

Approved: \_\_\_\_\_



Date

## MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on January 10, 1995 in Room 519-S of the Capitol.

All members were present.

Committee staff present: Chris Courtwright, Legislative Research  
Tom Severn, Legislative Research  
Don Hayward, Revisors Office  
Ann McMorris, Secretary

Appearing before the committee to discuss Taxation of Recreational Vehicles:

Chris Courtwright, Principal Analyst, Kansas Legislative Research Department  
(Attachment 1)  
Steve Neske, Policy and Program Analyst, Department of Revenue  
Betty McBride, Director of Vehicles, Department of Revenue (Attachment 2)

Chair Kline reported three committee bills for introduction:

1. Repeal 2 1/2% sales tax on utilities used in production
2. Repeal sales tax on new construction labor
3. Eliminate sales tax on auto repair

Moved by Rep. Graeber, seconded by Rep. Larkin, the committee bills be accepted for introduction . Motion carried.

The next meeting is scheduled for January 11, 1995.

Adjournment.

Return to Ann McMorris, by

Attendance Sheet

<del>A</del> Absent				
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Guests - (please sign name & company)

Mark Cundullo KDOR

Steve Neshe KDOR

Martha Yeu, KMHA

John Hanna, Associated Press

Craig Grant, KNEA

Kevin Robertson, Barber & Assoc.

Gene Johnson KDOR,

Bill Anderson, Wash Dist #1/Jo Co.

TOM WHITAKER, KS MOTOR CARRIERS ASSN

Roger Franzke, Ks Audit Consulting

Julie Hein, Hein, Ebert & Weir, Chtd.

Bice Janee, Boeing

Ted Powers Rep

# MEMORANDUM

## Kansas Legislative Research Department

300 S.W. 10th Avenue  
Room 545-N – Statehouse  
Topeka, Kansas 66612-1504  
Telephone (913) 296-3181 FAX (913) 296-3824

January 9, 1995

**To:** House Taxation Committee  
**From:** Chris W. Courtwright, Principal Analyst  
**Re:** Taxation of Recreational Vehicles

As you know, some Kansans with recreational vehicles have contacted legislators and state officials to raise concerns about increased taxes and weighing requirements under the new law. The purpose of this memo is to clarify some of these issues prior to Tuesday's presentation by the Department of Revenue.

### What is the RV Tax?

The new RV tax law -- which applies to vehicles "designed primarily as living quarters for recreational, camping, vacation or travel use" -- was enacted in 1994 and took effect January 1, 1995. Under prior law, motorized recreational vehicles were subject to the motor vehicle tax ("tax and tags" law) imposed by K.S.A. 1994 Supp. 79-5101 *et seq.* Pull-trailers and other types of recreational vehicles were assessed personal property taxes under Chapter 79, Article 3. The new law removed recreational vehicles from these tax systems and established a new tax based on the weight and age of the vehicles:

<u>Age of Vehicle</u>	<u>Base Amount</u>		<u>Weight Factor</u> (For Each 100 lbs.)
0-5 years	\$ 70	plus	0.90 cwt
6-10 years	50	plus	0.70 cwt
11+ years	30	plus	0.50 cwt

RV tax receipts are distributed to all taxing subdivisions in the same manner as motor vehicle tax receipts.

### Were All RVs Supposed to Be "Guaranteed" No Tax Increase?

No. Committee staff and staff from the Department of Revenue cautioned legislators repeatedly in both the 1993 and 1994 sessions that the RV tax as conceived did not guarantee each and every owner a tax reduction, nor was it intended to do so. Proponents of the legislation mentioned two main policy objectives -- (1) the stimulation of new RV sales; and (2) providing (through an amnesty clause) an incentive for vehicles illegally registered in other states to return to Kansas. Neither of these objectives necessarily required that a

House Taxation  
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Attachment 1-1

tax reduction be granted to vehicles previously registered in the Kansas system. Even though taxes may have gone up on some of these vehicles, keep in mind that the opportunity cost of acquiring new recreational vehicles has been reduced substantially in most cases.

### **Why Are Taxes Going Up on Some RVs?**

Generally, there are two types of RVs which will have increased liability under the new system. The first of these is motorized RVs at least 15 years old. Under the tax and tags law, all such vehicles paid the minimum tax of \$12. The second type of vehicles experiencing a tax increase is relatively heavy pull-trailers with low valuation, especially in low-levy counties. Since the new tax is based solely on the weight and age of the vehicles, the \$12 minimum tax feature from the tax and tags law and the valuation and mill levy factors from the personal property tax no longer are applicable.

### **What About a Minimum RV Tax?**

The Department of Revenue has computed that imposing a \$12 tax for all recreational vehicles AT LEAST 15 YEARS OLD would reduce RV tax receipts statewide by \$1.0 million (from \$3.7 million to \$2.7 million). The motorized RVs would have a tax reduction of \$0.6 million, and the tax on trailers would drop by about \$0.4 million. Under current law, the RV tax is expected to raise about \$1.1 million statewide from motorized RVs and \$2.6 million statewide from trailers.

(Prior to enactment of the RV tax, it was estimated that motor vehicle tax collections on motorized RVs was \$1.6 million. The statewide personal property tax from pull-trailers was estimated at \$3.5 million. Total tax collections prior to the new law on all RVs thus was estimated at \$5.1 million. Enactment of the RV tax was expected to reduce receipts by \$1.4 million -- \$0.5 million from motorized and \$0.9 million from trailers.)

Adding the \$12 minimum tax feature discussed above still would NOT guarantee that every RV would be a net winner or would be held harmless under the new law. A 13-year-old trailer still could experience an increase, since its tax would be based on weight and age. It is also possible that some trailers at least 15 years old which had low valuations under the old law and were located in low-levy counties had been paying less than \$12 in tax and would have an increase to the \$12 minimum.

### **What About Complaints Over Weighing Requirements?**

Some RV owners who had stored their vehicles for the winter apparently have been complaining about having to have their vehicles weighed.

The RV tax law provides that the weight used to compute the tax may be determined by the "correct shipping weight reflected on the certificate of title." The law goes on to state that if the shipping weight is not reflected on the certificate of title, the weight used to compute the tax is to be determined by a scale certified by a licensed scale testing company, a city or county with a department of public inspection of weights and measures, or the state sealer's authorized representative.

Since most current RV titles do not reflect a correct shipping weight, the law technically requires most RV owners to get the vehicles weighed at a certified scale. But the Department of Revenue has determined

administratively that weights provided by manufacturers and listed in certain manuals may be accepted as a proxy. The Department has provided these manuals to all counties.

However, a certain percentage of vehicles coming under the requirements of the new RV law are not listed in these manuals and still must be weighed by a certified scale.

### **What are the Alternatives?**

Article 11, Section 13 of the *Kansas Constitution* authorizes the Legislature to provide for the taxation of "recreational vehicles" (to be defined by the Legislature) on a uniform basis or to exempt such vehicles from property taxes and impose taxes on another basis in lieu thereof.

Proponents of the current RV tax law said that it is based on a similar law in effect in Texas, which also taxes RVs based on their weight. If the current weight-based tax is unacceptable, the Legislature could consider a number of alternatives, including a return to a valuation-based tax system, a flat tax on all RVs, and a tax based solely on the age of the vehicles.

M E M O R A N D U M

TO: Betty McBride  
Director of Vehicles

FROM: Steve Neske  
Policy and Program Analyst

DATE: January 6, 1995

RE: Fiscal Impact Estimate Related to RV Minimum Tax Proposal

In recent weeks, as taxpayers become more aware of the provisions of the new RV tax law (SB 191), and its effect upon older (over 15 years of age) RV's effectively increasing their taxes from the current \$12 or less to amounts approaching \$100, one of the proposals being discussed to rectify this problem is to introduce legislation that would institute a minimum tax of perhaps \$12 on RV's that are 15 years of age or older.

During the 1994 Legislative Session, using KDOR's simulation model, we determined that there are approximately 7,000 motorized RV's and approximately 10,700 trailer-type RV's that are 15 years of age or older. I have estimated the possible fiscal impact of such a modification to the RV tax law below:

	<u>Motor Homes</u>	<u>Trailer RV's</u>
Number 15 years of age or older	7,000	10,700
If new RV tax averages \$100 revenue =	\$700,000	\$1,070,000
a \$12 minimum tax would produce	<u>84,000</u>	<u>128,400</u>
Estimated revenue loss	616,000	941,600

Combined estimated loss \$1,557,400

If the new RV tax averages \$50, the loss would be approximately \$778,700

If we use a more realistic figure of \$100 for motor homes and \$50 for trailer type RV's the loss is \$1,022,600

House TAXATION  
1-10-95  
ATTACHMENT 2-1

STATE OF KANSAS

Steven A. Stotts, Manager  
Robert B. Docking State Office Building  
915 S.W. Harrison St.  
Topeka, Kansas 66612-1588



(913) 296-3081  
FAX (913) 296-7928

Department of Revenue  
*Research & Revenue Analysis*

**DRAFT**

November 10, 1994

TO: Susan Duffy  
Acting Secretary of Revenue

FROM: Steve Neske  
Policy and Program Analyst

RE: Briefing Paper for Senate Bill 191 (Recreational Vehicles Taxation)

**Background:**

At the present time, recreational vehicles fall under several possible vehicle types and are taxed under two different tax systems dependent upon their vehicle type. Pull-type travel trailers, 5th wheel-type trailers and trucks registered for 16,000 or more GVW are registered on a calendar year basis (January thru December) and are taxed under the ad valorem system where taxes are charged in arrears on the vehicle. Tax statements received in November 1994, for example, are for tax year 1994 with the first half due by December 20th and the second half due by June 20th. RV's registered as autos or light trucks (12,000 GVW or less) are registered on a staggered basis dependent upon the first letter of the owners last name. At the time of registration the applicant pre-pays his taxes for the registration year he is commencing under the "tax and tag system". Taxes for both of these vehicle types are based upon value of the vehicle and the mill levy of the county in which the vehicle has situs.

Senate Bill 191 takes these dissimilar vehicle types which are being taxed under different tax systems and requires that they be consolidated under yet another new taxing methodology. The registrations of the new class of "recreational vehicles" are unaffected by the legislation. Automobiles are still automobiles and pay registrations fees accordingly; trailers are still trailers, etc. But with regard to their taxation, value is no longer a factor in the equation. Taxes are to be computed based upon the age of the vehicle and its empty weight. The tax computation is: 1) \$70 plus \$.90 cwt for a model year five years or less prior to the calendar year of registration; 2) \$50 plus \$.70 cwt for a model year six to 10 years prior to the calendar year of registration; or 3) \$30 plus \$.50 cwt for a model year 11 years or more prior to the calendar year of registration. The effective date of this legislation is January 1, 1995.

The 1993 session of the legislature enacted an RV taxation bill through its addition to the "trifecta" bill which was ultimately vetoed by Governor Finney. The RV taxation issue was a subject of discussion by the joint Assessment and Taxation Interim Committee chaired by Rep. Keith Roe. Senate Bill 191 was introduced early in the 1994 session and was on a fast track through both houses. The Department, during both the 1993 and 1994 sessions, responded in its fiscal note responses pointing out a number of administrative issues, problems and inconsistencies with the

bill. Terry Humphries, the lobbyist for the RV manufacturers and dealers, met with Betty McBride to address these problems. Amendments were drafted and it was agreed that Terry would introduce them. This was never done. It now falls to the Department to address and deal with many of these very same issues during implementation of the legislation, in addition to a number of previously unidentified problems that have arose in the course of implementation.

It should also be mentioned that this legislation was touted as an economic development bill. It was the position of the industry professionals who testified in its favor that if taxes on these vehicles were lowered enough to approximate those of the states where owners were illegally titling them (Texas primarily) then there would be a sizeable influx of these vehicles returning to Kansas. Additionally, new sales would be influenced with a corresponding increase in sales tax revenues. It was argued that many of these RVs that were to ultimately be titled and tagged out-of-State were actually purchased out-of-state also. With the elimination of high property taxes in Kansas this incentive to purchase elsewhere would also be removed.

### **Implementation Related Issues:**

There are a number of implementation related issues that span a broad spectrum of administrative questions. It is probably best to address these issues individually within the context of the administrative problems they generate. In all cases, prior to a direction decision by the Implementation Committee, legal counsel was sought either from Legal Services (L.N. Collier) or Property Valuation Division (Bill Waters).

1) Registrations Issue - As mentioned before, SB 191 takes two dissimilar registration types (annual and staggered) and combines them into a new staggered category. Under the old method, pull-type trailers and trucks registered for 16,000 lbs. GVW or more were registered for the period January 1 through December 31 regardless of the owners last name. It, therefore, is necessary to convert these annual registrations to the staggered system, based upon the first letter of the owners last name. These registrations, expiring December 31, 1994, but with a 45 day statutory grace period until February 15, 1995, will be converted to RVs when they come in to renew their registrations and they will be prorated till the appropriate expiration month dependent upon their last name. (Example: an owner with the last name of Miller will pay registration fees from 1/1/95 through 8/31/95 at the time of their renewal in January. They will then be sent a renewal in advance of their August expiration where they will then pay for a full registration year. RV taxes under the new system will be similarly prorated.) This decision, requiring trailer and heavy truck owners to register twice during 1995, is similar to what was required a number of years ago when light trucks were brought under the staggered registration system.

2) Empty Weight/New Title Issue - For registration purposes, with most motorized RVs carrying automobile registrations, there are only two weight categories; 4,500 lbs or less and more than 4,500 lbs. From a practical standpoint, if an RV weighed far in excess of 4,500 lbs the VIPS programs only needed 4,501 lbs to accurately compute the registration fees on the vehicle. Many county treasurer personnel, over the years, entered 4,501 lbs as the weight rather than entering the actual shipping weight reflected on the Manufacturers Statement of Origin(MSO). This inaccuracy in the State's data base and the requirement in SB 191 that makes the shipping weight an integral part of the tax computation necessitated a means to accurately collect this weight. The bill provides for the weighing of the vehicle at a certified scale. The Department is saying that in addition to certified Kansas scales, weight tickets from out-of-State scales will be accepted as well as copies of MSOs retained by the applicant or the shipping weight according to N.A.D.A.'s Recreational Vehicle Appraisal Guide. N.A.D.A. is the National Automobile Dealers Association. Since incorrect weights were collected on some unknown number of vehicles in the past, and since those incorrect weights are reflected on the titles now in the possession of the RV owners, a decision was made to require the re-titling of all RVs. Additionally, the Department will "brand" these new titles with a Recreational Vehicle brand which will ensure that subsequent ownership transfers will accurately assess taxes under the RV taxation law rather than under "tax and tag" taxation law.



3) Ad Valorem Tax Roll Issues - Calendar year registered vehicles (pull-type trailers and heavy trucks) are presently taxed on the ad valorem tax rolls. Once these vehicles have been re-titled, registered and taxed as RVs under SB 191 it will be necessary for them to be removed from the ad valorem rolls. After consultation with representatives from PVD, county treasurers, county clerks and county appraisers, it was decided that this can be best accomplished if the county treasurer forwards a copy of the registration receipt to the county appraiser. This will serve to advise the appraiser of the conversion of the vehicle to an RV and its taxation under that statute. PVD is in the process of preparing the necessary procedural advisements to the clerks and appraisers. It is anticipated that PVD's procedures will be jointly released with the Division of Vehicles procedures for the treasurers. At the present time there are still several unresolved issues that concern RV owners living in one county but having RVs on ad valorem rolls in another county. Exactly how the taxing county will be made aware of the RV status of the vehicle in another county is unknown at the present time. PVD and the Titles and Registrations Bureau are working on resolving this issue.

4) Amnesty Issues - New Section 7 (b) of Senate Bill 191 contains an amnesty provision. Given the economic development issue that gave this bill impetus, the House Assessment and Taxation Committee felt the need to include an amnesty provision so that taxpayers would not be penalized for the years during which their RVs were titled and tagged out-of-State if they were indeed induced to title their vehicles in Kansas. The provision reads: "(b) Any person who has not paid tax on a recreational vehicle for any tax year or registration period commencing prior to January 1, 1995, shall not be liable for payment of tax, penalty or interest due on such recreational vehicle for any such prior tax year or registration period, if such person pays when due for the registration period commencing in 1995 the taxes levied on such recreational vehicle under sections 1 to 8, inclusive, and amendments thereto, and thereafter registers such recreational vehicle pursuant to the provisions of article 1 of chapter 8 of the Kansas Statutes Annotated."

The above provision is being interpreted by the Department in the following manner: 1) owners of RVs titled and tagged in a State other than Kansas will be able to go in to their local county treasurers office, make application for title and registration any time during calendar year 1995, and be granted amnesty for any taxes due on that vehicle for tax years prior to January 1, 1995; 2) owners of ad valorem RVs titled and tagged in Kansas, where the first half of 1994 taxes have been paid prior to December 20, 1994, will be required to pay the second half by June 20, 1995, even though they may have already converted their RV to the new RV tax system prior to that due date. Double taxation is not an issue since the amount due on June 20, 1995, is the second half of 1994 taxes. New RV taxes are computed from January 1, 1995; and 3) owners of ad valorem RVs titled and tagged in Kansas, where no 1994 taxes have been paid, will be covered under the amnesty provision and will not be required to pay their 1994 taxes prior to registration under the new RV taxation system.

5) Miscellaneous Administrative Issues - The Interim Rules and Regulations Committee expressed a concern to Director McBride regarding "slide-in" campers and their qualification for RV status. The problem, simply stated, is that an older model slide-in unit, while meeting the minimum requirements stated in New Section 1 of the bill, could be mounted on a 1995 model pick-up with a value of close to \$20,000. Under "tax and tag" taxation the annual taxes on such a pick-up in a high mill levy county could easily exceed \$1,000 while taxes under the new RV taxation system would, dependent upon weight, be around \$115. The identified problem with the slide-in units is that they can easily be removed from the truck and significantly lower taxes would then be charged on a vehicle no longer meeting the RV definition requirements. The Department addressed this concern by drafting a regulation requiring slide-in units to be permanently mounted to the truck by the manufacturer or they will not qualify as an RV.

A similar problem anticipated by the Department is in the area of conversion vans. The full sized conversion vans, with the additional expenditure of only several thousand dollars, could qualify as RVs. The economic incentive for an owner to spend these funds is significant in that under "tax and tag", again with a value approaching \$20,000, the annual tax would be in excess of \$1,000 in a high mill levy county. Under the RV tax system that same conversion van's tax would be only \$100. Several thousand dollars in additional improvements to the van could thus be recouped at the

rate of around \$900 per year and the resale value would also be greatly enhanced. While this described scenario has been downplayed by the RV industry representatives, the Department continues to have concerns about it and believes it will happen. There appears, however, to be no way the Department can preclude these vehicles, if they qualify, from coming under the RV taxation system. The impact will be felt at the county level, in counties where this occurs, with substantial decreases in vehicle tax revenue and in associated valuations.

Converted stock and automobile trailers also present a unique problem. The Department has secured specifications on these units; trailers primarily designed to carry stock or automobiles, where small living quarters have been added in the front. Many times these living quarters will be substantial enough to meet the definition of RV contained in section 1 of the bill. Whether this was, indeed, the intent of the legislation is debatable but the wording appears to be unambiguous. If appraisers are in doubt as to their qualifications there is always the Board of Tax Appeals through which to get a determination.

STATE OF KANSAS

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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

# MEMORANDUM

**TO:** County Treasurers and Staff  
**FROM:** Betty McBride, Director of Vehicles  
**DATE:** November 30, 1994  
**RE:** RV information

A handwritten signature in cursive script, appearing to read "Betty McBride", is written over the "FROM:" line of the memorandum.

Enclosed, please find a copy of the news release for recreational vehicles which will be mailed to the media.

Also enclosed is the addressed memo regarding recreational vehicles that was requested at the KAC meeting. This memo contains the same information as the handout you received. The addressed memo may aid you and your staff in assisting customers with their concerns.

BJM:MB:lg

# News

Kansas Department of Revenue  
Docking State Office Building  
Topeka, Kansas 66626-0001  
(913) 296-3601

Joan Finney, Governor of Kansas

Susan Duffy, Acting Secretary of Revenue

## EDITOR'S NOTE:

Please substitute this press release for the press release sent on Nov. 23, on the same subject. If you have any questions, please do not hesitate to contact me at (913) 296-3601.

## CORRECTION

### FOR IMMEDIATE RELEASE

For more information contact the Kansas Division of Vehicles

### RV owners to get property tax break

Topeka-Recreational vehicle owners will soon receive a break on their personal property taxes. After Jan. 1, 1995, the personal property taxes on recreational vehicles will no longer be assessed according to the value of the vehicle but on the model year and shipping weight.

In order to be classified as a recreational vehicle, the vehicle must be a vehicular-type unit built on, or for use on, a chassis and designed primarily as living quarters for recreational, camping, vacation or travel use and which has its own motive power or is mounted on or is mounted on or drawn by another vehicle:

The vehicle must also:

- Have a body width not exceeding 102" (8 1/2 feet) and a body length not exceeding 45 feet.
- Must contain an electrical system of more than 12 volts and have provisions for plumbing, heating and any other component for which standards have been adopted by the uniform standards code for mobile homes and recreational vehicles.

After Jan. 1, 1995, recreational vehicles will be taxed according to the following schedule:

- Model year five years or less prior to the calendar year of registration-\$70 plus \$0.90 CWT. (per hundred weight).
- Model year six to ten years prior to the calendar year of registration-\$50 plus \$0.70 CWT. (per hundred weight).
- Model year 11 years or more prior to the calendar year of the registration-\$30 plus \$0.50

(MORE)

## 2-2-2 RV Property Tax

CWT. (per hundred weight).

According to Director of Vehicles Betty McBride, RV owners will receive a notice from the Division of Vehicles approximately five days prior to receiving their registration renewal notice, advising them of the changes in the law. In order to register their vehicle as an RV, they must bring their current title to the county appraiser's or treasurer's office to determine the true shipping weight of the vehicle. They must also apply for a new title designating their vehicle as an RV. The RV designation will not be removed without an affidavit declaring that the vehicle no longer has the equipment necessary to define it as an RV.

"If the appraiser or treasurer cannot determine the shipping weight, then the vehicle owner must have the vehicle weighed at a certified scale such as a city scale or a farmer co-op scale. A vehicle owner who is presenting a manufacturer's certificate of origin will not be required to have the vehicle weighed," she said.

"RV's registered as trailers and heavy trucks must also register and re-title their vehicles before Feb. 15, 1995. At this time they will be issued a month and year decal which will validate their license plate until their regular staggered registration is due based on the first letter of their last name," McBride said.

Furthermore, she said that RV owners with vehicles registered as trailers and heavy trucks, and have paid the first half of their ad valorem taxes in 1994, must pay the second half of their ad valorem taxes when due in 1995. Vehicle owners who fail to renew the registration of their trailers and heavy trucks by Feb. 15, 1995, will be charged registration fees and penalties prorated to a staggered registration system.

In an effort to encourage owners of recreational vehicles who have registered their vehicle out-of-state, the Kansas Legislature approved an amnesty provision which will allow RV owners who have never registered their RV in Kansas, and have not paid personal property taxes for any prior year, to register their vehicle free from prior tax obligation and penalties on those taxes. In order to be eligible for amnesty however, the vehicle owner must register their vehicle in 1995 for the 1996 registration year at the time their registration is due, based on the current tax and tag staggered registration system.

McBride said that a variety of vehicles will be eligible for RV titles including self propelled motor homes, fifth-wheel recreational trailers, pull-type recreational trailers, specially built stock trailers or specially built vehicle trailers that contain living quarters used exclusively for recreational purposes and pop-up trailers. She added that pop-up camping trailers that also qualify as a recreational vehicle must also apply for a title and registration. Slide-in campers, however, do not qualify as RV's unless manufactured as a permanent unit.

Marge Bailey, Chief  
Robert B. Docking State Office Building  
915 S.W. Harrison St.  
Topeka, Kansas 66626-0001



(913) 296-3621  
FAX (913) 296-3852

Department of Revenue  
Division of Vehicles  
Titles & Registration Bureau

## MEMORANDUM

**TO:** County Treasurers and Staff  
**FROM:** Betty McBride, Director of Vehicles  
**DATE:** November 15, 1994  
**RE:** Senate Bill 191

### Senate Bill 191

#### New Section 1

1. Recreational vehicle definition -- a vehicular-type unit built on, or for use on, a chassis and designed primarily as living quarters for recreational, camping, vacation or travel use and which has its own motive power or is mounted on or drawn by another vehicle and has:

Body width not exceeding 102" (8 1/2 feet) and a body length not exceeding 45 feet.

Shall not include a unit that has no electrical system which operates above 12 volts and has no provisions for plumbing, heating and any other standards adopted by the uniform standards code.

Vehicles that qualify providing they meet the above qualifications are: self-propelled motor homes, fifth-wheel recreational trailers, pull-type recreational trailers, specially built stock trailers or specially built vehicle trailers that contain living quarters used exclusively for recreational purposes and pop-up trailers. *(Please note: Pop-up camper trailers that qualify as a recreational vehicle must also apply for title and registration.)* The division will notify identifiable recreational vehicle owners approximately five (5) days prior to the mailing of renewal registrations.

Trailers registered under the Five Year Registration Program do not qualify as a recreational vehicle, due to the annual taxation requirement and the once-every-five-year registration.

New Section 2

All vehicles qualifying as a recreational vehicle shall be required to re-title as a "recreational vehicle" and will be branded as an RV. Recreational vehicles, as defined in Section 1, shall be registered in a manner similar to the staggered tag and tax statute, K.S.A. 79-5101 through 5108. Heavy trucks and trailers with expirations of December 31, and due by February 15 shall pay a prorated tax and registration fee based on the last name of the owner. RV's currently registered as autos and light trucks will re-title and register at their renewal time. A lienholder's consent and/or additional owner affidavits will not be required if no changes are made to the new title. If a change of lienholder is requested, a notarized lien consent or release must be submitted at the time of application.

Late renewal trailer and heavy trucks not registered, which should have been renewed by February 15, 1995, will be charged registration fees, plus penalties and will be prorated to the staggered expiration.

No refunds or credits will be given for any recreational vehicle that is being re-titled and re-registered unless a new purchase of a recreational vehicle has been made and the plate transfer is from recreational vehicle to recreational vehicle.

Recreational vehicles assessed in error as heavy trucks and camping trailers on the current (1995) ad valorem tax roles will be abated by the appraiser upon proof that tax has been paid on staggered registration. Registration receipt, or a copy of the receipt, will be accepted as proof. (County Treasurers will provide the county Appraiser a copy of the RV registration.)

County Treasurer and/or County Appraiser should instruct taxpayer that any 1994 second half ad valorem taxes due on a recreational vehicle must be paid by June 20, 1995, even though they may have re-registered as an RV after January 1, 1995.

New Section 3

Taxes levied upon every recreational vehicle are as follows:

Model year five (5) years or less prior to the calendar year of the registration	\$70.00 plus \$0.90 CWT (per hundred wt)
Model year six (6) to ten (10) years prior to the calendar year of the registration	\$50.00 plus \$0.70 CWT (per hundred wt)
Model year eleven years or more prior to the calendar year of the registration	\$30.00 plus \$0.50 CWT (per hundred wt)

Since current titles of recreational vehicles do not reflect a correct shipping weight, the owner must take the title to the Appraiser's/Treasurer's Office for determination of the shipping weight. A revised DV719S will be completed by the Appraiser's/Treasurer's Office. The County Treasurer's office shall then process the title application on the VIPS system. If the shipping weight cannot be determined by the County Appraiser or Treasurer, the owner must have the RV

weighed at a certified weight scale. A Manufacturer's Statement of Origin (MSO) with a listed empty weight will not require a DV719S form.

Regular vehicle registration fees will be charged, in addition to the above RV tax fees on all recreational vehicles.

An "RV" decal will be issued for all recreational vehicles. The decal will be located on the lower right side of the license plate.

Recreational vehicles will be classed as a "97" in the property class code field.

A new plate will not be issued for renewal registration of RV's except for heavy trucks and trailers that are late in renewing. Late heavy trucks and trailers will be issued a new license plate.

The application date will be entered as the purchase date on the title application if the title is already in owner's name. This date will also be printed on the title.

Refunds will be processed in the same manner as vehicles on the staggered system, however, only the unused portion of taxes remaining in the registration year will be refunded. *Unused recreational trailer registration fees will not be refunded.* If an owner has established residence in another state, unused taxes will be refunded provided proper documentation is submitted (registration in new state and copy of new valid driver's license and surrender the Kansas plates). No amount less than \$5.00 will be refunded.

Changes from recreational vehicle back to a regular auto or truck will require a title change. A notarized affidavit by the owner or owners will also be required. Affidavit must state that vehicle no longer qualifies as a recreational vehicle.

Recreational vehicles renewed and taxed in error as a regular auto, light truck, heavy truck or trailer shall be re-registered as an "RV", a TR-210 refund form filled out and a refund processed.

MB:lg  
(11/94)



STATE OF KANSAS

David C. Cunningham, Director  
Robert B. Docking State Office Building  
915 S.W. Harrison St.  
Topeka, Kansas 66612-1585



(913) 296-2365  
FAX (913) 296-2320

Department of Revenue  
*Division of Property Valuation*

MEMORANDUM

TO: County Appraisers

FROM: David C. Cunningham, Director

DATE: November 15, 1994

RE: New Recreational Vehicle Tax Law  
House Substitute for Senate Bill 191, Kan. Sess. Laws Ch. 237  
K.S.A. (1994 Supp.) 79-5118 *et seq.*

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Below are a dozen common questions regarding the new recreational vehicle tax law which takes effect on January 1, 1995. The questions are followed by answers which the Division has been able to develop at this point in time.

1. What does the new "Recreational Vehicle" tax law do?

The new law basically changes the manner in which certain recreational vehicles are taxed. "Recreational vehicles" are taxed based upon their *weight* rather than their *value*. The new tax, after its full implementation, will be paid based upon when the recreational vehicle should be registered under Kansas passenger vehicle registration laws. The new law effects certain "recreational vehicles" that were formerly taxed based upon their value either through (1) the tax and tag laws, or (2) the tangible personal property tax return (rendition) filed for ad valorem tax purposes every spring.

2. What is a "Recreational Vehicle" for purposes of the new tax?

The new law states that:

[A] "recreational vehicle" means a vehicular-type unit built on or for use on a chassis and designed primarily as living quarters for recreational, camping, vacation or travel use and which has its own motive power or is mounted on or drawn by another vehicle, and which has a body width not exceeding 102 inches and a body length not exceeding 45 feet; but such term shall not include a unit which has no provisions for plumbing, heating and any other component or feature for which a standard is adopted by the uniform standards code for mobile homes and recreational vehicles, K.S.A. 75-1211 through 75-1225, and amendments thereto.

### IMPLEMENTATION:

**3. Does the Taxpayer have the option to choose the method of taxation for their "recreational vehicle?"**

A taxpayer may not choose to have their "recreational vehicle" taxed on the basis of its value by reporting the item on the tangible personal property tax return (rendition). Trailers and other items formerly reported on the personal property tax return that fit within the statutory definition of "recreational vehicle" must be taxed and registered pursuant to K.S.A. (1994 Supp.) 79-5118, *et seq.*, the new recreational vehicle tax law.

**4. What initial step is taken to register a "recreational vehicle" under the new tax law?**

The taxpayer must surrender the title to the "recreational vehicle" and a new title will be issued which will be branded as an "RV" (recreational vehicle). The new "RV" title will present the certified weight on its face, so the appropriate amount of tax can be computed. There will be a charge for the administrative cost associated with changing the title.

**5. What weight will be accepted as the "Certified Weight" required pursuant to House Substitute for Senate Bill 191, New Sec. 3. (a)?**

The new tax law states that:

"the weight of any recreational vehicle shall be the weight generally accepted as its correct shipping weight as reflected on the certificate of title or, if the shipping weight is not reflected on the certificate of title, it shall be the weight determined by a scale which is tested and inspected annually by a scale testing and service company licensed pursuant to K.S.A. 83-301 *et seq.*, and amendments thereto, by a city or county having an established department of public inspection of weights and measures or by the state sealer or the state sealer's authorized representative. *The manner and form for submitting to the county treasurer the weight of a recreational vehicle . . . shall be as prescribed by rules and regulations of the secretary of revenue.*" (Emphases added).

**6. What should be considered the Tax Situs of a recreational vehicle pursuant to House Substitute for Senate Bill 191, New Sec. 3. (c)?**

The new law states that if the tax situs of the "recreational vehicle" at the time of registration is in a different county than the one indicated on the application form, the amount of tax due "*shall be paid to the county in which the recreational vehicle is to be registered.*" (Emphasis added). K.S.A. 8-129 states that vehicles are normally registered in: (1) the county in which the owner resides; or (2) the county in which the owner has a bona fide place of business if the vehicle is garaged in the county for a period exceeding 90 days.

Example: A taxpayer's domicile is in county 'A' and the taxpayer registers all vehicles in county 'A,' in accordance with the Kansas registration laws (See K.S.A. 8-129). However, the taxpayer's recreational vehicle is in storage in county 'B.' In this case, the taxes on the recreational vehicle would be paid in county 'A,' the county of registration. Note that the tax owed would be the same in either county, because the tax is based on the year and the weight of the recreational vehicle.

Counties should develop and implement notification procedures to avoid double-taxing the same piece of personal property on both the ad valorem tax basis in one county and the recreational vehicle tax basis in another county. The former county with the ad valorem listing of a vehicle should be notified when a taxpayer registers the item as a "recreational vehicle" in a new county. Such instances will arise because the new recreational vehicle tax law, K.S.A. (1994 Supp.) 79-5118 *et seq.*, taxes a recreational vehicle based upon where it should be registered, not where the item is located on January 1st, the ad valorem tax assessment date.

#### 7. How will "recreational vehicles" owned by Military Personnel be handled?

The new "recreational vehicle" tax law has an exemption for *resident* military personnel that is similar, if not identical, to the exemption set forth in K.S.A. 79-5107(e) for motor vehicles in general. According to House Substitute for Senate Bill 191, New Sec. 4. (e), "*no tax will be levied upon any recreational vehicle which is owned by a resident individual who is in the full-time regular military service of the United States and absent from this state solely by reason of military orders and which is maintained by such individual outside of this state on the date of such individual's application for registration.*" Note that the recreational vehicle must be maintained outside the state of Kansas.

Recreational vehicles, like other personal property owned by *non-resident* military personnel temporarily stationed within the state of Kansas, are not subject to Kansas personal property taxes due to The Soldiers' and Sailors' Civil Relief Act, 50 U.S.C.A. App. § 574 (Supp. 1993). This federal law precludes a state other than an active military person's residence from imposing tax on the person or the person's personal property, income or gross income. The federal law does not provide an exemption to certain personal property, instead it regards the property as not having a taxable situs in any state other than the state of residence.

The law states, with respect to personal property located in a state other than the military person's residence, that:

[The] personal property shall not be deemed to be located or present in or to have a situs for taxation in such State. . .

Where the owner of personal property is absent from his residence or domicile solely by reason of compliance with military or naval orders, this section applies with respect to personal property, or the use thereof, within any tax jurisdiction other than such place of residence or domicile, regardless of where the owner may be serving in compliance with such orders. Nothing contained in this section shall prevent taxation by any State . . . or political subdivision of personal property used in or arising from a trade or business. . .

**8. Who computes the tax imposed on "recreational vehicles" under the new law (See House Substitute for Senate Bill 191, New Sec. 5. (b)).**

The new law states that where feasible, the department will compute the tax and list the same on the registration application. Otherwise, the county appraiser shall compute the tax and list the same on the registration application.

The new VIPS "recreational vehicle" functions will be on-line by January 1995. At that time, VIPS will have the ability to calculate the prorated amount of recreational vehicle tax that will be necessary the first year in order to get the registration in the proper alphabetical cycle. A class code of "97" will be assigned to all recreational vehicles. The information on the recreational vehicle that will be needed for the VIPS entry will be: (1) the certified weight, (2) the year, (3) the make, (4) the vehicle identification number (VIN) and (5) the class code of 97. The computer will automatically calculate the fee tax owed by the taxpayer.

The appraiser's office will process all new titles. The Motor Vehicle Class and Tax Form DV-719-S is being revised to include the information needed in order to process the recreational vehicle fee on VIPS. The new form will be available by January 1995. The county appraiser will obtain and record the information needed in order for VIPS to calculate the tax on recreational vehicles on the appropriate sections of the DV-719-S form, and will submit the form to the county treasurer who will then enter the data on VIPS and obtain the total fee. The county treasurer will then record the "Total Fee" on the appropriate section of form DV-719-S.

**9. How will the county appraiser handle "recreational vehicles" that were previously reported on personal property tax returns each spring for ad valorem tax purposes?**

Although the taxpayer does not have the option to choose the method of taxation, the property will still be listed on a personal property tax return (rendition), and will be taxed as all other such personal property *until* the taxpayer appropriately registers an item as a "recreational vehicle" under the new law. When the county treasurer processes a recreational vehicle registration application, a copy of the application will be sent to the appraisers office to show that the taxes have been paid on the item under the new recreational vehicle law. The recreational vehicle will then be removed from the tangible personal property tax return (rendition) for that tax year.

**10. Who qualifies to have to have taxes, penalties and interest abated under the new recreational vehicle law?**

House Substitute for Senate Bill 191, New Sec. 7. (b) states that:

Any person who has not paid tax on a recreational vehicle for any tax year or registration period commencing prior to January 1, 1995, shall not be liable for payment of tax, penalty or interest due on such recreational vehicle for any such prior tax year or registration period, if such person pays when due for the registration period commencing in 1995 the taxes levied on such recreational vehicle . . .

The Department takes the position that if a taxpayer lists property on a personal property tax rendition for ad valorem tax purposes for the 1994 tax year, then the amnesty provision would not apply. The 1994 taxes on the property would still be payable in accordance with K.S.A. 79-2004a. The amnesty provision was adopted in order to encourage the owners of property that had not been properly listed or registered in the past to come forward. The amnesty provision was not intended to encourage taxpayers to deliberately avoid paying their taxes.

Example: A taxpayer lists a pull-type trailer on the personal property tax return (rendition) filed in the spring of 1994. The taxpayer has the option of paying the full amount or just the first half of the 1994 taxes on or before December 20, 1994, and the second half (if applicable) on or before June 20, 1995. (K.S.A. 79-2004a). The taxpayer listed the property for the 1994 tax year as usual but decided not to pay all or part of the taxes later in the year because of the amnesty provision. The amnesty provision would not apply. The amnesty provision was not intended to encourage taxpayers to avoid paying their taxes.

The type of recreational vehicles that are found on the personal property tax return (rendition) will primarily be pull-type trailers. The deadline for renewing the annual registration of trailers in Kansas is February 15, pursuant to K.S.A. 8-134a. However, New Sec. 10 revises K.S.A. 8-134a to state that recreational vehicles are to be registered or reregistered in accordance with the same laws that govern passenger motor vehicles (K.S.A. 8-134 (b) and (c)). For owners who normally claim their domicile in the State of Kansas but have purchased, registered and tagged their recreational vehicles outside the state of Kansas in prior year(s) because of the situs of the vehicle at the time of the regular registration period in Kansas, the amnesty provision would allow these taxpayers to register and pay the recreational vehicle tax in Kansas during the 1995 year, with no liability for tax, penalty or interest for any prior tax year(s) or registration period(s).

**11. What happens if the county appraiser's office discovers that a trailer that was processed by the treasurer's office meets the statutory definition of a "recreational vehicle?"**

If the county appraiser discovers that a trailer processed by the county treasurer qualifies as a "recreational vehicle" and therefore should have been taxed under the new recreational vehicle tax law, the county appraiser shall notify the county treasurer and provide the treasurer with sufficient information for the treasurer to take the appropriate remedial action.

**12. What county official should be contacted when assistance is needed in determining whether a tangible personal property item is now a "recreational vehicle" for purposes of the new tax law?**

The county appraiser.

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