

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./~~pm~~ on Monday, March 4, 1991 in room 519-s of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

Senator Marge Petty, Chief Sponsor of SBI78  
Tommy McGeeney, representing 270 Used Car Dealers of KS  
Terry Humphrey, Executive Director-Ks Manufactured Housing Assoc.  
Don Christman, President Wilcox Homes & RV Center, Inc.  
Pam Somerville, Governmental Affairs Director-KS Motor Car Dealers  
Bill Kobach, of Bill Kobach Buick  
Dwight Jepson, Sunflower Motors  
John T. Torbert, Executive Director, KS Association of Counties

Chairman Dan Thiessen called the meeting to order at 11:07 and he told the members they have minutes before them dated February 21 and February 25, 1st meeting and February 25, 1991 2nd meeting and he said he would call for a motion at the end of the meeting. The Chairman said the agenda for today has SBI78 and SBI54 scheduled for hearings and he turned attention to SBI78 recognizing Senator Marge Petty, Chief sponsor of the bill.

SBI78:AN ACT relating to certain motor vehicles; exempting such motor vehicles from property or ad valorem taxation; providing for the imposition of a surcharge on the purchaser of new motor vehicles in this state; providing for the reimbursement by the state of moneys lost by local units of government; affecting the definition of local effort under the school district equalization act.

**THE FOLLOWING CONFEREES ARE PROPONENTS OF SBI78.**

Senator Marge Petty said the sponsorship of SBI78 which Senators Karr, Lee, Martin and Steineger joined her, basically proposes methods by equal distribution for property tax relief. She said the purpose of the bill is threefold, (1) to eliminate the motor vehicle tax for certain persons, and to create a hold harmless for counties for loss in motor vehicle tax revenue, and to create this method as part of the tax reform package which reduces the heavy reliance on property tax in the current imbalanced tax mix.

She said currently among the five state area, if you look exclusively at property tax individually, KS has by far the highest tax rate. Senator Petty said if you put together all the fees associated with automobiles, you still have KS ranking at the very top of the five state area, and Senator Petty said there are 17 states that do impose motor vehicle tax which puts KS in the minority,.

She said her handout outlines all the benefits of SBI78. (ATTACHMENT 1a, b, and c).

After committee discussion, Chairman Thiessen recognized Tommy McGeeney, President of the KS Independent Automobile Dealers Association.

Tommy McGeeney said he was representing 270 used car dealers in the state of KS and he said they are appearing in support of SBI78.

He said, they believe SBI78 will address the inequity of property taxes on vehicles and will be an important step in helping the taxpayers of KS. (ATTACHMENT 2)

Terry Humphrey, Executive Director-KS Manufactured Housing Association said she was

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

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

room 519-S, Statehouse, at 11:00 a.m. ~~p.m.~~ on Monday, March 4, 1991.

testifying in behalf of the R.V. Council which is made up of retailers from around the state and 3 KS R.V. Manufacturers.

She said the council supports SB178 because it corrects the excessive personal property tax on motor vehicles. She said, it is not uncommon for customers interested in purchasing an R.V. to change their mind when they realize how high the property tax on the R.V. would be.

She asked that SB178 be amended to include all recreational vehicles. (ATTACHMENT 3)

Don Christman, President Wilcox Homes & RV Center, Inc. said he is in favor of amending SB178 to include recreational vehicles of all types.

He said a resident of Topeka retired and he wanted to stay in Topeka and his personal property consisted of 2 cars, 1 motorhome and a manufactured home that served as summer quarters in Topeka. He said, the Topeka resident registered (1) car and the motorhome in Texas, because he wintered in Texas for (6) months a year and the car and motorhome were his transportation and residence, and he was seeking KS relief from the excessive tax on his motorhome and car.

He said, the Shawnee County Treasurer threatened them with a lawsuit trying to force KS registration of the vehicles that were registered in Texas. He said, the former KS resident now resides in Nebraska, as he vowed never to pay KS tax again. (ATTACHMENT 4)

Pam Somerville, Governmental Affairs Director-KS Motor Car Dealers introduced Mr. Bill Kobach, a Buick Dealer, Mr. Dwight Jepson, Sunflower Motors and Mr. Chuck Livingston, Dale Sharp Honda, and she said the 329 franchised new car and truck dealers they represent are ecstatic with this SB178. Attached to her handout is a compilation of 37 states showing comparison of motor vehicle property taxes. (ATTACHMENT 5)

Bill Kobach, Bill Kobach Buick said he felt one thing that perhaps the committee members are missing, is the registration loss we have had in the state of KS because of the high personal property tax. He said, in 1977 there were 8600 registered new automobiles and in 1989 there were 4265, a 64% decrease. He said, most states are enjoying increased automobile registrations, while KS registrations are decreasing. He said the trading cycle would be smaller with the elimination of property tax. (NO WRITTEN TESTIMONY)

Dwight Jepson, Sunflower Motors said his operations encompass sales and service of Porsche, Audi, BMW and Volkswagen. Mr. Jepson said their industry was recently hit with the federal luxury tax, in addition to the existing guzzlers tax.

He said the proposed elimination of personal property taxes on motor vehicles would certainly enhance the sales of automobiles in KS. (ATTACHMENT 6)

**THE FOLLOWING CONFEREES IS AN OPPONENT OF SB178**

John T. Torbert, Executive Director, KS Association of Counties said they are opposed to SB178 for (3) reasons. (1) legislative research estimates that local governments can expect to receive almost \$235.M from motor vehicle tax receipts in 1991. He said outside of the one time surcharge that would be collected at the time the vehicle is sold the bill does not specify where the rest of the replacement revenue would come from. (2) he said, given the scenario where the revenue would be replaced, this legislation would freeze the amount of replacement to 1990 levels, which would provide for no growth. (3) he said, a variety of revenue sources is preferable. (ATTACHMENT 7)

After committee discussion Chairman Dan Thiessen concluded hearings on SB178 and he called for a motion on the minutes dated February 21, and February 25, 1991.

Senator Don Montgomery moved to adopt the minutes of February 21, and February 25, 1st meeting and February 25, 2nd meeting 1991, 2nd by Senator Audrey Langworthy. The motion carried.

Chairman Thiessen adjourned the meeting at 12:09 p.m.

**WRITTEN TESTIMONY WAS TURNED IN BY THE FOLLOWING CONFEREES.**

(1) Gerry Ray, Intergovernmental coordinator, Johnson County Board of Commissioners. (ATTACHMENT 8)

(2) Michael W. Nebel, Vice President-Excel Quality Recreational Vehicles. (ATTACHMENT 9)

GUEST LIST

COMMITTEE: SENATE  
ASSESSMENT & TAXATION

DATE: Nov. 3-4-91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Mark Tallman	Topeka	KASB
<del>George Lindquist</del>	<del>Salina</del>	<del>POAK</del>
Lee Liber	Topeka	KLA
Barbara Butt	"	Day Admin
<del>David Anderson</del>	Lawrence	NAICCA
Jacque Oakes	Topeka	Ks. Auctioneers
TIM ETZEL	Topeka	Jetz Serv. Co.
RON SOMMERS	"	"
ROSS MARTIN	"	KPC
BRAD SMOOT	"	Black & Veatch
Ken Peterson	"	Ks Petroleum Council
Charles Bruner	Uniontown	None
Don Schnack	Topeka	KIOGA
J.P. Small	Topeka	Koch, Learjet
ART BROWN	Kc mo	KS (PR Dealer)
Mike Germain	Wichita	The Boeing Company
JANET STUBBS	Topeka	HOME BUILDERS ASSN
Julia Hein	Topeka	KAPC
Ron Hein	Topeka	KAPC
Judy Wilson	"	American Society of Architects
Bill Heun	Topeka	Ks Engineering Society
Harriet Lange	Topeka	Ks Assn Broadcasters
John Robertson	Topeka	Ks CONSULTING ENGRS
John McDonough	LENEXA	Citizen
Terry Gray	Meriden	Revenue





MARGE PETTY  
 SENATOR, 18TH DISTRICT  
 SHAWNEE COUNTY



TOPEKA

SENATE CHAMBER

SB 178

COMMITTEE ASSIGNMENTS  
 MEMBER: ASSESSMENT AND TAXATION  
 ECONOMIC DEVELOPMENT  
 JUDICIARY  
 LABOR, INDUSTRY AND SMALL BUSINESS  
 LOCAL GOVERNMENT

**Purpose:**

1. To eliminate the motor vehicle tax for certain persons.
2. To provide an equitable distribution method for property tax relief which is direct and immediate.
3. To create a hold harmless for counties for loss in motor vehicle tax revenue.
4. To create this method as part of the tax reform package which reduces the heavy reliance on property tax in the current imbalanced tax mix.

**Benefits:**

1. Is progressive rather than regressive. Generally, there is a high correlation between income and choice in car purchases.
2. Is equal to 20% reduction in total property tax of individual ( real estate and personal).
3. Provides tax relief to majority of population.
4. Doesn't increase tax relief to those businesses benefiting from inventory exemption as would occur if relief granted through LAVTR.
5. Increases car purchases in recessionary economy. Economic development initiative.
6. Encourages registration of vehicles in Kansas which are currently being registered elsewhere because of high vehicle taxes. ( K.C.M.O. , Okla.) Increases car registrations.
7. Makes the A to Z license tag problem moot, eliminating litigation costs.
8. Major reduction in county workload.
9. No need to upgrade VIPs software. Eliminates future state cost.
10. Eliminates inequities among counties on differences in car taxes paid on the same cars.

**Revenue:**

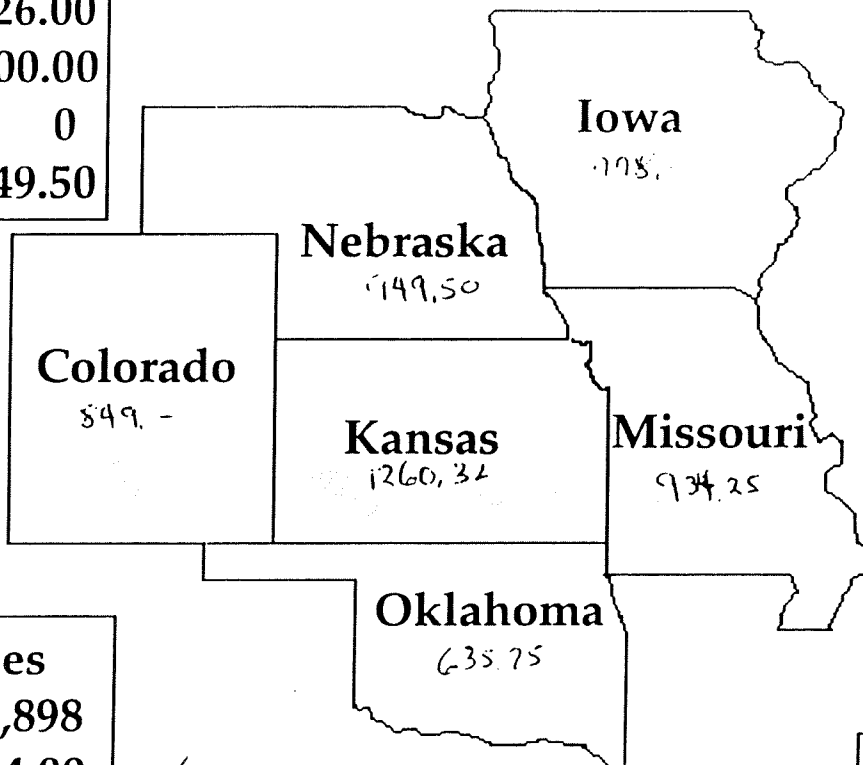
1. Increased car registrations.
2. Increased sales tax revenue from new car purchases.
3. Increased revenue from surcharge.

3-4-91  
 ATT. 1-1A

# Analysis of Neighboring States on Vehicle Tax

<b>Nebraska - total vehicles</b>	
gistered-	801,821
Reg. & License fee	\$17.50
Title Fee-	\$6.00
Property Tax	\$326.00
Base Sales Tax	\$600.00
Other Sales Tax	0
<b>Total</b>	<b>\$949.50</b>

<b>Iowa - total vehicles</b>	
registered-	1,599,924
Reg. & License fee	\$168.00
Title Fee-	\$10.00
Property Tax	0
Base Sales Tax	\$600.00
Other Sales Tax	0
<b>Total</b>	<b>\$778.00</b>



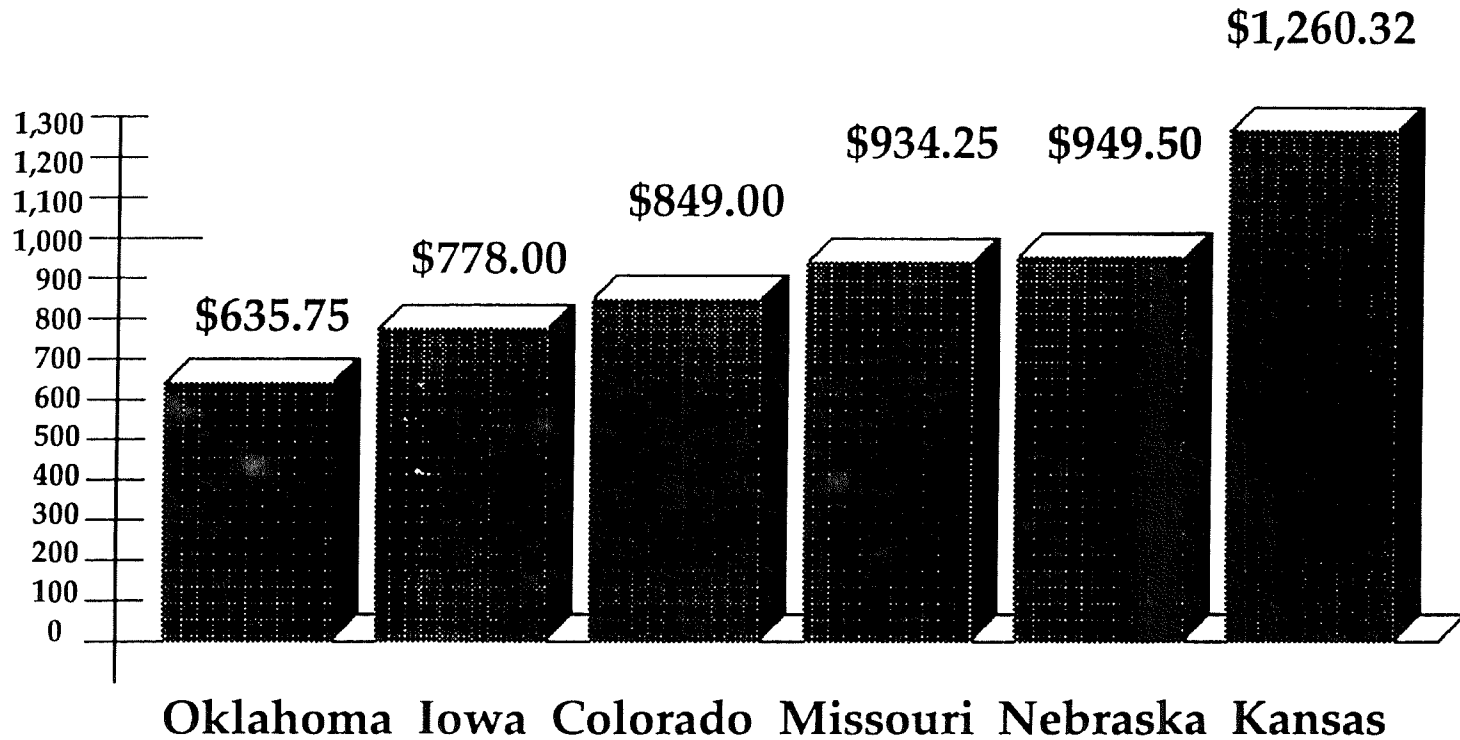
<b>Missouri - total vehicles</b>	
registered-	2,464,064
Reg. & License fee	\$33.00
Title Fee-	\$7.50
Property Tax	\$260.00
Base Sales Tax	\$633.75
Other Sales Tax	0
<b>Total</b>	<b>\$934.25</b>

<b>Colorado - total vehicles</b>	
registered-	1,694,898
Reg. & License fee	\$14.00
Title Fee-	\$5.50
Property Tax	\$304.50
Base Sales Tax	\$525.00
Other Sales Tax	0
<b>Total</b>	<b>\$849.00</b>

<b>Oklahoma - total vehicles</b>	
registered-	1,406,112
Reg. & License fee	\$17.75
Title Fee-	\$11.00
Property Tax	\$157.50
Base Sales Tax	\$487.50
Other Sales Tax	0
<b>Total</b>	<b>\$635.75</b>

<b>Kansas - total vehicles</b>	
registered-	1,258,645
Reg. & License fee	\$27.25
Title Fee-	\$3.50
Property Tax	\$592.07
Base Sales Tax	\$637.50
Other Sales Tax	0
<b>Total</b>	<b>\$1,260.32</b>

# Analysis of Neighboring States on Vehicle Tax



## Proposed Amendment to SB 178

On page 1, by striking all of lines 20 to 31, inclusive; in line 32, by striking "Sec. 2." and inserting "Section 1."; in line 33, by striking "section 1 of this act" and inserting "as defined by K.S.A. 8-126, and amendments thereto, not used for the production of income"; in line 38, by striking "3" and inserting "2"; in line 39, after "vehicle" by inserting "as described in section 1";

By renumbering sections 4 and 5 as sections 3 and 4, respectively;

On page 4, by striking all of lines 8 to 10, inclusive; after line 10, by inserting a new section to read as follows:

"Sec. 5. K.S.A. 1990 Supp. 72-7042 is hereby repealed.";  
by renumbering original section 7 as section 6;

On page 1, in the title, in line 10, before "new" by inserting "certain"; in line 14, by striking "; also"; by striking all of lines 15 and 16; in line 17, by striking all before the period;



**KANSAS LEGISLATIVE RESEARCH DEPARTMENT**

**Room 545-N – Statehouse**

**Phone 296-3181**

March 4, 1991

**TO: Senator Marge Petty**

**Office No. 523-S**

**RE: Motor Vehicle Taxes -- S.B. 178**

You asked about what impact might be expected in terms of potential increases in new car sales or motor vehicle registration increases under S.B. 178. In this connection, and pursuant to your suggestion, we contacted the states of Oklahoma, Texas, and Louisiana regarding any experiences they might have had relative to the impact of changing the way in which motor vehicles are treated for purposes of taxation.

**Oklahoma, Louisiana, and Texas**

Our contacts with officials in these three states yielded the following information:

**Oklahoma.** The main registration fee is paid in lieu of personal property tax on private vehicles. In the first year of registration of a new vehicle, the fee is \$15 plus 1.5 percent of the factory delivery price. Thereafter, the registration fee is reduced by 10 percent annually for a few years in recognition of the depreciated value of the vehicle.

Commercial vehicles pay a registration fee in lieu of a "road use tax." Commercial rates are available only to trucks. The fee is based on the weight of the vehicle.

This basic system has been in effect for many years.

**Louisiana.** No personal property tax is imposed on motor vehicles. Trucks, whether commercial or private, weighing under 6,000 pounds pay a flat \$40 for four years for the license plate. All passenger vehicles pay a flat fee of \$12 each four years for a license plate.

Louisiana reports that only the City of New Orleans imposes a personal property tax on motor vehicles. No other city has ever imposed a personal property tax on motor vehicles.

**Texas.** Texas exempts all personal property from taxation which is not used for production of income. Texas officials report that a governing body of a taxing unit may elect to impose personal property taxes on motor vehicles, subject to public hearing.

Texas officials estimate that less than half of the local taxing units (there are over 3,000) have availed themselves to this option. Officials also note that because the local taxing units are not required to report to the state, no data is available to monitor local taxing activity.

3-4-91  
ATT 1-C

In 1989, Texas enacted a statute to allow taxing units the option of imposing a personal property tax on other personal property items. The option to tax motor vehicles at the local level was not affected by this change.

### **Legislative Post Audit – Out-of-State Vehicle Registrations**

The 1988 Legislative Division of Post Audit study concerning the matter of Kansans' vehicles being improperly registered out-of-state yielded the finding that the auditors were unable to determine how significant the problem was on a statewide basis.

In 1984, Wyandotte County initiated a multifaceted program designed to identify persons who improperly registered their vehicles out of state. This program ticketed about 5,000 violators in 1987, equal to approximately 4 percent of the 129,000 vehicles registered in Wyandotte County in that year.

While officials in Johnson and Sedgwick counties believed there was a problem with out-of-state registrations, they did not know its magnitude. In 13 of 17 other counties contacted, county officials did not believe out-of-state registrations was a problem. In the other four counties -- Douglas, Cherokee, Cowley, and Sherman -- at least one local official thought out-of-state registrations might be a problem.

### **1990 H.B. 2598**

You will recall that the 1990 Legislature enacted legislation (1990 H.B. 2598) designed to improve enforcement of the Kansas motor vehicle registration laws. We do not know what impact the legislation has had or will have on eliminating the problem of improper out-of-state vehicle registrations. A copy of the summary of that legislation is attached.

### **Kansas Vehicle Registrations and New Car Sales**

The following discussion responds to the various particular items about which you inquired regarding the fiscal consequences of S.B. 178.

1. **Vehicle Registrations.** 1990 data on motor vehicle registrations in Kansas indicates that there were approximately 2.0 million motor vehicles registered having a gross vehicle weight of less than 12,000 pounds. Registration fees on these vehicles totalled approximately \$57.0 million.
2. **New Car Sales.** The Kansas Motor Vehicle Dealers Association reports that in 1990, a total of 145,665 new cars were sold. Based on a 1989 average of \$15,500 per vehicle, an estimate of the value of these sales would be approximately \$2.25 billion.

So:

- If the same number of new cars were sold in 1992, based on the proportion of vehicles that were registered in 1990 with a gross weight of under 4,500 pounds and more than 4,500 pounds, the S.B. 178 surcharges would produce about \$7.86 million.

- Based upon an average unit price of \$16,000, and assuming the provisions of S.B. 178 would stimulate increased new motor vehicle sales in Kansas (due principally to elimination of the motor vehicle tax burden on vehicles registered in Kansas), each 1 percent increase in new vehicle sales volume would generate approximately:
  - (a) \$1.0 million in state sales taxes (@ 4.25 percent), and
  - (b) \$38,000 in registration fees.
  
- Based upon current registration fees, and the assumption that S.B. 178 will provide an incentive for more vehicles to be registered in Kansas, each 1 percent increase would generate approximately \$570,000.

### **Repeal of the Motor Vehicle Tax**

Based on our current projection of motor vehicle tax receipts, we estimate that receipts under the current law (which includes the impact of the temporary regulation adopted to address the perceived "alphabetical" inequity) for 1991 at about \$234.4 million. Given the normal growth in mill levies and valuation, it seems reasonable to assume that receipts could grow to around \$265 million in 1992. (Receipts increased by about \$31.0 million from 1989 to 1990, for example.) Repeal of the tax beginning in 1992 could thus be expected to provide about \$265.0 million of "tax relief" to owners of motor vehicles currently subject to the tax.

As you know, \$306.4 million of motor vehicle tax was collected in CY 1990, and that is the annual amount of revenue to be transferred under the bill.

### **Concluding Observation**

As you can see, we have not been able to estimate the potential impact of S.B. 178 in any concrete way. It appears that there simply are not sufficient data available to do so. Nonetheless, we hope the information that we have provided will be of some assistance to you.

Ben F. Barrett  
Associate Director

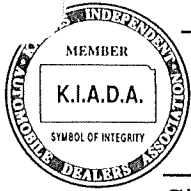
Tom Severn  
Principal Analyst

Hank Avila  
Research Analyst

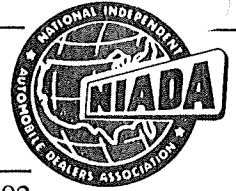
Chris Courtwright  
Research Analyst

91-241/RWR

1-0-3



# KANSAS INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION



Citizens Bank & Trust Building • 6th & Humboldt • Manhattan, Kansas 66502  
Phone: 913-776-0044 FAX: 913-776-7085

March 4, 1991

TO: SENATE ASSESSMENT AND TAXATION COMMITTEE

SUBJECT: SB 178--Exempting certain motor vehicles  
from property tax.

Mr. Chairman and Members of the Committee:

I am Tommy McGeeney, President of the Kansas Independent Automobile Dealers Association, representing 270 used car dealers in the state of Kansas

We appear today in favor of SB 178 exempting all motor vehicles from property taxes.

When the Interim Special Committee on Assessment and Taxation met to work on the alphabet problems in taxing motor vehicles, we gave a written concern that there was another inequity that needed to be addressed in taxing vehicles.

Kansas Motor Car Dealers Association did a survey with thirty-five states responding on comparisons of taxes on motor vehicles. It was based on a \$15,000 vehicle, and it did show Kansas to be ranked as one of the highest in the nation on property taxes.

We believe this bill will address the inequity of property taxes on vehicles and will be an important step in helping the taxpayers of Kansas.

Thank you for your time and for your serious consideration of this bill.

*Individually we struggle to be heard—Collectively we cannot be ignored.*

3-4-91  
ATT. 2

KANSAS MANUFACTURED HOUSING ASSOCIATION

TESTIMONY BEFORE THE  
SENATE ASSESSMENT AND TAXATION COMMITTEE

TO: Senator Dan Thiessen, Chairman and  
Members of the Committee

FROM: Terry Humphrey, Executive Director

DATE: March 4, 1991

RE: Senate Bill 178

Mr. Chairman and members of the Committee, today I am speaking on behalf of the Recreational Vehicle Council. The R.V. Council is made up of retailers from around the state and 3 Kansas R.V. manufacturers.

The R.V. Council supports SB 178 because it corrects the excessive personal property tax on motor vehicles. Our industry is well aware of the effects of high taxation. It is not uncommon for customers interested in purchasing an R.V. to change their mind when they realize how high the property tax on that vehicle will be. Also, some customers admit they have no intention of paying such a high tax year after year and register their vehicle out of state.

In 1990 when the Kansas R.V. Council was formed the number one issue identified was vehicle tax reform. For that reason SB 178 is a bold and welcome proposal to a serious tax problem. As the bill is presently written it would provide tax relief to owners of vehicles, including Class B and some Class A and Class C motor homes, however, towable motor homes are excluded. Because the R.V. Council feels that all recreational vehicles pay excessive property tax we ask that SB 178 be amended to include all recreational vehicles.

In closing, we respectfully request that you pass SB 178.



**HOMES & RV CENTER, INC.**

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

TESTIMONY BEFORE THE  
SENATE TAXATION COMMITTEE

TO: SENATOR DAN THIessen AND MEMBERS OF THE COMMITTEE

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

DATE: MARCH 4, 1991

I APPRECIATE THE OPPORTUNITY TO APPEAR THIS MORNING TO SPEAK AS A PROPONENT OF S.B. 178 AND TO SPEAK IN FAVOR OF AMENDING S.B. 178 TO INCLUDE RECREATIONAL VEHICLES OF ALL TYPES, BOTH MOTORIZED AND TOWABLE. MY NAME IS DON CHRISTMAN.

I OWN WILCOX R.V. CENTER IN TOPEKA AND AM CHAIRMAN OF THE RECREATIONAL VEHICLE COUNCIL OF THE KANSAS MANUFACTURED HOUSING ASSOCIATION.

S.B. 178 ACCURATELY RECOGNIZES IN AN OFFICIAL WAY, WHAT ANYONE WHO OWNS AND PAYS TAXES ON A VEHICLE IN KANSAS HAS KNOWN FOR SOME TIME, VEHICLE TAXES IN KANSAS ARE:

1. EXCESSIVE
2. SIGNIFICANTLY HIGHER THAN SURROUNDING STATES
3. CAUSING OUR CITIZENS TO VIOLATE THE LAW OR MOVE FROM THE STATE

HAVING SAID THAT, I DON'T THINK ANYONE WOULD ARGUE WITH #1 OR #2, SO LET ME ADDRESS #3 BRIEFLY BEFORE ILLUSTRATING WHY I FEEL R.V.'S SHOULD BE INCLUDED IN S.B. 178.

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 HIS MOTORHOME AND CAR

3-4-91  
ATT. 4



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.

THE ABOVE SCENARIO IS REAL AND UNFORTUNATELY IS HAPPENING MORE AND MORE. OUR CITIZENS, OUR 55 AND OLDER MOBILE AND FINANCIALLY COMFORTABLE CITIZENS ARE EITHER MADE CRIMINALS FOR REGISTERING VEHICLES OUT OF STATE OR SIMPLY GIVE UP ON KANSAS, THEY CAN MOVE TO ANY ONE OF THE FOUR SURROUNDING STATES TO FIND TAX RELIEF. INSTEAD OF FIXING THE PROBLEM LAST YEAR WE MADE THE PEOPLE "MORE OF A CRIMINAL," IF YOU WILL, BY INCREASING THE FINE FROM \$500 TO \$2500 FOR NOT REGISTERING IN KANSAS.

HOW HIGH IS THE PERSONAL PROPERTY TAX ON A MOTORHOME IN KANSAS? A MEDIUM PRICE CLASS A MOTORHOME WOULD SELL FOR AROUND \$50,000. USING A BASE PRICE OF \$40,000 TIMES 30%, TIMES THE 1990 MILL LEVY FOR TOPEKA, SHAWNEE COUNTY, USD 501, YIELDS A TAX OF \$1869.60 OR OVER \$150 PER MONTH. BY COMPARISON A CONVENTIONAL HOME WOULD HAVE TO HAVE AN APPRAISED VALUE OF \$100,000 TO PRODUCE \$1860 IN REAL ESTATE TAXES.

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.

I BELIEVE S.B. 178 IDENTIFIES AN ENTIRE CLASS OF PROPERTY WHOSE TAXES ARE DISPROPORTIONATE TO THE USE THEY RECEIVE OR THE VALUE THAT THEY HAVE. THAT CLASS IS VEHICLES TO INCLUDE ALL CLASSES OF RECREATIONAL VEHICLES.

IMAGINE IF YOU WILL THAT YOU ARE ONE OF OUR KANSAS CITIZENS NEARING RETIREMENT. LOOKING FORWARD TO HAVING THE TIME TO TRAVEL, SEE THE SIGHTS THAT YOU HAVE READ ABOUT, VISIT THE KIDS, THE LAKES AND IN SHORT, KICK BACK AND ENJOY LIFE. THE LIFESTYLE OF CHOICE, THE R.V. LIFESTYLE. INTO THE SHOPPING MODE, FULL OF ENTHUSIASM, YOU PICK OUT A VEHICLE AND ARE READY TO MAKE A DEAL.

YOU ASK: "HOW MUCH IS THE PROPERTY TAX ON THIS \$50,000 VEHICLE?"

"A MERE \$1869 PER YEAR" THE SALESPERSON REPLIES.

YOU QUESTION: "SO THATS \$1869 PROPERTY TAX PAYABLE UP FRONT AT REGISTRATION AND WE'RE PAYING HOW MUCH IN SALES TAX?"

"ONLY \$2625" COMES THE REPLY.

YOU QUICKLY FIGURE: "LETS SEE \$2625 PLUS \$1869 EQUALS \$4494. THATS NEARLY 10% OF THE COST OF THE VEHICLE! THE BIBLE SUGGESTS WE TITHE, BUT I DIDN'T REALIZE VARIOUS UNITS OF GOVERNMENT HAD THE SAME REQUIREMENT!"

END OF CONVERSATION...END OF SHOPPING...END OF DREAM...END OF OPPORTUNITY FOR ANY KANSAS RETAILER. END OF THE WHOLE PROCESS UNLESS, OF COURSE, OUR FICTITIOUS CUSTOMER HAS DONE HIS HOMEWORK:

1. THEY BUY IN MISSOURI (NO SALES TAX COLLECTED BY RETAILER ON VEHICLES
2. THEY DRIVE TO OREGON AND REGISTER WITHOUT SALES OR PROPERTY TAX AND DEAL WITH OR MOVE FROM KANSAS, SUCH AS HOMER GIFFORD DID, WHEN CAUGHT.

I'VE PROBABLY GOTTEN A LITTLE TOO CUTE FOR SOME OF YOUR TASTES. I'VE PROBABLY DRAMATIZED TOO MUCH FOR THIS BODY, BUT ITS ALL TRUE...SADLY, SADLY TRUE. ALL CLASSES OF VEHICLES, INCLUDING RECREATIONAL VEHICLES, ARE BURDENED WITH A DISPROPORTIONATE SHARE OF THE TAX LOAD IN THIS STATE.

THE KANSAS R.V. COUNCIL URGES YOU TO SUPPORT S.B. 178. WE URGE YOU TO SUPPORT OUR PROPOSED AMENDMENT TO INCLUDE ALL RECREATIONAL VEHICLES IN S.B. 178. WE URGE YOU TO ACT DECISIVELY AND BRAVELY, TO FIND THE FUNDS IT TAKES TO OPERATE THIS STATE. WE URGE YOU TO, ABOVE ALL, TO ACT PRUDENTLY AND IN THIS SESSION.

I HAD HOPED TO BRING WITH ME TODAY AN R.V. USER AND HAD MADE CONTACT WITH NATIONAL CAMPERS AND HIKERS ASSOCIATION TO PROVIDE A BODY AND TESTIMONY. WHEN THE DISTRICT SUPERVISOR SAID SHE WAS HAVING DIFFICULTY PROVIDING SOMEONE WILLING TO TESTIFY, I ASSUMED THE PEOPLE CONTACTED WERE REFUSING BECAUSE THEY WERE SOMEWHAT INTIMIDATED BY THE PROCESS, NOT SO. THE REASON GIVEN ME FOR THE DIFFICULTY WAS THAT THE DISTRICT SUPERVISOR HAD NOT FOUND ANYONE WHO THOUGHT THAT IT WAS WORTH THE TIME...THAT THEIR TESTIMONY WOULD MAKE A DIFFERENCE...THAT YOU WOULD LISTEN. I FOUND YOUR CONSTITUENTS AND MY CUSTOMERS QUITE FRUSTRATED WITH THE SYSTEM. ITS TRUE...SADLY, SADLY TRUE.

I APPRECIATE YOUR INDULGENCE OF MY TESTIMONY AND THE ATTENTION YOU'VE GIVEN ME. I HAVE AN ILLUSTRATION I'LL BRIEFLY EXPLAIN AND THEN WOULD BE GLAD TO TAKE ANY QUESTIONS YOU MIGHT HAVE OR IN YOU PREFER, I MAY BE REACHED AT MY OFFICE (913) 357-5111.

CORDIALLY,

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

FIVE YEAR ILLUSTRATION  
(USING ACTUAL SALES/MILEAGE FIGURES)

1985 SOUTHWIND 29V MOTORHOME  
SOLD NEW 2/16/85 FOR \$48,984  
RESOLD USED 2/15/90 FOR \$28,000

ASSUME STRAIGHT LINE DEPRECIATION:  
 $\$48,984 - \$28,000 = \$20,984$  DEPRECIATION  
 $\$20,984 / 5 = \$4196$  PER YEAR

ASSUME A CONSTANT MILL LEVY OF \$155.80 THE CURRENT TOPEKA,  
SHAWNEE COUNTY, USD 501 MILL LEVY, WHICH IS LOWER THAN THE  
ACTUAL MILL LEVY OVER THE PERIOD IN QUESTION.

ASSUME A BASE PRICE OF 75% OF RETAIL VALUE AS A BOOK VALUE  
FOR THIS PURPOSE.

TAXES PAID

SALES TAX 2/16/85	\$2571.66
1ST YEAR TAXES \$48,984 $(.75)(.30) = \$11,021.40$ $(.15580) = \$1717.13$	
2ND YEAR TAXES \$48,984 - \$ 4,196 $(.75)(.30) = \$10,077.30$ $(.15580) = \$1570.94$	
3RD YEAR TAXES \$48,984 - \$ 8,392 $(.75)(.30) = \$ 9,133.20$ $(.15580) = \$1422.95$	
4TH YEAR TAXES \$48,984 - \$12,588 $(.75)(.30) = \$ 8,189.10$ $(.15580) = \$1275.86$	
5TH YEAR TAXES \$48,984 - \$16,784 $(.75)(.30) = \$ 7,245.00$ $(.15580) = \$1128.77$	
TOTAL TAXES PAID OVER 5 YEARS = \$9686.41	

PERCENTAGE OF TOTAL TAXES TO ORIGINAL PURCHASE PRICE:  
 $\$9686.41 / \$48,984 = 19.8\%$

VEHICLE DRIVEN 21,000 MILES...COST PER MILE IN TAXES:  
 $\$9686.41 / 21,000 = \$.46$  COST PER MILE FOR TAXES

QUESTIONS:

1. CAN YOU SEE THE TAXES PAID IN THE ABOVE ILLUSTRATION ARE IN EXCESS OF WHAT THEY SHOULD BE?
2. DO YOU BELIEVE THE STATE IS:
  - A. ROBBING OUR CITIZENS OF THEIR CHOICE OF LEISURE TIME ACTIVITY THROUGH TAXATION?
  - B. AFFECTING THE SALE OF RECREATIONAL VEHICLE PRODUCTS AS A RESULT OF THE EXORBITANT TAXES THEY COMMAND?



KANSAS MOTOR CAR DEALERS ASSOCIATION

800 Jackson, Suite 808 • Topeka, Kansas 66612 • (913) 233-6456 • (800) 748-8201 (KS only) • FAX (913) 233-1462

March 4, 1991

Chairman Thiessen and members of the committee:

Thank you for the opportunity to appear before you on SB 178. My name is Pam Somerville, Governmental Affairs Director for the Kansas Motor Car Dealers Association. I would like to introduce three dealers with me today, Mr. Bill Kobach, Bill Kobach Buick; Mr. Dwight Jepson, Sunflower Motors; and Mr. Chuck Livingston, Dale Sharp Honda. Needless to say, the 329 franchised new car and trucks dealers we represent are ecstatic with this proposal.

You will recall during the Interim Study on Motor Vehicle Tax, the KMCDA submitted a state comparison of motor vehicle property taxes for your review. We have again attached the compilation of 37 states. It is apparent from the survey, Kansas is one of the highest states in the nation.

We realize the elimination of the personal property tax creates a significant loss of revenues to the local units, but also realize the elimination would be a terrific boost to our industry. Therefore, we strong support this proposal.

Again, thank you for the opportunity to appear. I would be happy to respond to questions.

3-4-91  
ATT. 5

## STATE COMPARISON OF MOTOR VEHICLE PROPERTY TAXES

State	States with property tax or similar fee	Varies from county to county	Consumer pays when vehicle is registered	Tax on \$15,000 vehicle	Comments
Alabama					
Alaska					
Arizona	YES	Y	Y	120 (avg.)	
Arkansas	YES	Y	N	112.50 avg	
California	YES	N	Y	255.00	
Colorado	YES	N	Y	304.50	for first year only
Connecticut	YES	Y	Y	?	
Delaware					
D.C.					
Florida					
Georgia	YES	Y	N	150-400	
Hawaii					
Idaho					
Illinois	NO				
Indiana					
Iowa	NO				
Kansas	YES	Y	Y	520 (avg.)	
Kentucky	YES	Y	Y	155 (avg.)	
Louisiana					
Maine	YES	N	Y	360	
Maryland	NO				5% titling tax in lieu of sales tax
Massachusetts					
Michigan	YES	N	Y	73	
Minnesota					
Mississippi	YES	Y	Y	up to 655	
Missouri	YES	Y	N	122.50-397.50	
Montana	YES	N	Y	300	2% of NADA Guide Book value
Nebraska	YES		Y	198.77-454.62	
Nevada	YES	N	Y	210	
New Hampshire	YES	N	Y	45-270	
New Jersey	NO				
New Mexico	NO				
New York	NO				
North Carolina	YES	Y	N	52.50 - 180	
North Dakota	NO				
Ohio	NO				
Oklahoma	NO				
Oregon					
Pennsylvania	NO				registration fee = \$45 - \$70
Rhode Island	YES	Y	N	240 - 1,050	
South Carolina	YES		Y	?	
South Dakota	NO				one time 3% excise tax
Tennessee					
Texas	NO				
Utah	YES	Y	Y	170-280	
Vermont	NO				
Virginia	YES	Y	N	350-700	
Washington	YES	N	Y	330	
Wisconsin	NO				
West Virginia	YES	N	Y	650	Excise tax - one time
Wyoming					

\* The information provided above was compiled by the Kansas Motor Car Dealers Association by surveying other state automobile dealer associations. It will be updated as other states respond.



**Sunflower Motors, Inc.**

3030 South Kansas  
Topeka, Kansas 66611  
(913) 266-8480

**PORSCHE  
AUDI  
VOLKSWAGEN**

March 4, 1991

Chairman Thiessen and members of the Committee:

Thank you for the opportunity to appear before you today in support of Senate Bill 178. My name is Dwight Jepson, Owner of Sunflower Motors in Topeka. My operations encompass sales and service of Porsche, Audi, BMW, and Volkswagen.

Our industry was recently hit with the federal luxury tax, in addition to the existing gas guzzlers tax. The proposed elimination of personal property taxes on motor vehicles would certainly enhance the sales of automobiles in this state. Therefore, I strongly support Senate Bill 178 to eliminate personal property taxes on motor vehicles.

Again, thank you for the opportunity to appear. I would be happy to respond to questions.

3-11-91  
ATT. 6





"Service to County Government"

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

**EXECUTIVE BOARD**

**President**  
Marjory Scheufler  
Edwards County Commissioner  
R.R. 1, Box 76  
Belpre, KS 67519  
(316) 995-3973

**Vice-President**  
Marion Cox  
Wabaunsee County Sheriff  
Wabaunsee County Courthouse  
Alma, KS 66401  
(913) 765-3303

**Past President**  
Winifred Kingman  
Shawnee County Commissioner  
(913) 291-4040  
(913) 272-8948

Thomas "Tom" Pickford, P.E.  
Shawnee County Engineer  
(913) 266-0192

Murray Nolle  
Johnson County Commissioner  
(913) 791-5501

**DIRECTORS**

Leonard "Bud" Archer  
Phillips County Commissioner  
(913) 689-4685

George Burrows  
Stevens County Commissioner  
(316) 593-4534

John Delmont  
Cherokee County Commissioner  
(316) 848-3717

Berneice "Bonnie" Gilmore  
Wichita County Clerk  
(316) 375-2731

Betty McBride  
Cherokee County Treasurer  
(316) 429-3848

Roy Patton  
Harvey County Weed Director  
(316) 283-1890

Gary Post  
Seward County Appraiser  
(316) 624-0211

Nancy Prawl  
Brown County Register of Deeds  
(913) 742-3741

Vernon Wendelken  
Clay County Commissioner  
(913) 461-5694

**NACo Representative**  
Keith Devenney  
Geary County Commissioner  
(913) 238-7894

**Executive Director**  
John T. Torbert

**March 4, 1991**

**TESTIMONY**

**To: Senate Assessment and Taxation Committee**

**From: John T. Torbert  
Executive Director**

The Kansas Association of Counties is opposed to SB 178. Our opposition to the bill is based on the following points:

1) Legislative research estimates that local governments can expect to receive almost \$235 million from motor vehicle tax receipts in 1991. Outside of the one time surcharge that would be collected at the time the vehicle is sold, the bill does not specify where the rest of the replacement revenue will come from. Does the state plan to replace this revenue as this legislation would seem to indicate? Pardon my skepticism but I have not seen much evidence that the state currently has an extra \$200 million that could be allocated to local governments as replacement revenue.

2) Even given the scenario where the revenue would be replaced, this legislation would freeze the amount of replacement to 1990 levels. The problem with that is that it provides for no growth. Again, legislative research indicates that motor vehicles taxes will probably grow about \$30 million next year. If you are only going to replace at the 1990 level, local governments will already be \$30 million in the hole after only one year. This amount would, of course, grow as time went on.

3) It is generally considered to be good tax policy **not** to put all of your tax "eggs" in one basket. A variety of revenue sources is preferable. By shifting tax sources away from vehicles, you may be creating unintentioned problems that will have consequences for both the state and local governments.

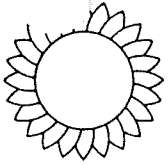
I am well aware that the motor vehicle personal property taxes are unpopular and I'm sure that this

3-4-91  
ATT. 7

legislation will be difficult to resist politically. You are not playing fairly with the fiscal affairs of local government though if you give favorable consideration to this legislation without providing answers to the basic questions of replacement revenues and growth.

I would be happy to respond to questions.

tsjmvtax



Johnson County  
Kansas

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MARCH 4, 1991

SENATE ASSESSMENT AND TAXATION COMMITTEE

HEARING ON SENATE BILL 178

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

Mr. Chairman, members of the committee, my name is Gerry representing the Johnson County Board of Commissioners. I appear today in opposition to Senate Bill 178.

Testimony on the level of motor vehicle tax has been presented numerous times in the past two years. There have been hearings during the regular legislative session, an interim study and a regulatory body. The results are a reduction in motor vehicle tax of about 50% in Johnson County. This seems like an adequate reduction that should bring the motor vehicle tax into line with other states. In spite of this we now have a bill that completely removes the tax.

The bill is intended to provide immediate tax relief to individuals on their non business vehicles. However it does not help counties such as Johnson, where the major problem is tax relief for businesses without inventory.

Although the bill indicates the intention to replace the revenue lost by the local governments, there is serious concern because there has been no dedicated revenue source identified to carry out the "hold harmless" provision. Considering the current fiscal situation of the state, it is understandable that the replacement revenue is questionable.

A good approach to an adequate tax policy is usually one that provided a variety of sources. By elimination of the motor vehicle tax, the sources are being narrowed, which may cause ramifications that were not intended by this legislature.

Although this is a tax that has become unpopular, we see nothing improper in imposing a reasonable level of tax on motor vehicles. The committee is urged to thoroughly examine all facets of this proposal and recommend against its passage.

3-4-91  
WRITTEN ONLY

# Excel

Quality  
Recreational  
Vehicles

**Peterson**  
INDUSTRIES INC.

RURAL ROUTE 2, BOX 95  
SMITH CENTER, KANSAS 66967  
TELEPHONE (913) 282-6692

March 1, 1991

Senator Dan Thiessen  
Chairman of the Senate Assessment  
and Taxation Committee  
Statehouse, Room 143-N  
Topeka, KS 66612

Senator Dan Thiessen:

Our Kansas corporation is a small company manufacturing recreational vehicles at this Kansas location for 25 years, incorporated in 1966. We presently employ 75 people, down from a high of 150 people last summer. Our annual payroll ending December, 1990 was \$1,500,000.00.

We strongly urge your support of Senate Bill 178 because of the unfair way Kansas imposes property taxes on recreational vehicles. Our Kansas dealer network is small compared to other states and the number one reason sales remain low in Kansas is Personal Property Tax imposed on the vehicles. Kansas residents for instance have to pay twice as much Personal Property Tax on a recreational vehicle compared to the same unit in Nebraska. In addition the same unit would have zero Personal Property Tax in Iowa and Missouri.

This snowballs with the senior citizens transferring their residence to a state with low Personal Property Taxes; people not moving to Kansas because of our unfair tax practices. Overall decreasing our state revenue along with pressuring our ability to operate a manufacturing plant in Kansas, to hire people, turn a profit and in the end adding more money to the State of Kansas Treasury.

We appreciate your effort in giving this matter your attention.

Sincerely,

*Michael W. Nebel*

Michael W. Nebel  
Vice-President

MWN/br

3-4-91  
WRITTEN ONLY  
ATT. 9