

Approved

May 7, 1992

Minutes of the House Committee on Taxation. The meeting was called to order by Joan Wagnon, Chairperson, at 12:35 p.m. on Tuesday, April 7, 1992 in room 519-S of the Capitol.

All members were present except:

Representative Aldie Ensminger, excused.

Committee staff present:

Tom Severn and Chris Courtwright, Legislative Research Analysts; Bill Edds and Don Hayward, Revisors; Linda Frey, Committee Secretary; Douglas E. Johnston, Committee Assistant.

Conferees appearing before the committee:

The Chair asked for the committee's consent to request an interim study on the question of whether the State of Kansas should impose taxes on transactions occurring on the four federally-recognized Indian reservations in Kansas (Attachment 1). The committee consented.

The Chair brought up SB 723, that had been requested for introduction by Rep. Rex Crowell, for discussion and action.

Representative Jim D. Garner and Representative Cindy Empson requested the committee consider an amendment to SB 723 (Attachment 2). Rep. Garner said community leaders in Montgomery County agreed to the amendment.

Rep. Crowell moved the adoption of the amendment. Rep. Ken Grotewiel seconded the motion.

In response to a question from the Chair, Bill Edds, Revisor, said the language of the amendment is localized; that it prohibits chartering into the provisions of the amendment and bill.

Responding to the concerns of Rep. Vince Snowbarger, the Chair directed the Revisor to clean up the writing of the amendment, but not to change its meaning.

Rep. Marvin Smith asked if the language of the amendment requires specific information be on the ballot. Rep. Garner replied negatively. He said there is a five-year sunset provision on any sales taxes enacted under this proposal.

The motion of Rep. Crowell carried.

Rep. Crowell made a motion requiring an explanatory statement be placed on the ballot under the provisions of this proposal. Seconded by Rep. Smith, the motion carried.

Rep. Crowell moved to report SB 723, as amended, favorable for passage. Rep. Grotewiel seconded the motion.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation, room 519-S, Statehouse, at 12:35 p.m. on Tuesday, April 7, 1992.

Rep. Larkin made a substitute motion to add the amendment suggested by the Kansas League of Municipalities to SB 723 (Attachment 3). Rep. Welshimer seconded the motion.

Rep. Keith Roe said the motion of Rep. Larkin included a major policy change and that this is not the time to consider it especially considering the lateness of the session and other actions by the Legislature to raise the state sales tax.

Rep. Vancrum expressed his concern that the motion, if adopted, would hurt the chances of the bill needed by Montgomery County.

The substitute motion of Rep. Larkin failed.

The motion of Rep. Crowell to report SB 723, as amended, favorably carried.

The Chair brought up SB 683 for discussion and action.

Rep. Vancrum made a motion to allow local districts to adopt rate increments of 1/4 cent or 1/2 cent above the sales tax cap for the purpose of property tax relief. Rep. J. C. Long seconded the motion.

Representatives Gene Shore, Ken Grotewiel and Betty Jo Charlton spoke against the motion.

The motion of Rep. Vancrum failed.

Rep. Larkin made a motion to report SB 683 favorably for passage. Rep. Shore seconded the motion which carried.

The Chair brought up HB 2866 and SB 9 for discussion and action.

The following was distributed to the committee:

The uniform vehicle fee schedule in HB 2866 (Attachment 4)  
Letter from Betty McBride, Director of the Division of Vehicles for the Department of Revenue (Attachment 5)  
An editorial from George Logan, General Manager of WIBW-TV (Attachment 6)  
News article by Bill Craven, Metro News Staff (Attachment 7)  
Letter from Rita Cline, Shawnee County Treasurer (Attachment 8).

The Chair said a change in the current statute regarding computation of levies is necessary to avoid further court cases against the state. The committee discussed whether the state should use one-year-old or two-year-old mill levies for determining vehicle property taxes and how this decision was affected by a statewide uniform vehicle fee schedule.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation, room 519-S, Statehouse, at 12:35 p.m. on Tuesday, April 7, 1992.

Rep. Shore stated his opposition to HB 2866. He said the counties in his district would see vehicle tax increases from 54% to 204%.

In response to a question from Rep. Larkin, Chris Courtwright, Legislative Research Analyst, said using one-year-old levies would decrease revenues to the state by \$77 million should the House version of HB 2892, the school finance plan, become law. Utilizing two-year-old levies would result in no net loss to the provisions of HB 2892, Courtwright said.

Rep. Roe brought the committee's attention to testimony from Mark Burghart, General Counsel for the Department of Revenue, stating the need for clarification in the law regarding which mill levies should be used for determining vehicle property taxes.

The Chair suggested replacing the current vehicle property tax system with a statewide uniform vehicle fee schedule such as in HB 2866.

Rep. Snowbarger moved to eliminate the provisions of SB 9 and replace them with language clearly stating the intent of the Legislature that "next preceding year" mean two-year-old levies. Rep. Larkin seconded the motion.

The Chair noted it is not necessary to codify the original provisions of SB 9 since the Department of Revenue issued regulations to solve the "alphabet" problem.

Rep. Roe spoke in favor of the motion.

The motion of Rep. Snowbarger carried.

The Chair sought support from the committee for addressing the idea of a statewide uniform vehicle fee schedule.

Rep. Snowbarger concurred in the remarks of Rep. Shore regarding county revenue shifts even if a schedule is revenue neutral statewide.

Rep. Shore reiterated his remarks.

Rep. Larkin made a motion that the committee request an interim study on the issue and report SB 9 favorably for passage. Rep. Bill Reardon seconded the motion which carried.

The Chair announced committee minutes would be sent to members' offices. Corrections should be sent to committee staff. If none are received by May 2, they will be approved.

The Chair thanked committee members and staff for their work and adjourned the meeting at at 12:55 p.m.

GUEST LIST

COMMITTEE:

House of Representatives

DATE:

12:00 Noon  
4/7/92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
<u>Bill Morrison</u>	<u>Topeka</u>	<u>Observer</u>
<u>Chita Cline</u>	<u>Topeka</u>	<u>Co Treasurer</u>
<u>Judy Smith Crawford</u>	<u>"</u>	<u>Sm Co Treas.</u>
<u>Blaine Frank</u>	<u>Topeka</u>	<u>John Hopper</u>
<u>Debra Humphrey</u>	<u>Topeka</u>	<u>KMHA &amp; RV</u>
<u>JEFF SONNICH</u>	<u>TOPEKA</u>	<u>KNLS</u>
<u>DON SEIFERT</u>	<u>OLATHE</u>	<u>City of Olathe</u>
<u>DON McNEELY</u>	<u>TOPEKA</u>	<u>KS. MOTOR CAR DEALERS ASSN.</u>
<u>PAM Somerville</u>	<u>"</u>	<u>" " " " "</u>
<u>Jacque DATES</u>	<u>Topeka</u>	<u>Ks. Indep. Auto Dealers</u>
<u>Tom Whitaker</u>	<u>Topeka</u>	<u>Ks. Motor Carriers Assn</u>
<u>Julie Klein</u>	<u>Top</u>	<u>Hein, Ebert &amp; Rosen</u>
<u>KAREN FRANCE</u>	<u>TOPEKA</u>	<u>KAR</u>
<u>Kelly C. Knoeber</u>	<u>Topeka</u>	<u>Washburn Un. Student</u>
<u>Kathleen Brier</u>	<u>Topeka</u>	<u>Washburn Unid Student</u>
<u>Shirley Cook</u>	<u>"</u>	<u>" " "</u>
<u>Steve Noske</u>	<u>"</u>	<u>KDOR</u>
<u>Betty M<sup>c</sup>Bride</u>	<u>"</u>	<u>KDOR</u>
<u>GERRY PAY</u>	<u>Olathe</u>	<u>Johnson Co Comm</u>
<u>Anne Smith</u>	<u>Topeka</u>	<u>Ks. Assoc of Counties</u>
<u>BEV BRADLEY</u>	<u>TOPEKA</u>	<u>KS Assoc of Counties</u>
<u>Nancy Hempen</u>	<u>Lawrence</u>	<u>Ks. Co. Treas. Assn.</u>
<u>Carolyn Arganbright</u>	<u>Marysville</u>	<u>Ks. Co. Treas. Assn.</u>
<u>Steve Stotts</u>	<u>Topeka</u>	<u>Revenue</u>



April 7, 1992

Representative Marvin Barkis, Chairman  
Legislative Coordinating Council  
State Capitol  
Topeka, Kansas 66612

**DRAFT**

RE: Proposal for 1992 Interim Study

Dear Representative Barkis:

On behalf of the House Committee on Taxation, I am requesting that an interim study be conducted to consider the question of whether the State of Kansas should impose taxes on transactions occurring on the four federally-recognized Indian reservations in Kansas. If it is determined that state taxes should be collected on reservation transactions, then the interim committee should also develop a methodology for collecting and sharing the tax revenue with the effected tribes.

It was initially anticipated that this question could be addressed during the 1992 Session under H. B. 2637. That measure would have authorized certain tax compacts with the various Kansas tribes. However, the press of school finance legislation, property tax relief and other significant issues has decreased the standing committee's time available to devote to the reservation tax issue. In addition, the controversy regarding Indian gaming has made it less likely that the Indian tax issue would receive a full and impartial hearing.

Because Kansas does not have civil jurisdiction on Indian reservations, state taxes are difficult to enforce. It has been suggested that the additional costs of collection and enforcement may very well outweigh the benefits of the revenue obtained from this source. Consideration should be given to the economic problems that would be created in the event both tribal and state taxes are imposed on reservation sales transactions. Multiple taxation would virtually eliminate any reservation business activity. Considering the high rate of poverty and related social problems on the reservations, initiatives to encourage business there would seem to be more appropriate. Such initiatives could include relinquishment of state taxes on reservation activity as proposed in H.B. 2637. This approach would be comparable in theory to the existing enterprise zone program.

Given the lack of legal and factual clarity in this area, there is some doubt over the authority and desirability of the State of Kansas imposing taxes on

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the reservations. Resolution of this question by interim committee study and legislation is preferable to having it addressed through the courts and litigation.

Sincerely

Representative Joan Wagon

## Proposed Amendment to SB 723

On page 4, in line 1, by striking "an amount not to exceed .5%" and inserting "the amount of .5% or .75%"; in line 2, after "initiatives" by inserting "or for public infrastructure projects including buildings"; in line 5, after the period by inserting "The provisions of this subsection shall not be effective unless and until the board of county commissioners of Montgomery county has submitted the question of imposing a countywide retailers' sales tax to the electorate and such proposition has failed ~~or~~ or before September 30, 1992<sup>, whichever occurs first</sup>.";

On page 5, in line 9, by striking all after "Kansas"; by striking all in line 10; by striking all in line 11 and inserting "located in Montgomery county which have"; in line 21, by striking "1% or 1.5%" and inserting ".75%, 1%, 1.25%, 1.5% or 1.75%";

On page 6, after line 35, by inserting a new section to read as follows:

"Sec. 4. K.S.A. 12-192 is hereby amended to read as follows: 12-192. (a) Except as otherwise provided by subsection (b) ~~or~~, (d) or (h), all revenue received by the director of taxation from a countywide retailers' sales tax shall be apportioned among the county and each city located in such county in the following manner: (1) One-half of all revenue received by the director of taxation shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year, and (2) except as provided by paragraph (3), 1/2 of all revenue received by the director of taxation from such countywide retailers' sales tax shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue

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equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county, except that no persons residing within the Fort Riley military reservation shall be included in the determination of the population of any city located within Riley county, or (3) one-half of all revenue received by the director of taxation from countywide retailers' sales taxes levied in Geary county in any year shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county less the population residing on a military reservation bears to the total population of the county less the population residing on a military reservation, and second to the cities in the proportion that the population of each city bears to the total population of the county less the population residing on a military reservation. All revenue apportioned to a county shall be paid to its county treasurer and shall be credited to the general fund of the county.

(b) As an alternative and in lieu of the apportionment formula provided in subsection (a), all revenue received by the Johnson county treasurer from a countywide retailers' sales tax imposed at the rate of 1% after the effective date of this act may be apportioned among the county and each city located in such county in the following manner: (1) One-half of all such revenue shall be apportioned in the manner prescribed by subsection (a) and (2) one-half of all such revenue shall be apportioned as follows: (A) One-fourth shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year and (B) one-fourth shall be apportioned among the county and each city

located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county and (C) one-half shall be retained by the county for its sole use and benefit.

(c) Except as otherwise provided by this subsection, for purposes of subsections (a) and (b), the term "total tangible property tax levies" means the aggregate dollar amount of tax revenue derived from ad valorem tax levies applicable to all tangible property located within each such city or county. The ad valorem property tax levy of any county or city district entity or subdivision shall be included within this term if the levy of any such district entity or subdivision is applicable to all tangible property located within each such city or county. The ad valorem property tax levy of any city in Johnson county levied for the purpose of providing fire protection service shall be included within the term "total tangible property tax levies" regardless of its applicability to all tangible property located within each such city.

(d) All revenue received by any county treasurer from a countywide retailers' sales tax imposed pursuant to paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.

(e) All revenue apportioned to the several cities of the county shall be paid to the respective treasurers thereof and deposited in the general fund of the city. Whenever the territory of any city is located in two or more counties and any one or more of such counties do not levy a countywide retailers' sales tax, or whenever such counties do not levy countywide retailers' sales taxes at a uniform rate, the revenue received by such city from the proceeds of the countywide retailers' sales tax, as an alternative to depositing the same in the general fund, may be

used for the purpose of reducing the tax levies of such city upon the taxable tangible property located within the county levying such countywide retailers' sales tax.

(f) Prior to March 1 of each year, the secretary of revenue shall advise each county treasurer of the revenue collected in such county from the state retailers' sales tax for the preceding calendar year.

(g) Prior to December 31 of each year, the clerk of every county imposing a countywide retailers' sales tax shall provide such information deemed necessary by the secretary of revenue to apportion and remit revenue to the counties and cities pursuant to this section.

(h) As an alternative and in lieu of the apportionment formula provided in subsection (a) and if the same is approved by the electorate, all revenue received by the Montgomery county treasurer from a countywide retailers' sales tax imposed at the rate of 1% after the effective date of this act shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county. The provisions of this subsection shall only apply for the five year period of time next following the date upon which it is authorized."

By renumbering existing sections accordingly;

Also, on page 6, in line 36, by striking "and 12-189" and inserting ", 12-189 and 12-192";

In the title, in line 10, before the semicolon by inserting "or public infrastructure projects; providing an alternative apportionment formula for Montgomery county"; also, in line 10, by striking "and 12-189" and inserting ", 12-189 and 12-192"



# LEGISLATIVE ISSUE PAPER

--League of Kansas Municipalities--

March 26, 1992

## INCREASING THE LOCAL SALES TAX OPTION

**Background.** There are 128 cities and 61 counties which currently levy a local sales tax in Kansas, in addition to the state's 4.25% levy. Such local taxes may be levied only with the approval of the voters. In calendar 1991, local sales taxes produced \$240.7 million. This is equivalent to 39% of the general property taxes levied by cities and counties in 1990 for 1991 purposes. The League supports legislation to increase the local sales tax option.

**General Rates.** The general rate limitation is currently .5% or 1.0% for cities and also .5% or 1.0% for countywide sales taxes. However, there are several special sales tax laws, as noted below. All city rates are now .5% or 1.0%; Rossville has not exercised its authority to levy a 2.0% tax. All countywide rates are now .5% or 1.0% except in Johnson (.6%), Finney and Ford (.75%), and Jackson (2.0%). While a combined (city and county) effective rate of 3% is authorized in Rossville and in Jackson county cities, the highest current effective local rate is 2.0%.

**Special Rate Provisions.** Following are some of the special sales tax provisions that exist:

Jackson County. 1% additional tax authorized for reservoir project; tax is now 2.0%.

Wyandotte County. .05% additional tax authorized for public facilities; not now used.

Johnson County. 0.25% additional tax authorized for culture district; not now used. Additional tax authorized for stormwater purposes; tax now being levied for a county total of 0.6%.

Rossville. 1.0% additional tax authorized for flood protection; not now used; city does levy a 1.0% tax.

Ford and Finney Counties. 0.25% countywide tax authorized for certain highway improvements, within 1.0% limit; both counties now levy a 0.75% tax.

Special Distributions. Several counties have special provisions as to revenue distributions, but these provisions do not authorize an additional tax.

### Pending Local Sales Tax Bills

There are nine bills relating to local sales taxes before the Legislature. These are:

**SB 213. Sales Taxation; Saline County.** As passed by the House, this bill includes the provision of HB 3166--see summary below. In Conference Committee.

**SB 683. Local Sales Tax; Rate Increments.** By S,AT. Amends K.S.A. 12-187 and 12-189 to permit all city or countywide rates to be at .25%, .5%, .75% or 1.0% (now .5% or 1.0%). Class B cities (Rossville) may levy a tax at .25% increments up to present 2.0% limit. To H,Tax.

**SB 723. City Sales Tax; Independence--Economic Development.** By S,AT. Amends K.S.A.

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12-187, 12-188 and 12-189 to authorize a newly created Class D city (Independence) to levy an additional .5% sales tax, for 5 years, for "economic development initiatives." To H,Tax.

**HB 2549. City Sales Tax for Crime Prevention.** By H,FSA. Allows any city, subject to an election, to levy an additional .25% sales tax for "special crime prevention efforts." To H,Tax.

**HB 2585. City Sales Tax; Manhattan and K.S.U.** Amends K.S.A. 12-187 to allow Manhattan to submit to election the question of levying an additional .5% local sales tax for projects mutually benefiting the city and Kansas State University. To H,Tax.

**HB 2776. Countywide Sales Tax; Pottawatomie County.** By Rep. Rezac. Amends K.S.A. 12-187 to allow Pottawatomie County to call an election to impose an additional 1.0% sales tax, with revenue pledged to the county's rural highway fund. To H,Tax.

**HB 2779. Local Sales Tax; Health Care Services.** By Reps. Chronister and 37 others. Amends K.S.A. 12-187 and 12-189 to allow any city or county to submit to a vote an additional sales tax of .25%, .5%, .75% or 1.0%, with revenue pledged to finance "health care services". To S,AT.

**HB 2901. Local Sales Tax; Rate Increments.** By Rep. Heinemann. Amends K.S.A. 12-189 relating to the general local sales tax rates that may be levied by cities or countywide, to permit .25% increments: .25%, .5%, .75% or 1.0% (now .5% or 1.0%). To H,Tax.

**HB 3166. Countywide Sales Tax; Saline County.** By H,AT. Amends K.S.A. 12-187 and 12-189 to authorize Saline County, with voter approval, to levy an additional 0.5% sales tax, with revenue earmarked for courthouse, jail or law enforcement center. To H,LG. (See SB 213, above).

### League Proposal

The League of Kansas Municipalities proposes a bill, amendments or substitute bill which would do the following:

**(1) Rate Increments.** The amount of city or countywide local sales tax rates would be authorized at .25% increments, similar to the provisions of SB 683. The actual rate as under present law, would be determined by the voters according to ballot propositions submitted by local governing bodies.

**(2) Increased Tax Rates.** All cities and counties would be authorized to hold referendums on the question of levying an additional .25% or .5% sales tax, above the present general limit of 1.0%.

**(3) Purposes.** Revenue from the additional tax authority (from any .25% or .5% tax above the present general maximum of 1.0%) could be used only for a purpose or purposes specified in the ballot proposition, as discussed below.

**(4) Term of Tax.** There should be specific authority to specify the term of any proposed additional tax, to be included in the ballot proposition.

**(5) Cap Limit.** This proposal effectively provides for a general city tax maximum and general countywide maximum of 1.5%. However, special sales tax law provisions now authorize a tax of more than 1.0% in Jackson County (2.0%), Johnson County (1.10%), Wyandotte County (1.5%), and Rossville (2.0%). There is also the Metropolitan Culture District Compact 1991 Act. Further, HB 2779, as passed by the House, would authorize an additional 1% city and county

ales tax for health care. An amendment may be needed to exclude the application of the proposed additional general tax authority to those units that now have additional tax authority.

### **Purposes Of Additional Tax**

The additional .25% or .5% tax would be authorized only for certain statutorily defined purposes, in contrast to the existing general sales tax authority which may be used for any general government purpose (with some special provisions for specified purposes). The purposes proposed to be included in the bill are as follows:

- (a) property tax reduction.
- (b) public safety and crime prevention, such as in HB 2549.
- (c) health care services, such as in HB 2799.
- (d) public infrastructure improvements, including buildings, such as in SB 213 and HB 3166.
- (e) economic development, such as in SB 723.

The League believes that the purposes for which local sales tax money should be spent should be a local decision. However, it is unlikely that a bill authorizing additional local sales tax authority will receive a majority in both houses of the Legislature unless the possible additional tax is limited to certain public purposes that seem to have a high priority with state legislators.

### **Reasons for Change**

Local sales taxes are not an adequate and practical solution to local government financing and property tax problems in some areas of Kansas--it is simply not very productive in areas where there are few retail establishments. Further, proposed increases may not be acceptable to the voters in some cities and counties. However, it will help in many areas. The League believes that cities and counties, and their voters, should be given the options proposed in these amendments. It is the principal non-property tax option available to local units in the future. In some areas it provides an opportunity to further reduce the reliance on property taxes.

VHCL AGE (A-E) CMPRE

MDL YR	CLASS A	FEE	TAX	CLASS B	FEE	TAX	CLASS C	FEE	TAX	CLASS D	FEE	TAX	CLASS E	FEE	TAX
	1 THRU 4		TOTAL	5 THRU 12		TOTAL	13 THRU 19		TOTAL	20 THRU 24		TOTAL	25 THRU 88		TOTAL
	VHCL COUNT			VHCL COUNT			VHCL COUNT			VHCL COUNT			VHCL COUNT		
92 est	200	\$100	\$20,000	22,563	\$300	\$6,768,900	37,216	\$400	\$14,886,400	4,271	\$500	\$2,135,500	365	\$600	\$219,000
92 act	94	\$100	\$9,400	1,375	\$300	\$412,500	6,351	\$400	\$2,540,400	609	\$500	\$304,500	142	\$600	\$85,200
91	47	\$90	\$4,230	24,244	\$275	\$6,667,100	59,377	\$375	\$22,266,375	5,546	\$475	\$2,634,350	820	\$575	\$471,500
90	57	\$80	\$4,560	28,379	\$250	\$7,094,750	70,767	\$350	\$24,768,450	7,209	\$450	\$3,244,050	665	\$550	\$365,750
89	55	\$70	\$3,850	42,073	\$225	\$9,466,425	70,191	\$325	\$22,812,075	5,842	\$425	\$2,482,850	664	\$525	\$348,600
88	58	\$60	\$3,480	56,662	\$200	\$11,332,400	64,581	\$300	\$19,374,300	5,810	\$400	\$2,324,000	659	\$500	\$329,500
87	70	\$50	\$3,500	63,831	\$175	\$11,170,425	48,549	\$275	\$13,350,975	2,056	\$375	\$771,000	610	\$475	\$289,750
86	118	\$40	\$4,720	92,724	\$150	\$13,908,600	35,692	\$250	\$8,923,000	1,568	\$350	\$548,800	347	\$450	\$156,150
85	104	\$35	\$3,640	98,296	\$125	\$12,287,000	30,158	\$225	\$6,785,550	1,414	\$325	\$459,550	328	\$425	\$139,400
84	99	\$30	\$2,970	106,297	\$100	\$10,629,700	18,014	\$200	\$3,602,800	873	\$300	\$261,900	289	\$400	\$115,600
83	90	\$25	\$2,250	78,603	\$75	\$5,895,225	11,553	\$175	\$2,021,775	696	\$275	\$191,400	269	\$375	\$100,875
82	112	\$20	\$2,240	72,703	\$50	\$3,635,150	8,249	\$150	\$1,237,350	478	\$250	\$119,500	116	\$350	\$40,600
81	114	\$15	\$1,710	75,522	\$25	\$1,888,050	4,868	\$125	\$608,500	289	\$200	\$57,800	83	\$250	\$20,750
80	212	\$10	\$2,120	74,865	\$25	\$1,871,625	2,414	\$75	\$181,050	199	\$150	\$29,850	23	\$200	\$4,600
79	642	\$10	\$6,420	103,834	\$25	\$2,595,850	1,306	\$50	\$65,300	213	\$100	\$21,300	28	\$150	\$4,200
78	3,364	\$10	\$33,640	84,221	\$25	\$2,105,525	453	\$25	\$11,325	131	\$50	\$6,550	17	\$75	\$1,275
77	358,389	\$6	\$2,150,334	50,156	\$12	\$601,872	916	\$12	\$10,992	78	\$12	\$936	62	\$12	\$744
TOTAL	363,825		\$2,259,064	1,076,348		\$108,331,097	470,655		\$143,446,617	37,282		\$15,593,836	5,487		\$2,693,494
<b>GRAND TOTAL ALL CLASSES</b>						\$272,324,108									
Note: New class E includes all classes 25 thru 88.															
Previous estimates for 92 model vehicles have been used.															
There is some adjustment of vehicle counts from previous runs.															
KANSAS DEPARTMENT OF REVENUE - RESEARCH & REVENUE ANALYSIS															

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STATE OF KANSAS

Betty McBride, Director  
Robert B. Docking State Office Building  
915 S.W. Harrison St.  
Topeka, Kansas 66626-0001



(913) 296-3601  
FAX (913) 296-3852

Department of Revenue  
*Division of Vehicles*

March 27, 1992

Representative Joan Wagnon  
Taxation Committee Chairperson  
State Capitol Building  
Room 272-W  
Topeka, KS 66612

Representative Wagnon:

You have requested that the Department of Revenue furnish your committee with both the benefits and costs for the state and counties with regard to a uniform state wide property tax schedule.

(1) Benefits for the Department of Revenue:

This would eliminate the concerns of the alphabetized, staggered registration problems that have been presented to the courts. It would also reduce the possibility of the Department of Revenue being involved in continued legal questions or litigation regarding the alphabetized, staggered registration system and the question of preceding years being used to calculate such vehicle property taxes.

It will also reduce the complex record keeping of vehicle property taxes now being maintained by the Department of Revenue, Division of Property Valuation.

A uniform property tax schedule would also promote an increase of vehicle sales throughout the state, which will enhance the collection of state and local sales taxes for the State of Kansas and the counties of Kansas.

(2) Cost for the Department of Revenue

The Vehicle Information Processing System (VIPS) would need to change some programs within the system to implement the uniform property tax schedule. This would be a minimal cost to the Department.

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(3) Benefits for the counties.

A uniform property tax schedule would reduce and probably eliminate the number of individuals who actively pursue vehicle registration in counties other than their county of residence. This will eliminate the need for a person to illegally register for the purpose of paying a lower vehicle property tax that would normally be collected by their county of residence. The practice of persons looking for counties with a lower mill levy rate for registration purposes would be eliminated.

This change would benefit all counties in the collection of vehicle property taxes. This change would also increase the sale of new and used motor vehicles in the State of Kansas. The additional sales and vehicle taxes collected due to the increased sales would reduce the counties' reliance on real property taxes to maintain their current county budgets.

(4) Cost for the counties.

This figure would need to be furnished by the counties or possibly the Kansas Association of Counties.

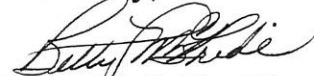
(5) Benefits for Law Enforcement.

The Department of Revenue recommends that the Taxation Committee contact Mr. Ed Pavey, President, Kansas Peace Officers Association at (316) 722-7030, for information regarding the problems now encountered by law enforcement with regard to residency, the proper registration of vehicles, and the enforcement thereof. Obviously, a uniform vehicle property tax schedule would help eliminate these problems for law enforcement personnel.

I hope this information is helpful for the committee to eliminate a complex and continuing problem faced by all Kansans.

If myself or my staff can be of any further assistance, please do not hesitate to call this office at (913) 296-3601.

Sincerely,



Betty McBride, Director  
Division of Vehicles

BJM:RPS:ada  
cc: File



#1306

March 1, 1992

George Logan, General Manager, WIBW-TV

## THE COST OF BEING NUMBER ONE

Sometimes being number one is not the most desirable thing in the world. Especially when, like Kansas, you're the nation's leading state in automobile taxes.

On a typical car registered in Shawnee County, the property taxes and fees are 36% higher than on that same car in the next highest state. They're 350% higher than the average of all states. That's why you see so many cars with out-of-state license plates driven by people who live right here.

It's also a big factor in declining car sales. In 1979, there were 11,000 new cars and trucks sold in Topeka. Last year, the number was 4810.

The Legislature is considering ways to solve the problem. However, their goal seems to be to keep any changes "revenue neutral." That's government talk for "change the mix to make it sound better, but collect the same amount of taxes".

What's really needed is a way to bring the taxes and fees down to a level where we are competitive with other states. That would remove the incentive for registering a vehicle somewhere else and Kansas would see an increase in registrations, getting both taxes and fees on more vehicles.

It would also increase the sale of new and late model vehicles and that would bring a flow of new sales taxes to state and local governments.

Cars and trucks are a necessity in today's society so they are an easy target for taxes. Not many people can afford to give up their transportation because taxes are too high. So they drive older vehicles and look for cheaper places to register them.

We urge the Legislature to find a practical and fair solution to this problem. Surely there is a way to reduce the load on Kansas vehicle owners without bankrupting the state.

\* \* \* \* \*

WIBW invites responsible groups and individuals to reply to our editorials.

Additional copies are available on written request. Write WIBW-TV-Radio-FM, Box 119, Topeka, Kansas 66601

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# House bill proposes statewide, uniform tax on vehicles

BY BILL CRAVEN

Metro News Staff

The heavy toll of personal property taxes on automobiles and recreational vehicles forces Kansans to break the law and register these purchases out of state. That tax burden has also had a "terrible" impact on Kansas automobile and RV retailers, and has discouraged consumers from making new vehicle or RV purchases.

Those trends could be reversed, industry spokesmen and tax reformers believe, if H.B. 2866 is passed. The bill is scheduled for debate next Monday in the Kansas House of Representatives.

Topeka representatives Joan Wagon and Anthony Hensley are the principal sponsors of the measure. It would replace the county-based system of personal property vehicle taxation driven by mill levies with a statewide, uniform system. The proposal is revenue neutral, in that the same amount of money would be collected. The chief difference is that personal property taxes on vehicles would decrease.

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**Tom Stoeckle, a vehicle tax activist with Citizens Against Vehicle Extortion told a Kansas House committee that a \$16,000 car in Kansas is taxed 456 percent higher than the national average. Kansas charges \$700 tax on such a car, and the national average is \$152.**

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Five classes of vehicles would be established, with the maximum purchase price and taxable amount for each class being \$4,000 (\$100), \$10,000 (\$300), \$20,000 (\$400), \$30,000 (\$500), and more than \$30,000 (600). The maximum taxes are in parentheses.

In the \$4000 category, annual registration fees would decrease \$10 each year until a \$6 level is reached. In the other four categories, the annual fees would decrease \$25 each year until a \$12 level is reached.

Tom Stoeckle, a vehicle tax activist with Citizens Against Vehicle Extortion (CAVE), said that the current property tax system in Kansas results in the highest vehicle taxes in the nation.

A \$20,000 car in Kansas is taxed \$300 more than in Mississippi, the second highest state, he said.

A \$16,000 car in Kansas is taxed 456 percent higher than the national average, he told a Kansas House committee. Kansas charges \$700 tax on such a car, and the national average is \$152.

Glenn Freel, with the John Hoffer Chrysler dealership in

"KEEP'S"  
LAWS FROM BEING  
BROKEN  
SAVE'S "MILLIONS" FROM  
BEING LOST  
OUT OF STATE

revenues, Freel said Shawnee County would lose about \$8 million, which explains why larger counties oppose the bill as it is currently drafted. After the amendment, Freel does not anticipate any opposition from larger counties.

The few losers under the Hensley-Wagon bill are counties with low mill levies, chiefly the counties with large utility plants or large amounts of oil and gas. Currently, personal property taxes are determined by the mill levy in a given county.

Proponents of the bill say a uniform tax system among all Kansas counties is more equitable and eliminates the discrepancies in vehicle taxes from county to county.

Don Christman, president of Wilcox RV & Boat Center in North Topeka, said the current personal property tax system makes RV's prohibitively expensive to sell and register in Kansas.

Since 1989, when new reappraisal rules went into effect, Christman said his sales have gone from about 15-17 motor homes a year to three.

Kansans interested in buying RV's do so from out of state dealers and register their purchases out of state to avoid excessive taxation in Kansas, Christman said. Motorhome purchases are taxed at rates higher than residential real estate in Kansas, he stated.

Christman has provided legislators with examples of RV buyers who refuse to register vehicles in Kansas—despite

penalties of up to \$2500 facing Kansas residents who register vehicles in another state—because of the property tax burden.

Freel said the same thing happens with automobiles. He estimated that between 20,000 and 30,000 cars driven by Kansans are registered out of state.

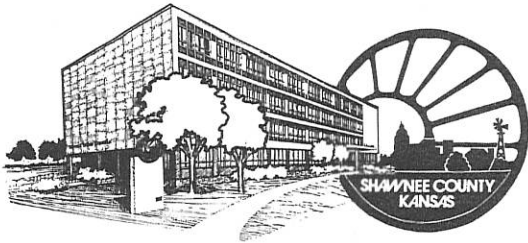
"This is what happens when people circumvent a grossly unfair law," Freel said.

Stoeckle said that the current vehicle taxation system discourages Kansans from driving more fuel efficient newer vehicles with modern safety and anti-pollution features. He said that since 1977, new car sales within Kansas have declined by more than 50 percent, a trend not matched by other states even taking the recession into account.

More than 600,000 cars in Kansas are 1979 models or older, he said.

Stoeckle endorsed H.B. 2866 as the first step in reforming vehicle taxation in Kansas. If the measure is passed, Kansas would still rank in the top five states in the nation for vehicle taxes, he noted. An important feature of the pending bill is to remove the disincentive from purchasing new cars. If new car sales improve as he expects, the legislature could come back in a few years and lower vehicle registration fees even more.

Freel, Stoeckle, and Christman are encouraging those concerned with this issue to contact their representative before Monday.



**Shawnee County  
Office of County Treasurer**

Room 101, Courthouse, Topeka, Kansas 66603

Phone 291-4080

**RITA CLINE**  
COUNTY TREASURER

April 7, 1992

BEFORE THE KANSAS HOUSE TAX COMMITTEE  
(STATEHOUSE, ROOM 519-S)

STATEMENT OF RITA CLINE, SHAWNEE COUNTY TREASURER AND ASSOCIATE JUDY SMITH-CRAWFORD

Madam Chairman, and members of the tax committee:

We appreciate this opportunity to give you our thoughts about the proposed legislation, House Bill #2866, which places a flat rate of tax or registration fees on motor vehicles registered in Kansas. We support the idea of the flat rate. However, we are convinced that the flat rate should be tied to the NADA values of motor vehicles and not what the vehicles cost new. Please let us explain. There is currently a NADA inquiry system on the State's (VIPS) computers. This system could be easily implemented into determining the flat rate fees on each vehicle. Thus the expensive class coding system currently being used by the State could be eradicated.

Because each county has a different mill levy and the current tax on motor vehicles varies from county to county, we are experiencing legal residents in one county registering their vehicle(s) in another county or state. It is extremely difficult and expensive to enforce the legal residency registrations of vehicles. The flat rate fee for all of Kansas would solve this problem.

We are convinced that the flat rate fee would solve the alphabet inequity problem that Kansas is currently experiencing. The state has already spent thousands of dollars and hours as a defendant in such filings. If this problem is not solved we are convinced that many more hours and revenue could be lost defending the current inequitable system.

County Treasurer's offices as well as County Appraiser's offices are often flooded with telephone inquiries requesting the property tax on motor vehicles. Under the current system, only the current year's tax information can be given out. However, with a flat fee schedule, people could determine the tax for additional years.

Since the March 1, 1992 implementation of the bill of sale requirement, our office has seen a substantial increase in the amount of sales tax collected. Just think how much more sales tax revenue the State could be receiving if the motor vehicle sales increased. We are convinced the current taxation of motor vehicles is a direct deterrent in car and truck sales.

Again, we ask for your support and consideration of this measure.

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