements in Finney County.

Bruce Kinzie distributed copies of the proposed amendment to H.B. 2947 which would allow Finney County to levy a sales tax of .25% for the purpose of system enhancements relating to highway construction. This would be subject to a vote. A copy of the proposed amendment is attached. (Attachment 10).

A motion was made by Sen. Martin to adopt the proposed amendment. Motion was seconded by Sen. F. Kerr. Motion carried.

A motion was made by Sen. Vidricksen to recommend H.B. 2947 as amended favorably for passage. Motion was seconded by Sen. Hayden. Motion carried. Sen. Hayden will carry the bill on the floor of the Senate.

A motion was made by Sen. Francisco to adopt the Minutes of March 22, 1990. Motion was seconded by Sen. Sallee. Motion carried.

Meeting was adjourned at 10:00 a.m.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 3/23/90 Place 254-E Time 9:02

GUEST LIST

NAME	ADDRESS	ORGANIZATION
Cheryl Wodenski	Atwood, Ks	Rawlins County Treasurer
Eden King	Manhattan, Ks	Riley County Treasurer
Nancy Hemper	Lawrence	Douglas County Treasurer
Steph M. Lude	Columbus	Cherokee County Treasurer
Nancy Weeks	Sublette	Haskell County Treasurer
Shelma Lanco	Brawatha	Brown Co. Treasurer
Dorothy McDonald	Wichansas City	Cowley County Treasurer
Marilyn Brown	Holton	Jackson County Treasurer
Don L. Jura	Wellington	Sumner County Treasurer
Ann E. O'Brien	Olathe	Johnson County Treasurer
Donna J. Smith	Geneseo	Geneseo County Treasurer
James H. Lebow	Newton	Warney Co. Treas.
Therese Maple	Topeka	Ks. Hwy. Patrol
Pat Schick	Topeka	Dept. of Revenue
Ken Noyler	Kansas City	KC Police Dept W/ Co

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 3/23/90 Place 254-E Time 9:20

GUEST LIST

NAME	ADDRESS	ORGANIZATION
Marye Turington	Topeka	Kansas Motor Carriers Assn.
Tom Whitaker	Topeka	Kansas Motor Carriers Assn.
Gerry Ray	Olathe	Johnson Co Commissioner
Cynthia Janett	Overland Park	—
DON JARRETT	Overland Park	Johnson County KS

EUGENE L. SHORE

SENATE TRANSPORTATION COMMITTEE: Testimony for March 23, 1990,

9:00 A.M., Rm. 254-E, PROPONENT for HB-2901.

House Bill 2901 requires KDOT to cooperate with the National Park Service in signing the Santa Fe Trail in Kansas.

The 1961 Kansas Legislature designated Highway 56 as the Santa Fe Trails Highway but no signing was done.

House Bill 2901 would have KDOT put up signs in locations where the Santa Fe Trail was evident. This is a joint project with four other states and the National Park Service.

The signs and replacement signs would be furnished by the National Park Service. KDOT would just install them. Fiscal note is estimated at \$5,000 - \$10,000.

House Bill 2901 was supported by KDOT and the Kansas Historical Society. It passed the House on the Consent Calendar.

ATT. 1
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Testimony on H.B. 2901 to the Senate Transportation Committee,
March 23, 1990, 9:00 a.m., Room 254-E

I am Ramon Powers, Executive Director of the Kansas State Historical Society. I appear before you in support of H.B. 2901 directing the Secretary of Transportation to designate and mark the primary route of the historic Santa Fe Trail in Kansas, as described in the National Park Service Comprehensive Management and Use Plan. The Plan proposes that "Where the trail crosses nonfederal lands, uniform markers will be provided to cooperating agencies or private interests, in accordance with cooperative agreements, and they will be erected and maintained by those entities." What this means is that the Department of the Interior will enter into a Memorandum of Understanding with the State of Kansas in which the state will agree to "Mark the Santa Fe National Historic Trail with an initial set of markers furnished by the National Park Service according to the marking process identified in the Comprehensive Management and Use Plan for the Trail." The state will also be expected to maintain the trail markers.

The Santa Fe Trail from Old Franklin to Santa Fe over the Cimarron route was approximately 865 miles. That trail was the main artery of travel and commerce from the 1820s to the 1870s between the United States and the new country of Mexico and later the east and the American southwest. The major portion of the trail cut diagonally across the territory that became Kansas. Along that trail, which was more an avenue of commerce than a avenue of migration, silver, furs, mules, and wool were brought

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to Missouri in exchange for manufactured goods from the eastern states.

There is considerable interest in the history of the Santa Fe trail, and in support of the NPS management and use plan we can assist in preserving the trail and increase public awareness of its importance in the history of the nation and the west in particular. The Kansas Department of Transportation has identified the Santa Fe Trail on the state transportation map. We continue to receive inquiries from people from throughout the country wanting information so they can follow the trail. A marking program will be an important part of the preservation and interpretation of the Santa Fe trail.

RICK BOWDEN
REPRESENTATIVE, NINETY-THIRD DISTRICT
433 WALNUT
GODDARD, KANSAS 67052



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING MINORITY MEMBER: EDUCATION
MEMBER: GOVERNMENTAL ORGANIZATION
LOCAL GOVERNMENT
RULES AND JOURNAL

TESTIMONY ON H.B. 2598

MR. CHAIRMAN AND MEMBERS OF THE SENATE TRANSPORTATION COMMITTEE:

MY REMARKS TODAY WILL BE BRIEF AND HOPEFULLY TO THE POINT.

H.B. 2598 WILL HELP ADDRESS A MAJOR PROBLEM IN KANSAS - PEOPLE WHO LIVE IN KANSAS AND REGISTER VEHICLES OUT OF STATE OR WHO LIVE IN ONE COUNTY BUT WILL REGISTER THEIR VEHICLES IN ANOTHER COUNTY. SEDGWICK COUNTY ESTIMATES THAT WE LOSE MILLIONS OF DOLLARS EACH YEAR AS A RESULT OF THIS ACTIVITY. H.B. 2598 CLARIFIES RESIDENCY LAWS AND ALSO PROVIDES FOR REFUNDS OF MOTOR VEHICLE TAXES PAID WHEN A PERSON MOVES OUT OF KANSAS.

THIS LOST REVENUE INCREASES THE LOCAL PROPERTY TAXES ON THOSE KANSANS WHO ARE REGISTERING THEIR VEHICLES IN THE STATE AND COUNTY THEY LIVE IN AND IN WHICH THEY WILL USE STATE AND COUNTY ROADS DAILY.

I WOULD ENCOURAGE YOUR FAVORABLE CONSIDERATION AND ACTION ON H.B. 2598.

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TESTIMONY BEFORE SENATE TRANSPORTATION COMMITTEE
ON HOUSE BILL 2598 ON MARCH 23, 1990

I am here today in support of H.B 2598.

In Sedgwick County alone, I estimate at least \$3 million a year is lost due to Kansas residents tagging their vehicle in different state. These tax cheaters are using our emergency services and driving on our roads while escaping their fair share of the taxes which support these services.

In addition, vehicle insurance minimums on these vehicles cannot be monitored and law enforcement does not have access to their current address as they would with a valid Kansas registration. The State of Kansas is also losing sales tax revenue and vehicle registration fees, some of which are earmarked for Kansas highways.

With the tax turmoil this year, it is certainly time to broaden our tax base to include everyone who should be sharing in the costs of local government. The number of calls I am receiving from taxpayers complaining about persons driving for years on out-of-state tags is increasing. Law abiding taxpayers faced with constant tax increases on their homes and vehicles are in no mood to see their neighbors continuing to register their motor homes and other vehicles in Texas with impunity.

Although I am concerned that the time period of 9 months is too long, as shown on line 23 of the Bill and which will be addressed by another conferee, this remains a good bill. It has been well researched, was discussed last summer in an interim committee, and has been further refined this year to provide a fair, equitable, and most importantly, an enforceable resident definition statute to encourage compliance with the vehicle registration laws of this State.

It deserves your support.

Jerry McCoy
Sedgwick County Treasurer

ATT. 4
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3/23/90

PO Box 2
(114 Brazos Dr)
Goddard, KS 67052
31 Oct 1988

Governor
State of Kansas
State Capitol
Topeka, KS 66612

Attorney General
State of Kansas
State Capitol
Topeka, KS 66612

Director
Kansas Department of Revenue & Taxation
915 Harrison St
Topeka, KS 66612

Director
Kansas Highway Patrol
122 SW 7th St.,
Topeka, KS 66603

President
Kansas Senate
Capitol Building
Topeka, KS 66612

Speaker
Kansas House of Representatives
Capitol Building
Topeka, KS 66612

Minority Leader
Kansas Senate
State Capitol
Topeka, KS 66612

Minority Leader
Kansas House of Representatives
State Capitol
Topeka, KS 66612

District Attorney
Sedgwick County
Sedgwick County Courthouse
Wichita, KS 67203

Sheriff
Sedgwick County
Sedgwick County Courthouse
Wichita, KS 67203

Treasurer
Sedgwick County
Sedgwick County Courthouse
Wichita, KS 67203



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Board of Commissioners
Sedgwick County
Sedgwick County Courthouse
Wichita, KS 67203

County Administrator
Sedgwick County
Sedgwick County Courthouse
Wichita, KS 67203

Editor, Wichita Eagle Beacon
825 East Douglas Ave.
Wichita, KS 67202

News Editor, KAKE-TV 10
1500 N. West St.
Wichita, KS 67203

News Editor, KSNW-TV 3
833 N. Main
Wichita, KS 67213

News Editor, KWCHTV12
PO Box 12
Wichita, KS 67201

Editor
The Kansas City Star
1729 Grand Ave.
Kansas City, MO 64108

Editor
The Topeka Capitol-Journal
616 Jefferson St.
Topeka, KS 66607

Dear Sirs;

A couple of years ago I became concerned that personal property taxes on motor vehicles owned by persons living in my community were not being paid. One person in particular who lives in the community and boasts of having been a committeeman of one of the major political parties, always drove an automobile with a Texas tag. I had also noticed what seemed to me to be an unusual number of vehicles on the roads in Sedgwick county that bore out of state tags. These vehicles do or did not appear to be transient in nature. I realize that there are a number of people living in Sedgwick county who have legitimate reasons for having out of state plates. Persons such as military personnel, construction workers, etc.. Still in all, taking these into account, there still appears to be a large number of vehicles in the county that cannot be accounted for in these categories. While visiting in a West Wichita apartment complex I observed that approximately eight percent of the vehicles in the parking lot bore out of state plates. In driving by the Avis car rental lot at the Wichita airport I also observed that all of their one hundred or so cars were registered in Missouri. I think further investigation would reveal that very few of these rental vehicles have ever been driven outside Sedgwick County. In the past five

months I have observed nine automobiles in the town of Goddard with out of state tags that are being driven by residents of the community or by persons who are employed in the community.

Several months ago I contacted the Sedgwick County Sheriffs's office by phone and inquired what their department could do to enforce the tax laws concerning vehicles registered out of state which were owned and driven by Kansas residents. Understandably the answer was that vehicles are not stopped and checked for registration unless the driver is breaking some traffic law or the vehicle is being sought for other reasons. And further, if a vehicle is stopped and the registration is checked and appears to be a valid registration, even if out of state, their responsibility ends there.

I spoke to our local police chief about what could be done about persons living in our community who might be evading personal property taxes by not registering their vehicles in Kansas. It was readily apparent that it was beyond the ability of our town police to enforce any tax evasion laws that might be applicable.

The Wichita Eagle Beacon recently ran a news article in their paper about an attempt by officials in the Kansas City area to address the same problem. This article prompted me to again try to "stir the pot". I contacted the Sedgwick County tag office and inquired of the lady who answered the phone, "How long does a person have to register their vehicle after establishing residency in Kansas?". Her reply was "Thirty days unless Kansas has a reciprocal agreement with another state for a longer period.". She went on to say "However, I wouldn't bother to register it until it (the registration) expires because you don't get stopped unless you have an expired plate.". I then contacted the Sedgwick County Treasurers Office and told them of the conversation with the tag office and inquired of them what could be done to collect personal property taxes in these cases. The treasurers office said they "...would look into the matter and get back with me." which they did. Understandably the treasurers office does not have arrest and enforcement powers. The treasurers office had contacted the sheriffs office and received essentially the same answer that I had received when I contacted them earlier. The county treasure had determined that at least some of the tag numbers that I had given them belonged to bonified Kansas residents and had asked the Sheriffs office to do what they could to help them enforce the personal property tax laws if the vehicles were stopped for other reasons. I also contacted my county commissioner. His reply to my questions was "What do you expect me to do about it? That is a problem for Topeka.". I then contacted the Sedgwick County District Attorneys office and was put in touch with an attorney in the consumer fraud division. This attorney said she had heard the same story over and over and that their office had neither the time nor the money to chase down delinquent property taxes and that the district attorney's office time and budget were consumed with criminal matters.

Almost to a person the circle of friends and associates that I have discussed this matter with have similar anecdotes of improperly registered vehicles. And it is certainly not peculiar to Sedgwick county but is state wide in scope.

It is apparent to me that over the years, in my small community alone, tens of thousands of dollars in property taxes have been and are still being evaded by the out of state registration of motor vehicles. No attempt is being made to collect those taxes in Sedgwick county nor is any attempt being made to prosecute those who are willfully evading those taxes. Of the nine automobiles that I have observed in my town, the owner of two of those vehicles has been evading these taxes for at least twelve years. I suspect that the state sales tax laws are also being circumvented in this instance. Another vehicle has a renewed out of state tag since I spoke with the county treasurer. One of these nine vehicles has a current Wichita State University student sticker on their bumper and I suspect that, that person is enrolled as a resident student at WSU. Additionally I have noticed on occasion Vehicles registered in Kansas towing recreational vehicles with out of state tags.

If the statutes are in place that provide for enforcement of personal property tax as it applies to motor vehicles then those whose duty it is to enforce those laws should do so. If the statutes that require such taxes are not enforceable they should be repealed or amended. I suspect that motor vehicle liability insurance statutes are also being violated. It seems to me that it would be appropriate to apply the same penalties to personal property tax evasion that are applied to state income tax evasion.

I know that with modern communications between law enforcement agencies, vehicle registration checks are a simple matter. It also seems to me to be a simple matter to cross check voter registration records, state income tax records, state university vehicle registrations against tuition records, as well as other state agency records in order to establish the residency of those whose vehicle registrations might be in question. I suspect that there would be a few who receive state or county paychecks who would be in violation of these registration laws.

From what I have gathered, in order to address the problem of collecting evaded property taxes it will require the cooperation of several political offices and the help of state and county agencies as well. Those who pay their taxes are being taken advantage of by those who don't. Those who would benefit from those revenues are being shortchanged. It must be that the penalties, or at least the threat of penalty is not sufficient to encourage compliance with the vehicle registration laws. This only increases the likelihood of widening noncompliance of unenforceable laws. I hope that all of you addressed would cooperate collectively to address the problem (s) I have described. It seems to me that the revenues generated would far offset any enforcement costs involved. If that is not the case then the statutes involved should be repealed.

I invite those of you who have investigative resources check the following vehicle license plate numbers.

Texas plate # 258-SQH
Texas plate # SCG-KX
Texas plate # SBY-TX

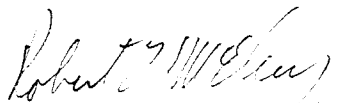
Arizona plate # IGI-494
Iowa plate # NEJ-723
Florida plate # O18-AZB
Minnesota plate # FBR-790
Oklahoma plate # BLJ-621
Oklahoma plate # LEE-900

If any of you wish to contact me. My address is:

Robert L. McElroy
PO Box 422
Goddard, Ks 67052

and my phone number is 316-794-2184.

Sincerely,


Robert L. McElroy

JOINT WYANDOTTE COUNTY/KANSAS CITY, KANSAS TAG ENFORCEMENT UNIT
c/o WYANDOTTE COUNTY SHERIFF'S OFFICE
9400 STATE AVENUE
KANSAS CITY, KANSAS 66112
(913) 596-9262

TO: MEMBERS, SENATE JUDICIARY COMMITTEE
KANSAS LEGISLATURE

FROM: OFFICER RON HOYLER

RE: HOUSE BILL NO. 2598 (as amended by House Committee
on Transportation) re Proposal No. 54

DATE: MARCH 23, 1990

My name is Ron Hoyler. I am a master patrolman for the City of Kansas City, Kansas Police Department. I am currently assigned to the Joint Wyandotte County/Kansas City, Kansas Tag Enforcement Unit. I have been in law enforcement here in the State of Kansas for almost twenty-seven years--first as a policeman in Western Kansas, later as a member of the Kansas Highway Patrol and now as a patrolman for Kansas City, Kansas.

I have dealt in the area of vehicle registration, as well as licensing and titling, for most of my twenty-seven years in law enforcement and continue to deal with these issues every day as a member of the Joint Tag Enforcement Team. You may recall that last year our Tag Enforcement Team received special recognition from your Legislative Post Audit Committee for bringing in some \$7 Million in revenue for Wyandotte County through our initiating an aggressive license tag enforcement program.

I am here today to voice my support for House Bill No. 2598. I am familiar with the various problems which exist in the areas of registration and licensing and am happy that the Legislature introduced House Bill No. 2598 to address some of the special problems we, in law enforcement, confront on a day-to-day basis. There currently exists a lack of statutes which provide direction for taxpayers and potential taxpayers as to who needs to register their vehicles, in what state and what special categories exist with regard to registration and licensing.

Basically, I am in agreement with the provisions of proposed House Bill No. 2598 and feel it addresses some areas which need to be addressed.

The only potential problem I can foresee is in the New Section 1.(b)(4) and (b)(5) and in Sec. 2. K.S.A. 8-129(a)(2), which has the effect of granting an up to nine-months' grace period in which to properly register a vehicle in the State of Kansas.

Proposed House Bill No. 2598 would negatively impact upon K.S.A. (1990 Supp.) 8-127(b) which reads:

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"Any truck or truck tractor bearing registration of a state other than Kansas which is engaged in intrastate movements within this state shall have Kansas registration except such vehicles which are registered under the provisions of K.S.A. 8-1,101 to 8-1,123, inclusive, and amendments thereto, and except such vehicles which are entitled to engage in intrastate movements within this state under any interstate contract, agreement, consent, arrangement or declaration made by the director of vehicles."

It is the opinion of law enforcement officials working in the area of registration and licensing, as well as the Kansas Treasurers' Association that this amendment would cause:

- (A) A loss of revenue to--
 - the State of Kansas (through lost registration fees)
 - the particular Kansas counties in which such vehicles would be garaged for up to nine months (personal property taxes) without registering same in Kansas; and

- (B) Flagrant circumvention of the intent of the proposed legislation by owners removing said vehicles from the Kansas county in which they are garaged (for up to nine months--without paying registration or personal proeprty taxes) to out-of-state locations just prior to the expiration of the nine-month grace period.

At a time when Kansas is looking for sources of additional revenue without additionally burdening current taxpayers, it seems incumbent upon us to look at sources of revenue we already have and to do everything to collect these personal property taxes and registration fees. I am afraid that a nine-month grace period would have the effect of serving as "enabling legislation" for tax evaders and tax dodgers looking for loopholes in our registration and licensing laws which would result in their "tagging out" of state, a loss of revenue on both the State and County levels.

While House Bill No. 2598 is generally a much-needed piece of legislation, it is my opinion, as well as the opinion of other law enforcement personnel dealing in this area, that any reference to a nine-month grace period should be deleted so that these vehicles may be immediately placed on our tax rolls and registered properly in the State of Kansas.

I appreciate the opportunity of appearing before you and stand ready to answer whatever questions I can that you may have. Thank you.

Betty McBride, Treasurer

CHEROKEE COUNTY, KANSAS



COLUMBUS, KANSAS 66725

TO: THE SENATE TRANSPORTATION COMMITTEE
FROM: BETTY MCBRIDE, CHEROKEE COUNTY TREASURER
RE: HOUSE BILL #2598

Mr. Chairman, members of the Transportation committee. I am Betty McBride Cherokee County Treasurer, appearing today on behalf of the Kansas County Treasurer's Association. I want to extend our appreciation to this committee for allowing me the time to express the Treasurer's Association support for House Bill #2598.

Passage of House Bill #2598 would be a giant step towards reaching a solution of the problem counties have had for many years dealing with illegal registration of motor vehicles. House Bill #2598 would set out certain criteria for defining "residency" for registration purposes. It would also clarify where certain vehicles must be registered to comply with Kansas Statutes.

In the past, law enforcement agencies have hesitated to issue citations or enforce current statutes, citing that the law is vague with many grey areas which would not stand up in court. Therefore registration violations in most counties throughout the state are not enforced.

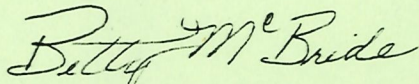
As Treasurer of a middle size county bordering both Missouri and Oklahoma where in many cases motor vehicles may be registered for much less than in Cherokee County, I see daily the abuse of out of state tags on vehicles driven by Kansas residents. It is difficult to estimate the actual loss of revenue in Cherokee County as we have no enforcement program to use as a guide. However I know that thousands of dollars are lost in property taxes each year.

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This loss is not limited to only Cherokee County, but occurs in all Counties throughout Kansas. The State of Kansas also suffers loss of revenue in sales tax dollars and registration fees. Worse of all this loss must be picked up through larger tax bills by honest taxpayers who are properly registering their vehicles as required by law.

It is with this consideration in mind that we ask your favorable consideration of House Bill #2598.

Respectfully,

A handwritten signature in cursive script that reads "Betty McBride". The signature is written in dark ink and is positioned above the typed name.

Betty McBride
Cherokee County Treasurer

PREPARED STATEMENT OF TESTIMONY
RELATED TO MOTOR VEHICLE REGISTRATION

PRESENTED BY
DONALD JARRETT, CHIEF COUNSEL
FOR THE BOARD OF COUNTY COMMISSIONERS
JOHNSON COUNTY, KANSAS

ATT. 8
T&U
3/23/90

I. INTRODUCTION

On behalf of the Board of County Commissioners of Johnson County, Kansas, I would like to express our appreciation for the opportunity to present testimony to this Special Committee on the issue of motor vehicle registration and residency requirements in the State of Kansas. As an urban county which borders the state line in a major metropolitan area, Johnson County has a very vital concern on those issues.

II. IDENTIFICATION OF ISSUES

The issues which need consideration are not simple, and, quite frankly, are not matters which can best be handled through enforcement procedures.

While proper vehicle registration, as determined by residency requirements, is a serious issue and must be considered as the starting point, it is not the only issue. Rather, there are broader concerns which relate to fairness and equity in motor vehicle personal property taxation, and law enforcement procedures cannot adequately address those concerns.

The most important of those issues are:

1. Do the time limitations permitted by interstate compacts for vehicle registration requirements related to license tags also apply to personal property taxation;
2. How are personal property taxes to be assessed and collected from persons who are residents of the State of

Kansas but who properly register their vehicles for license tag purposes in another state; and

3. How are personal property taxes to be assessed and collected from persons who are residents of other states but who provide or maintain vehicles for use in Kansas or by Kansas residents.

III. THE JOHNSON COUNTY EXPERIENCE

Over the last five years, Johnson County has experienced increasing problems with motor vehicle registrations--both out-of-state and in-state. There are, of course, many contributing factors to those problems, including:

1. Growth and development which has resulted in persons moving into the County;

2. Economic problems in neighboring states which has resulted in relocations into the County; and

3. Increases in tax levels which has resulted in higher motor vehicle personal property taxes.

Some of those problems must, of course, be accepted as part of the down-side to the good fortune of strong economic development. However, some of those problems need legislative attention.

A. MAGNITUDE OF THE PROBLEM

It is impossible to quantify, in numbers, the exact magnitude of the problem. However, based on information gathered over the last year, it can be stated that:

1. The number of vehicles which are registered for license tag purposes in other states exceeds several thousand;

2. A significant percentage of residents perceive an equity problem related to vehicle taxation for out-of-state licensed vehicles; and

3. The amount of tax revenues potentially to be collected from out-of-state vehicles located in the County is significant.

B. TYPES OF PROBLEMS

The types of problems encountered in Johnson County, include but are not limited to the following:

1. Residents of the County which have vehicles registered at a secondary residence in another state, ranging from lake homes to Florida or Arizona condominiums;

2. Residents of the County which possess and use a vehicle owned by another person who resides in another state and, thus, registers the vehicle there;

3. Residents of the County which register vehicles at a business location in another state;

4. Residents of the County which possess and use a vehicle provided to them as an employment benefit from a company located in another state;

5. Residents of the County that register vehicles at property or a business located in another County of the State;

6. Persons who live in the County but who maintain a "legal" place of residency outside the County or State.

C. LAW ENFORCEMENT ISSUES

It is too simple an answer to believe that these problems can be solved through ordinary law enforcement procedures. In Johnson County, we have had excellent support from all of the law enforcement agencies. However, it is extremely difficult for the field officer to determine and make judgments concerning all of the legal qualifications for residency. Moreover, the field officers cannot adequately address the taxation questions.

D. JOHNSON COUNTY'S ENFORCEMENT PROGRAM

In January of 1988, Johnson County did implement a comprehensive program directed at motor vehicle registration. First, the County refined printed materials for distribution which explained state requirements for registration of vehicles for license tag purposes and used media presentations to heighten citizen awareness.

Secondly, the County established a "Hot Line" to handle citizen complaints and requests for information. The hot line provided a major tool to aid in identifying potential violators.

Thirdly, the County Sheriff, through the Johnson County policy chiefs association, established a program for policy officer identification and investigation of vehicle registrations. The program established standardized

reporting forms to keep the various agencies informed and documented.

Finally, the County implemented a secondary phase to investigate and assess personal property taxes against vehicles located in the County which were determined to be taxable, even if registered properly in another state.

In the past year, more than 600 vehicles have been identified and investigated for registration purposes. The program has resulted in numerous new registrations and vehicles placed on the tax rolls.

IV. LEGISLATIVE CONSIDERATIONS

Enforcement programs cannot alone solve or alleviate the problems. Legislative consideration and action is needed, primarily to address the following issues:

a. Recognizing and easing the burden on law enforcement officials that results from the difficulties in defining residency and applying it to the many, various time limitations authorized under the interstate compact agreements;

b. Providing adequate mechanisms for the taxation of vehicles with a situs in the State, but registered out-of-state to relieve the perceived and real inequity in taxation; and

c. Providing adequate mechanisms to handle "temporary" residents.

V. DISCUSSION

A. GENERAL STATUTORY PROVISIONS

In 1979, the legislature enacted the so-called "tax and tags" law, effective January 1, 1980, and codified at K.S.A. 79-5101 et seq. In doing so, the legislature essentially tied license tag registration with the assessment and collection of motor vehicle personal property taxes. That statute must read in context with K.S.A. 8-127 et seq., which covers the actual registration requirements.

Under K.S.A. 8-127, every owner of a vehicle used in this state, whether a resident of Kansas or not, must obtain registration (and, thus, pay taxes) unless otherwise exempt or as provided by interstate compact.

Neither of the statutory enactments define the qualifications of residency-and neither limits its application to residents of the State.

The residency issue arises through the interstate compacts. Under those agreements, registration for license tag purposes is considered proper in the reciprocal states for defined periods of time after a change of residence.

The compacts do not apply at all to taxation. The taxation problem arises because of the connection between tags and taxes under K.S.A. 79-5101 et seq.

At the same time, K.S.A. 79-306 and 79-306d provide for the taxation of motor vehicles which have a "situs" in the county but are not taxes under K.S.A. 79-5101. The

procedure, however, provided under 79-306 and 306d is extremely impractical for administration or for vehicle owners.

Thus, the ability of the County to enforce the license tag requirements is limited by the confusing status of the interstate compacts and the lack of well defined residency requirements. Further, those provisions do not even consider the multiple residence or temporary residence issues. For those reasons, it is often the better part of discretion to not strictly enforce uncertain requirements of the law.

More significantly, the ability of the County to assess and collect personal property taxes on vehicles with a "situs" in the State but proper registration elsewhere is extremely limited by the lack of precise statutory provisions directed specifically at those issues. As a point of interest, the ability to tax vehicles by situs was upheld by the Kansas Supreme Court in the case of U.S. Dicarlo Masonry Co. v. Higgins, 178 Kan. 223 (1955).

VI. RECOMMENDATIONS AND REQUESTS

The Board of County Commissioners of Johnson County would, therefore, recommend to and request of this special committee that:

A. The legislature consider adoption of a standard, uniform time period required for vehicle registration applicable to all persons moving into the State, rather than the confusing, myriad of time limits now available under the compacts.

B. The legislature adopt defined criteria for the establishment of a "place of residence" applicable for vehicle registration. That criteria should be as objective and simple as possible-such as, the location of a place of domicile intended to be occupied for any period of time in excess of 30 days.

C. The legislature adopt specific statutory procedures related to "temporary" residents (such as students or workers on temporary assignment) whereby persons could register as temporary residents, for stated purposes, and receive a decal which could be displayed on the vehicle, thus, eliminating enforcement and perception problems.

D. The legislature amend K.S.A. 79-5101 and K.S.A. 79-306 or 306d to clearly establish procedures for the taxation of vehicles having a situs in the state but which are properly registered for license tag purposes in another state. It would be recommended that provisions be made for allowance of a credit for taxes paid in the other state and for assessment against the person possessing the vehicle where the owner does not comply.

E. The legislature adopt specific provisions as a part of K.S.A. 79-5101 related to part-year residents and persons with multiple residencies to require such persons to pay an appropriate portion of taxes within the County.

VII. CONCLUSION

The Board of County Commissioners of Johnson County does thank this committee for its time and effort in considering these issues. The Board recognizes the difficult nature of the issues, but firmly believes that legislative action is essential and would be very beneficial.

The Board offers its assistance and cooperation to the Committee in its endeavor, and respectfully requests that the legislature adopt the recommendations at the earliest possible time.

Respectfully Submitted,

Board of County Commissioners
Johnson County, Kansas



"Service to County Government"

March 23, 1990

To: Senator Morris, Chairman
Senate Transportation Committee Members

From: Bev Bradley, Legislative Coordinator
Kansas Association of Counties

Subject: HB 2598 residency requirements for motor vehicle
registration

HB 2598 is an important bill for counties, particularly those located adjacent to other states. There has been a long standing problem with enforcement of residency requirements for motor vehicle registration. Much study was given this issue during the interim and much time has been devoted to it by county officers at various meetings and conferences. The Kansas Association of Counties is in support of HB 2598 and the position of the County Treasurers Association.

Our association has a convention approved statement in the 1990 County Platform which states "The Kansas Association of Counties supports the statutory enactment of specific criteria for residency; provisions for a standard uniform time period for registration of vehicles coming into the state; provisions for registration of vehicles for temporary residents; provisions for tax credit for taxes paid in other states; and provisions for multiple residencies of taxpayers." We believe this bill will help in solving a big problem for counties in Kansas.

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PROPOSED AMENDMENT TO H.B. NO. 2947

As Amended by House Committee of the Whole

Be amended:

On page 1, by striking all in lines 18 through 43;

On page 2, by striking all in lines 1 through 40 and inserting the following sections to read as follows:

"Section 1. K.S.A. 1989 Supp. 12-187 is hereby amended to read as follows: 12-187. (a) No class B city shall impose a retailers' sales tax under the provisions of this act without the governing body of such city having first submitted such proposition to and having received the approval of a majority of the electors of the city voting thereon at an election called and held therefor. The governing body of any class B city may submit the question of imposing a retailers' sales tax and the governing body shall be required to submit the question upon submission of a petition signed by electors of such city equal in number to not less than 10% of the electors of such city.

(b) (1) The board of county commissioners of any county may submit the question of imposing a countywide retailers' sales tax to the electors at an election called and held thereon, and any such board shall be required to submit the question upon submission of a petition signed by electors of such county equal in number to not less than 10% of the electors of such county who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than 2/3 of the membership of the governing body of each of one or more cities within such county which contains a population of not less than 25% of the entire population of the county, or upon receiving resolutions requesting such an election passed by 2/3 of the membership of the governing body of each of one or more taxing subdivisions within such county which levy not less than 25% of the property taxes levied by all taxing subdivisions within the county.

(2) The board of county commissioners of Jefferson, Montgomery and Wyandotte counties may submit the question of imposing a countywide retailers' sales tax and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail or law enforcement center facility, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs incurred in the financing of such facility. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Jefferson or Montgomery county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(3) Except as otherwise provided in this paragraph, the result of the election held on November 8, 1988, on the question submitted by the board of county commissioners of Jackson county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the Banner Creek reservoir project. The tax imposed pursuant to this paragraph shall take effect on the effective date of this act and shall expire not later than five years after such date.

(4) The board of county commissioners of Finney county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of financing all or any portion of the cost to be paid by Finney county for construction of highway projects identified as system enhancements under the provisions of paragraph (5) of subsection (b) of K.S.A. 1989 Supp. 68-2314, and amendments thereto, to the electors at an election called and held thereon. Such election shall be called and held in the manner provided by the general bond law. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs incurred in the financing of such highway projects. Nothing in this paragraph shall be construed to allow the rate of tax

imposed by Finney county pursuant to this paragraph to exceed the maximum rate prescribed in K.S.A. 12-189, and amendments thereto.

(c) The boards of county commissioners of any two or more contiguous counties, upon adoption of a joint resolution by such boards, may submit the question of imposing a retailers' sales tax within such counties to the electors of such counties at an election called and held thereon and such boards of any two or more contiguous counties shall be required to submit such question upon submission of a petition in each of such counties, signed by a number of electors of each of such counties where submitted equal in number to not less than 10% of the electors of each of such counties who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than 2/3 of the membership of the governing body of each of one or more cities within each of such counties which contains a population of not less than 25% of the entire population of each of such counties, or upon receiving resolutions requesting such an election passed by 2/3 of the membership of the governing body of each of one or more taxing subdivisions within each of such counties which levy not less than 25% of the property taxes levied by all taxing subdivisions within each of such counties.

(d) Any city retailers' sales tax in the amount of .5% being levied by a class A city on June 30, 1978, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax or until repealed by the adoption of an ordinance so providing. In addition to any city retailers' sales tax being levied by a class A city on June 30, 1978, any such city may adopt an additional city retailers' sales tax in the amount of .5%, provided that such additional tax is adopted and approved in the manner provided for the adoption and approval of a city retailers' sales tax by a class B city. Any countywide retailers' sales tax in the amount of .5% or 1% in effect on June 30, 1978, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax.

(e) Any city retailers' sales tax in the amount of .5% being levied by a class B city on July 1, 1982, shall continue in effect until repealed in the manner provided for the adoption and approval of such tax or until repealed by the adoption of an ordinance so providing. In addition to any city retailers' sales tax being levied by a class B city on July 1, 1982, any such city may adopt an additional city retailers' sales tax in an amount of .5% provided that such additional tax is adopted and approved in the manner provided for the adoption and approval of such tax. Any class B city or county proposing to adopt a retailers' sales tax shall give notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notices shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of any such city or county shall provide by ordinance or resolution, as the case may be, for the levy of the tax. Any repeal of such tax or any reduction or increase in the rate thereof, within the limits prescribed by K.S.A. 12-189, and amendments thereto, shall be accomplished in the manner provided herein for the adoption and approval of such tax except that the repeal of any such city retailers' sales tax may be accomplished by the adoption of an ordinance so providing.

(f) The sufficiency of the number of signers of any petition filed under this section shall be determined by the county election officer. Every election held under this act shall be conducted by the county election officer.

Sec. 2. K.S.A. 1989 Supp. 12-189 is hereby amended to read as follows: 12-189. The rate of any city retailers' sales tax shall be fixed in the amount of .5% or 1% which amount shall be determined by the governing body of the city. The rate of any

countywide retailers' sales tax shall be fixed in an amount of either .5% or 1% which amount shall be determined by the board of county commissioners, except that: (a) The board of county commissioners of Wyandotte county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%; and (b) the board of county commissioners of Jackson county, for the purposes of paragraph (3) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%; or (3) the board of county commissioners of Finney county, for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at .25%. Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a and 12-190, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof. Upon receipt of a certified copy of an ordinance or resolution authorizing the levy of a local retailers' sales tax, the state director of taxation shall cause such taxes to be collected within or without the boundaries of such taxing subdivision at the same time and in the same manner provided for the collection of the state retailers' sales tax. All moneys collected by the director of taxation under the provisions of this section shall be credited to a "county and city retailers' sales tax fund" which fund is hereby established in the state treasury. Any refund due on any county or city retailers' sales tax collected

pursuant to this act shall be paid out of the sales tax refund fund and reimbursed by the director of taxation from collections of local retailers' sales tax revenue. All local retailers' sales tax revenue collected within any county or city pursuant to this act shall be apportioned and remitted at least quarterly by the state treasurer, on instruction from the director of taxation, to the treasurer of such county or city.

Sec. 3. K.S.A. 1989 Supp. 12-187 and 12-189 are hereby repealed.";

And by renumbering original section 2 as section 4;

On page 1, in the title, in line 11, after "to" by inserting "the financing"; in line 15, after "bonds" by inserting "; amending K.S.A. 1989 Supp. 12-187 and 12-189 and repealing the existing sections";