

Approved Thursday, February 21, 1991
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

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

11:00 a.m./~~p.m.~~ on Tuesday, February 19, 1991 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Bill Edds, Assistant Revisor
Don Hayward, Assistant Revisor
Tom Severn, Research Department
Chris Courtwright, Research Department
Marion Anzek, Secretary

Conferees appearing before the committee:

Chairman Dan Thiessen called the meeting to order and said our agenda today has discussion and action on several bills, and he turned attention to SB8 and called upon Senator Martin.

SB8:AN ACT relating to property taxation; concerning dates of appeals of the valuation of real property; amending K.S.A. 1990 Supp. 79-1448 and 79-1460 and repealing the existing sections.

Senator Phil Martin said he would like to make a conceptual motion to encompass the changes that were discussed with the County Appraisers Association, i.e. revising the mailing date and the deadline for hearing informal appeals and dates notices are to be mailed.

After committee discussion Chairman Thiessen asked staff if they could get some of these dates and changes that Senator Martin is talking about.

Don Hayward said that as he recalled there were several dates and proposals.

Chairman Thiessen said he was going to postpone the hearing on SB8 until staff has time to put some of these proposed amendments together and put in the amendment, for the committee to consider. He then turned attention to SB9.

SB9:AN ACT relating to the taxation of certain motor vehicles; concerning the calculation of tax payable; amending K.S.A. 79-5105 and repealing the existing section.

Tom Severn said we tried to get data for today and developed a slight problem, but he has no problem with releasing the bottom line number because the (2) counties where there may be a problem, are fairly small counties so they shouldn't be pulling the state totals very far off. He said, the fiscal note which the committee has talked about repeatedly on regulation, we would now say is a little over \$24.1M as opposed to \$23.M and the fiscal note associated with the mill levy part of SB9 we would now say is about \$5.2M. He said, these numbers are roughly in agreement with what we've said previously. He said, they were a little bit off of their projections for calendar year 1990 motor vehicle taxes because valuations increased about 5 3/4% instead of the 4% we used to project, which led to more money being collected than we anticipated. He said, in general the fiscal notes are not greatly affected, they are just slightly larger than what we previously said. He said, he hopes to have a summary of county by county information very soon, but until he gets confirmation on (2) counties he felt it was best to hold it back.

Chairman Thiessen said he was going to postpone SB9 for further information and he turned attention to SB14.

SB14:AN ACT relating to the taxation of rental motor vehicles; amending K.S.A. 79-5101 and repealing the existing section.

The Chairman said, he understood there had been some conferring with the Revenue Department and the people involved in this and they feel like there should be an amendment added to it, and he directed attention to SB14 page (2) lines (14 through 18) delete after the

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Tuesday, February 19, 1991

word "company" through the word "possible" and insert "and upon which has been paid, the tax imposed by section (1)". The Chairman asked staff to comment on SB14.

Don Hayward said, just to assure that the property tax exemptions only applies to those motor vehicles that are subject to the new excise tax as imposed by Section (1).

Senator Don Montgomery moved to amend SB14 as stated above, 2nd by Senator Audrey Langworthy. The motion carried.

Senator Montgomery moved to favorably pass SB14 as amended, 2nd by Senator Sheila Frahm.

Senator Fred Kerr asked if the motion took care of all the concerns that the counties had, as he said, he thought there was something about a refund.

Don Hayward said that the only amendment he has for the counties, this one with the language to be stricken, in addition to the other language being stricken.

Chairman Thiessen said this goes into effect on July 1, and if they have paid tax on those vehicles for the full year, that is where the refund idea came from, and he said, some of them decided that it would be worth that, to change the system, and he said, this does not provide for the refunds.

The Chairman called for a vote on the above motion. The motion carried.

The Chairman turned attention to SB61

SB61:AN ACT increasing the rate of taxation imposed upon cigarettes and tobacco products and providing for the disposition of revenue received therefrom: amending K.S.A. 79-3310, 79-3310b, 79-3311, 79-3312, 79-3371, 79-3372, 79-3378 and 79-3387 and repealing the existing sections.

Senator Phil Martin said that he had asked for some addition information on this bill, the day we had the hearings, as to the potential impact on retail sales along the border with a 20¢ difference between KS and MO in terms of their tax law, in terms of cigarettes. He said, he thought staff should be able to provide the committee with the information as to what the impacts will be. He said, on tax we are talking about \$60.M on gas and that was at 4¢. He said the tax on cigarettes will be \$2.00 per carton, and he said, he felt this would be reason enough for people to cross the border to buy their cigarettes.

He suggested, that the staff work with the University of KS, with the sector that has done these types of analyse and provide an answer for us this session, and run it through proper channels and give it a "blessing of no deadlines".

Senator Lana Oleen pointed out to the members that the state of Missouri is 13¢ which is 18¢ lower than Iowa which is 31¢, she said if we dictate what our movement is based on what states touch us, then she said, she thought we would not be doing justice to the bill. She also pointed out to the committee that $\frac{1}{4}$ of that tax would go to higher education, and the rest of that tax goes to the general fund.

Chris Courtwright said the intent of the bill was to go to the Margin of Excellence Fund, but looking at the fiscal note, it looks like the state general fund is keeping part of the money. He said, he did not know but maybe the percentages have somehow gotten off, but he thought the intentions of the bill was to hold the state general fund harmless, while putting all the new money in the newly created State Board of Regents Margin of Excellence Fund, and if it works out that, that has not happened, then it may take more amendments.

After committee discussion.

Senator Audrey Langworthy moved to recommend favorable passage of SB61, 2nd by Senator Sheila Frahm. The motion carried.

Senator Phil Martin called for a division on the above motion.

The motion carried with a 6 votes in favor.

Chairman Thiessen adjourned the meeting at 11:55 a.m.