

Approved: _____

Phill Kline
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on February 16, 1995 in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee: Listed with bills heard.

Others attending: See attached list

Chair continued hearing from February 15 meeting on:

HB 2108 - Property tax exemption for business machinery and equipment
HB 2167 - Property tax exemption for certain commercial and industrial machinery and equipment.

Proponents: Rep. Kenny Wilk (Attachment 1)
Karl Peterjohn, Kansas Taxpayers Network (Attachment 2)
Hal Hudson, NFIB (Attachment 3)
Bob Corkins, KCCI (Attachment 4)
Alan Alderson, Western Retail Imp. & Hdw. Assn. (Attachment 5)
Monty Caldwell, Caldwell Implement, Topeka (Attachment 6)
Kevin Robertson, Kansas Lodging Assn. (Attachment 7)
Written testimony - Bernie Koch, Wichita Chamber of Commerce (Attachment 8)

Opponents: Paul Welcome, Johnson County Appraiser (Attachment 9)
Larry Clark, Kansas County Appraisers Assn. (Attachment 10)
Bob Gardner, Wyandotte County Appraiser (Attachment 11)

After questions and comments from the committee to each conferee, Chairperson Kline announced the appointment of a special subcommittee to study **HB 2108 and HB 2167**. Members of the committee are Rep. Graeber, chair, Reps. Edmonds, Wempe and McKinny. The subcommittee will report to the Taxation Committee on Friday, February 24. Bob Gardner, Wyandotte County Appraiser, offered to appear before the subcommittee.

Chair closed the hearing on **HB 2108** and **HB 2167**.

Chair opened hearing on:

SB 20 - Crawford and Ottawa County jail facility sales tax authorized.

Proponent - Rep. Ed McKechnie (Attachment 12)

Moved by Larkin, seconded by Mays, SB 20 be amended to include Cherokee, Seward and Cowley Counties. Motion carried.

Moved by Mays, seconded by Larkin, SB 20 be passed favorably as amended. Motion carried.

Adjournment.

The next meeting is scheduled for February 17, 1995.

TAXATION COMMITTEE GUEST LIST

DATE: 2-16-95

NAME	REPRESENTING
Hal Hudson	NFIB/KS
Charlie Meyer	Leavenworth Chamber of Commerce
Ross Mubke	Leavenworth Chamber of Commerce
Mary Jane Stattelmeier	KS State Bureau
RICHARD RODEWALD	TAXPAYERS
DAVE ZARLAND	Small Business
AGAN ANDERSON	WESTERN ASSOCIATION
BOB BROWN	on in Am Lumber Council IRS III
Jamie Clover Adamo	KGFA/KFCA
Tom Whitaker	Ks Motor Carriers Assn
Mark Barcellena	KDOCU
BUD BRADY	KCC
FRANCES KASTNER	Ks Food Dealers Assn
Donald Snodgrass	Ks Food Dealers Assn
Paul Welcome	Johnson Cty APPRAISER
Tommy Clark	Ks County Appraisers
Bob Gada	Wy Co. "
Shannon Peterson	KBA
Eric Wenzel	

KENNY A. WILK
REPRESENTATIVE, 42ND DISTRICT
LEAVENWORTH COUNTY
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ROOM 174-W, CAPITOL BLDG.
TOPEKA, KANSAS 66612-1504
(913) 296-7655



TOPEKA

COMMITTEE ASSIGNMENTS
MEMBER: APPROPRIATIONS
SUBCOMMITTEES:
EDUCATION
K-12 SCHOOL FINANCE

House of Representatives

**Testimony for HB 2108 & 2167
House Taxation Committee
February 16, 1995**

Mr. Chairman and members of the committee. Thank you for the opportunity to appear before you on behalf of property tax reform. Since the start of the session **this House Committee has given time, attention, and action** to what in my opinion is one of our **greater policy challenges**, and that is our current **administration, communication, and enforcement** of our Kansas property tax laws.

I do not claim in anyway to be any kind of tax expert, but I do know at least two things about property taxes. First, for the most part all of our constituents have a strong dislike for property taxes, and secondly most legislators do not like working property tax policy. I believe the later of those two observations has fueled an on-going flawed tax policy. I have had several experts (CPA's & Attorney's) tell me it is physically impossible to be in 100% compliance on a personal property tax rendition. I can not answer the question if is physically possible to be in 100% compliance, but what I do know is that there should not be a question in regard if it is possible or not. The tax policy should be clear, concise, and understandable to legislators and tax payers. I believe the current policy is nondiscriminatory in that it is confusing and convoluted to tax payers, bureaucrats, and legislators. HB 2167 & 2108 are steps in the right direction. They begin the journey of applying **common sense and reason to unpopular and unfair policy**.

HB 2167 & 2108 are not designed to create a tax shift as some might suggest. In working with the business owners from Leavenworth over the last several months, tax shifting was not and is not their objective. Most business owners are fully aware of community needs and the revenue required to provide those needs. The outcry and discontent experienced in the Leavenworth community comes not from the rate of taxes, but rather from how those taxes are applied and collected.

The current policies are inconsistent, unfair, and incredibly awkward. Business owner/operators are not asking for tax relief with these bills, they are asking for tax fairness. The business owners before you yesterday and today are pleading for help, they just want to be able to follow the law, and do their tax work in an easy productive manner. **They want user-friendly tax policy.**

I commend the committee for tackling this difficult problem. As you deliberate these bills and other tax policy please keep in my mind the following that Adam Smith shared in his work, "Wealth of Nations." Adam Smith identified four points of a bad tax system:

- *1. A tax is bad that requires a large bureaucracy for administration.
2. A tax is bad if it "may obstruct the industry of the people."
3. A tax is bad that encourages evasion.
4. **A tax is bad that puts the people through "odious examinations of the tax-gatherers, and exposes them to much unnecessary trouble, vexation, and oppression...** It is in some one or other of these four different ways that taxes are frequently so much more burdensome to the people than they are beneficial to the sovereign."

** source: Smith, Wealth of Nations, pp. 561-64*

I will let each member decide if you think any or all of the four points apply to the current property tax policy in Kansas. I believe HB 2108 and 2167 offer a vehicle to move Kansas **toward a more user friendly property tax policy.** I ask for your support and commitment for the passage of these bills. Mr. Chairman I would be happy to stand for questions.

General Statement of all Tangible Real, Personal, and Public Utility Taxes 1993

1993 Taxes

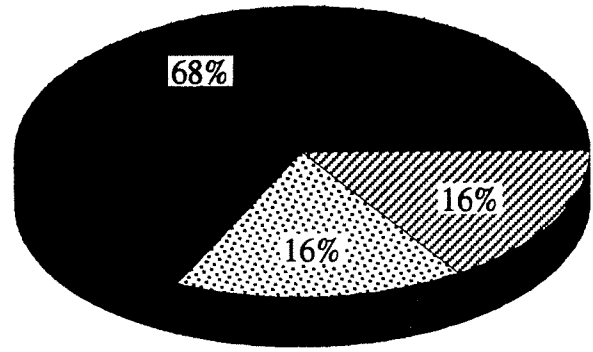
Real Estate	
Rural Land - 24%	\$273,658,224
Urban - 76%	\$875,816,800
Total Real Estate	\$1,149,475,024

Personal Property	
Rural - 55%	\$155,064,600
Urban - 45%	\$124,365,136
Total Personal Property	\$279,429,736

Public Utilities	
Barge Lines	\$1,282
Water Plants	\$138,655
Radio Carriers - 1%	\$2,439,835
Railroads - 5%	\$13,014,308
Pipe Line Companies - 22%	\$58,634,243
Electric Power Co. - 49%	\$130,684,980
Telephone Co. - 23%	\$62,549,619
Total Utilities	\$267,462,922

TOTAL TAXES **\$1,696,367,682**

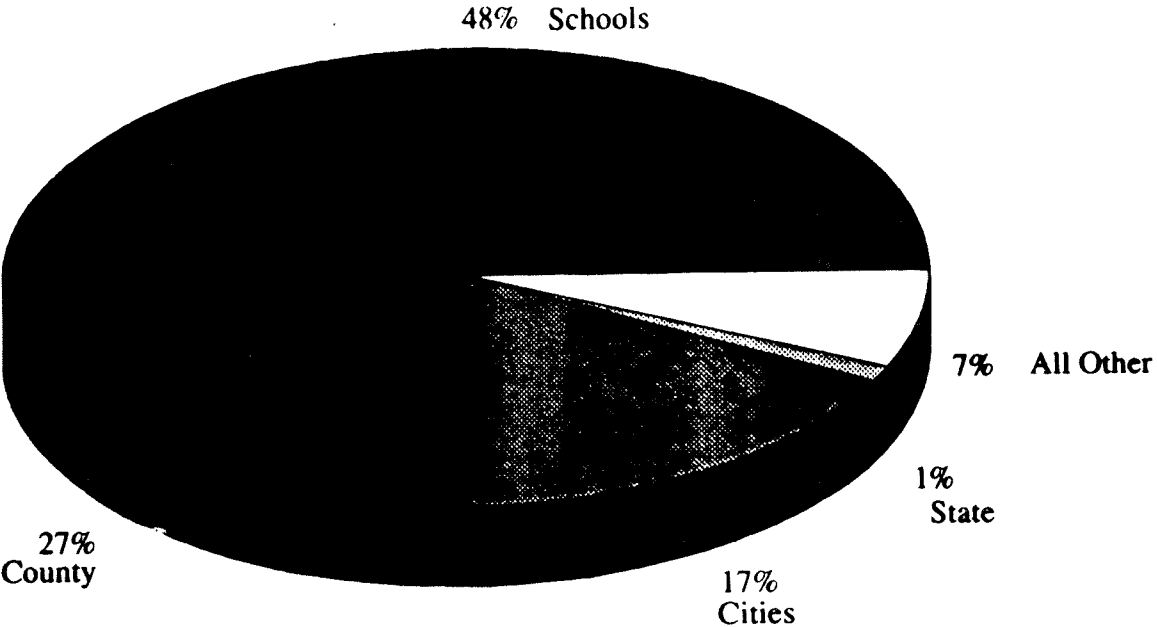
Real Estate
 Personal Property
 Utilities



Total Tax
\$1,696,367,681

Source: DOR Statistical Report of Property
Assessment and Taxation, 1993

**Where Property Tax Dollars are Spent
Based on Distribution Nov. 1, 1993**



**Total Tax
\$1,696,367,681**

**Source: DOR Statistical Report of Property
Assessment and Taxation, 1993**

KANSAS TAXPAYERS NETWORK
P.O. Box 20050
1081 S. Glendale
Wichita, KS 67208

316-684-0082
FAX 316-684-7527

15 February 1995

HOUSE TAXATION COMMITTEE TESTIMONY
ON H.B. 2108 & 2167

Karl Peterjohn, Executive Director

Chairman Kline, thank you for the opportunity to be able to provide testimony to this committee. The Kansas Taxpayers Network strongly supports H.B. 2108, 2167, and the effort contained in several bills before this committee to limit the statute of limitations on business personal property taxes to two years.

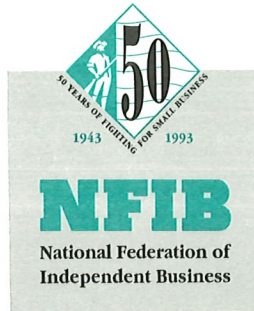
KTN's interest comes from our supporters in the business community who are being unfairly hurt by the heightened enforcement of this tax in certain Kansas communities. However, action is required due to the flaws in existing statutes and the constitutional provisions which cover this area.

H.B. 2108 is needed for a number of reasons. I will try to avoid repeating many of the reasons other proponents will cite. An exemption of the first \$2,500 and definitional changes will clarify the law and explain constitutional provisions which are not well crafted. Clarity is needed in tax law and this legislation would define taxable property and eliminate a number of "gray areas" in current law. Taxing authorities are using these poorly defined areas as the justification of increasing this property tax.

You will hear about the problems in Leavenworth County from other proponents. Let's not have this local issue turned into a statewide problem involving an unlegislated tax hike. H.B. 2108 will address this issue. It will also serve as a symbol of the heightened effort being made in Kansas to reduce paperwork in complying with this tax but also to make Kansas a state which striving to become much more conducive to business expansion, job creation, and economic growth.

H.B. 2167 is needed to end taxation of business property which is no longer in use. This is needed simply because an effort is now being made by local authorities to begin taxing this sort of property in some communities. The legislature should make their intent clearly known that this unlegislated expansion of property taxing authority is not legal in Kansas.

KTN urges your support in reforming personal property tax law on both businesses and automobiles during this legislative session.



**Testimony of
Hal Hudson, Kansas State Director
National Federation of Independent Business**

**Before the
Kansas House Taxation Committee**

on House Bills 2108 & 2167

Wednesday February 15, 1994

Mr. Chairman and members of the Committee: Thank you for this opportunity to appear here today. My name is Hal Hudson, and I am State Director for the Kansas Chapter of National Federation of Independent Business. NFIB is the State's largest small-business advocacy group, with over 8,000 members who employ more than 100,000 Kansans. NFIB represents a broad cross section of Kansas employers who have one thing in common -- they all are small businesses. Over 80 percent of our members have 15 or less employees, and only one percent of our members employ over 100.

I don't think I need to remind you that small business is the engine that drives the Kansas economy. As large businesses downsize, through mergers and acquisitions, and laying off hundreds of workers, small businesses are providing the jobs. According to the Kansas Department of Commerce and Housing, 75-80 of all new jobs in the past several years have been created by small businesses.

NFIB legislative policy is not set by a board of directors. NFIB's position on legislative issues is determined by ballots, surveys and questionnaires, through which we ask our members directly for their opinion - seven times a year.

House Taxation
2-16-95
Attachment 3-1

On the most recent Kansas State Ballot, (see exhibit #1) our members overwhelming ranked the administration of personal property taxation as one of their most burdensome and perplexing problems in dealing with government. A year ago, many of us thought of this as a local problem, centralized in Leavenworth County. Let me assure you it is a statewide problem. That's why I am here today, asking that you report favorable for passage both H.B. 2108 and H.B. 2167.

There's an old cliché that says the only fair tax is one you pay and I don't. Many of our members now are saying the Kansas Constitutional Amendment adopted in 1986 is inherently unfair, because it granted an exemption to individuals, farmers, etc., and dropped the whole burden of paying personal property taxes on commercial and industrial firms.

On the 1995 NFIB Kansas Ballot, 65.1 percent of the respondents said this Legislature should adopt a resolution to place an amendment on the 1996 general election ballot to exempt all commercial and industrial machinery and equipment from personal property taxation -- even though it would require a shift to increased income, sales and/or real estate taxes.

Regarding the statute of limitations on discovery of personal property tax liabilities from prior years, 78.5% called for a reduction from four to two years - a change this committee and the full house has agreed to make. This committee, in its wisdom, also has dealt properly with the harsh penalties currently imposed by law. We applaud you for that.

Finally, 91.8% of those responding said legislation should be enacted to establish a cost threshold on single items of personal property required to be assessed and taxed. This, of course is the thrust of H. B. 2108.

Let me say at the outset, our goal is not to deprive counties and other local taxing authorities of revenue needed to provide government services. Our goal simply is to prevent local government from coming into a massive windfall of new taxes, penalties and interest charges, imposed on the backs of businesses.

Even though a majority of our members opted for the Constitutional amendment, we chose a softer approach for 1995. We understand the great upheaval caused by reappraisal and classification of real property after 1986, and how that has overwhelmed county appraisers' and assessors' offices for several years. It is not our desire, at this time, to create another problem of the magnitude that completely eliminating all personal property from the tax rolls would cause.

Neither do we want, at this time, to erode the base of local taxing authorities by setting a new exemption so high that it causes major losses of local tax revenue. What we do want is to restore a sense of reasonableness to the administration of personal property tax law. We want to eliminate the great burden of record keeping and the enormous amount of time required of business owners to complete the forms for voluntary reporting of their personal property. Both could be greatly reduced by simply doing away with reporting and taxing minutiae -- small cost items which yield very little tax revenue, and by totally exempting old, worn out property which has exceeded its economic life and no longer is being used (H. B. 2167).

By making these changes, you will allow business owners to spend their time doing what they do best -- creating jobs, and generating wealth to bolster the Kansas economy. This, instead of laboring hours and hours, working for the tax collector.

Strict enforcement recently advocated by the Property Valuation Division has resulted in the need for increased staff in the Kansas Department of Revenue. Monitoring and auditing business reports to assure they include pencils, paper clips, rubber bands, staplers, Scotch tape dispensers, and such, most assuredly will result in the need for increased staff in appraisers' offices in every one of Kansas' 105 counties, if it hasn't already happened. We contend that the increased costs to local government will not be covered by the increased tax receipts derived from this new level of enforcement.

Although we are envious of the exemptions granted to farmers, those engaged in nursery operations, aquaculture and the growing of Christmas trees, we are not asking for a complete and

total exemption of personal property, such as theirs, for all other businesses. All we are asking is that the Legislature restore common sense to this area of taxation. We want you to provide some specific guidance, through statutory enactment, to the PVD and local counties, that will be uniform across the state, and reasonable in its enforcement.

Because I know that many NFIB members also are members of other business, professional or trade groups, I set out last fall to determine if others shared NFIB's concern with this issue. Within a short time it became obvious that there was almost universal concern among all types of businesses and professions. A list of organizations who have come together with one common goal - the reform of personal property tax law is attached as Exhibit # 2.

Because there are others who wish to speak, I will stop at this point, and stand for questions at the pleasure of the chairman. With the Chairman's permission, I would like to introduce...



STATE BALLOT

NFIB'S 1995 STATE BALLOT

PERSONAL PROPERTY TAX REFORM

1. Should the Kansas Legislature adopt a resolution to place a Constitutional Amendment on the 1996 general election ballot to exempt commercial and industrial machinery and equipment from personal property taxation?

65.1% Yes 24.6% No 10.3% Undecided 11

Background: Many small business owners believe the constitutional amendment adopted in 1986 is inherently unfair, because it imposed a tax on all commercial and industrial machinery and equipment, while granting an exemption for tangible personal property owned by individuals, with the exception of motor vehicles and boats. In addition, farm machinery and equipment, merchants' and manufacturers' inventory, livestock and all household goods and personal effects not used for the production of income, were granted exemption.

Proponents argue that, in fairness, businesses should be granted the same exemptions for all tangible personal property.

Opponents say removing all commer-

cial and industrial tangible personal property from the tax rolls would require an increase in other taxes (sales, real property, income tax, or some combination) to offset the lost revenues to the state and local government entities.

2. Should the Legislature enact a two-year statute of limitation on discovery of personal property tax liabilities from prior years?

78.5% Yes 15.0% No 6.5% Undecided 12

Background: Since 1986, there has been much confusion about reporting of commercial and industrial personal property. Neither county assessors' offices nor the state Property Valuation Division have provided clear cut direction on which property must be reported for tax purposes. Now, they are pursuing stricter enforcement, and are reviewing business owners' property listings to discover under reporting in prior years. Enactment of a two-year statute of limitation would prevent county assessors from going back more than two years to discover under reporting and assessing penalties and interest charges.

Proponents argue that a limitation is

needed to prevent counties from conducting "witch hunts" and achieving windfalls in penalties and interest charges from prior tax years.

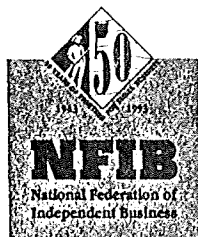
Opponents, including the Kansas attorney general, contend that this would create an amnesty for businesses who have under reported their property. They say this would constitute discrimination against firms who have accurately reported and paid taxes due in past years.

3. Should legislation be enacted to establish a cost threshold on single items of personal property required to be assessed and taxed?

91.8% Yes 4.9% No 3.3% Undecided 13

Background: Business owners complain that listing and researching the original cost of small items, especially items purchased used, takes more time than is warranted by the tax revenue generated. It has been suggested that the Legislature establish a cost threshold and require reporting only of single items for which the new cost was \$1,000-\$3,000.

Proponents say a requirement to list only major items of personal property would substantially reduce the record-keeping and time needed to complete the annual forms for county assessors. They contend such a threshold also would reduce the cost to counties of a bureaucracy required to audit personal property reports.



Hal Hudson
Kansas State Director

116-B
3601 S.W. 29th St., Suite 107 • Topeka, Kansas 66614 2015 • 913 271-9449 • Fax 913-273-9200

Your Vote Counts.

Please take a few minutes to vote.

The NFIB staff in the state capital uses the ballot results to argue your case in the legislature. Give us the numbers we need by taking a few minutes to vote today.

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Exhibit # 2

Organizations who have joined with **NFIB/Kansas** in the Coalition include:

Associated General Contractors of Kansas (AGC)

Kansas Automobile Dealers Association

Kansas Bankers Association

Kansas Building Industry Association

Kansas Chamber of Commerce and Industry

Kansas Contractors Association (heavy & highway group)

Kansas Grain & Feed Dealers Association

Kansas Land Improvement Contractors

Kansas Lodging Association

Kansas Motor Carriers Association

Kansas Pest Control Association

Kansas Taxpayers Network

Kansas Wine & Spirits Wholesalers

Leavenworth Chamber of Commerce

Mid-America Lumbermans Association

Western Association (retail hardware and implement dealers)

Wichita Chamber of Commerce

Wichita Independent Business Association.



Wednesday,
February 15,
1995

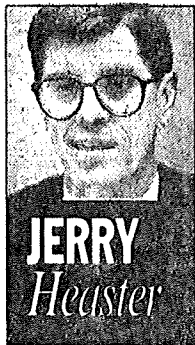
Business

The Kansas City Star.

Fairness and tax reform

A tax reform package that is critical to the fortunes of small business in Kansas took a giant step forward last week and will be the focus of legislative hearings today and Thursday.

The effort involves an attempt to overhaul the way personal property taxes are assessed on Kansas businesses. The essential goals have been to reduce the



JERRY
Heaster

administrative burden of the process and to ensure a more equitable and consistent method of valuing property for tax purposes.

Significant

progress was made in the fairness quest last week when the House approved bills that would reduce the statute of limitations as well as the penalties imposed as a result of unpaid taxes.

Hearings are scheduled on two more bills today and Thursday by the House Taxation Committee. Anyone wishing to testify can call (913) 296-7693 and notify the staff of Rep. Phill Kline, the Shawnee Republican who heads the Taxation Committee.

One proposal to be discussed calls for providing an exemption on any property item with an original cost of \$2,500 or less, and the other would exempt property no longer in use.

The \$2,500 exemption is considered especially important by reform advocates because it would improve much of the system's potential for Mickey Mouse abuses of power by tax officials. One reform proponent refers to some of the abuses as "high-handed nit-picking audits by county assessors intent on taxing everything from paperclips to dustballs."

He's hardly exaggerating, either. Nothing has seemed too inconsequential to escape the attention of the taxman — from pencils to cleaning supplies to in-house administrative forms. In fact, it was perceived abuses of the system in Leavenworth County that led to this year's push for reform.

The county hired a private auditor on a contingency-fee basis to probe the reports local businesses use to list taxable property. The more the auditor found unreported, the more he earned. As a result, the county reaped some \$1.7 million in additional taxes, interest and penalties.

Even if the House approves all elements of the reform package, however, the big question is whether the Senate will go along.

Hal Hudson, state director for the National Federation of Independent Business, says the statehouse buzz is that some senators fear the House is being too aggressive with tax cuts. This may lead to a backlash in the Senate as it tries to moderate the effect of House actions on the revenue side of the ledger.

One businessman who plans to testify at this week's hearings to counter such objections is Ross Markle, a Leavenworth businessman who is co-owner of Harris Brothers Cleaners.

Markle has done a study using the actual experience of four businesses under different sets of assumptions for the property exemption proposal.

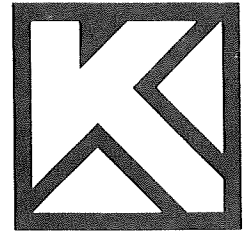
His aggregate numbers show in microcosm that the \$2,500 threshold wouldn't be a revenue loser. Markle hopes that by extrapolating from his study, he will be able to offer a convincing argument against rejecting personal property tax reform for fear of hurting revenue.

Money, however, shouldn't be the pivotal consideration in this debate. The arbitrariness of the system lends itself too much to capricious abuse by officials seeking to enhance revenue. Thus, the primary issue should be fairness, not revenue.

Jerry Heaster's column appears Wednesday, Friday, Saturday and Sunday in the Business section. To share a comment with Heaster, call 816/889-7827 and enter 2301.

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry



835 SW Topeka Blvd. Topeka, Kansas 66612-1671 (913) 357-6321 FAX (913) 357-4732

HB 2108 & 2167

January 20, 1995

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House Taxation Committee

by

Bob Corkins

Director of Taxation

Honorable Chairman and members of the Committee:

My name is Bob Corkins, director of taxation for the Kansas Chamber of Commerce and Industry, and I appreciate the opportunity to speak today. KCCI members believe that fairness in the administration of personal property taxes could be substantially improved and we view both HB 2108 and HB 2167 as very good ways to accomplish that goal.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

The reason for KCCI's interest in both of today's proposals is the same as that we provided for two other bills this legislative session. We appreciated your support -- and in fact the support of the entire House -- when House bills 2113 and 2115 were advanced to the Senate late last week. Those bills would help curb the growing zealous enforcement of business personal property taxes, and we explicitly

asked your endorsement of their reforms (reducing penalties and tax discovery periods) with this objective in mind. As important as those measures are, you may recall that I spoke of more significant reform plans to come.

Today's hearing addresses the heart of the problem with HB 2108 and 2167. The threshold exemption proposed in HB 2108 would be the single most useful change to benefit businesses in this area of taxation. Currently, all business property which is not real estate is a target for personal property taxes. The administrative burden upon businesses is an unrealistic, overwhelming, and even counter-productive from a tax collection perspective when they are forced to track items of negligible value. Furthermore, this part of the tax code is fraught with ambiguity which allows for the challenge of virtually every property tax rendition ever submitted.

Consequently, some "safe harbor" legislation is warranted. Our objective is not to cause local units of government to lose any of their tax base. No local tax revenue should be sacrificed under this plan because, generally speaking, this is property upon which county appraisers have not exercised their tax enforcement power before. Whether the appropriate threshold amount is \$500, \$2500, or \$5000, it should nevertheless be established. Since we have been unable to acquire county tax data which identifies where the highest "hold harmless" threshold for local governments would lie, we leave it to the wisdom of this body to establish a reasonable figure per item below which no tax liability would be imposed.

KCCI does offer two suggestions for improving the proposal in HB 2108. First, it must address the purchase of **used machinery and equipment** as well as that which is purchased new by the currently responsible taxpayer. Several firms have informed me that the vast majority of all their machinery and equipment was previously owned and used by some other business. We offer the attached balloon amendment in order to respond to that concern of many of KCCI's members.

Second, this bill does not define **what constitutes an "item" of property** to which the threshold dollar figure would be applied. This matter could be addressed with an amendment which is also incorporated as a balloon in my attachment.

Today's second proposal, HB 2167, addresses a problem which may come as a surprise to many. Business machinery and equipment, even if its economic life has expired and even if it is unused and gathering rust in a vacant lot, is still subject to taxation at 20% of its retail cost when new. In some circumstances, tax officials have deemed that the assessed valuation of such outdated and unused property should increase because (by virtue of being unused) it is no longer within the explicit machinery and equipment definition of our constitution. If such property does not fall within that classification which applies tax at an assessment rate of 25%, then it falls within the catch-all "other" classification which applies a 30% assessment rate.

It is KCCI's belief that these rigid interpretations of our state constitution run contrary to the legislature's intent. The application of property taxes in this fashion is unreasonable and it is unfortunate

that this statutory clarification as proposed in HB 2167 is necessary. However, it is appropriate that the proposal be heard in conjunction with HB 2108 since we view the two bills as complimentary. They are a natural extension of the policy statement regarding business personal property which you have already made this year and last.

We respectfully ask that you approve both bills with the modifications indicated. Again, thank you for the opportunity to address the Committee.

HOUSE BILL No. 2108

By Committee on Taxation

1-18

9 AN ACT relating to property taxation; exempting certain business ma-
10 chinery and equipment therefrom; amending K.S.A. 1994 Supp. 79-
11 213 and repealing the existing section
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. The following described property, to the extent spec-
15 ified by this section, shall be exempt from all property or ad valorem taxes
16 levied under the laws of the state of Kansas:

17 (a) Any item of machinery, equipment, materials and supplies used
18 exclusively for business purposes whose original retail cost when new is
19 \$2,500 or less.

20 (b) As used in this section and for the purposes of class 2(E) of sub-
21 section (b) of section 1 of article 11 of the Kansas constitution, "retail
22 cost when new" shall mean the total cost to the consumer less the amount
23 of any transactional taxes, installation costs and freight or transportation
24 charges included in such cost.

25 (e) ~~je~~ The provisions of this section shall apply to all taxable years com-
26 mencing after December 31, 1994.

27 Sec. 2. K.S.A. 1994 Supp. 79-213 is hereby amended to read as fol-
28 lows: 79-213. (a) Any property owner requesting an exemption from the
29 payment of ad valorem property taxes assessed, or to be assessed, against
30 their property shall be required to file an initial request for exemption,
31 on forms approved by the board of tax appeals and provided by the county
32 appraiser.

33 (b) The initial exemption request shall identify the property for which
34 the exemption is requested and state, in detail, the legal and factual basis
35 for the exemption claimed.

36 (c) The request for exemption shall be filed with the county appraiser
37 of the county where such property is principally located.

38 (d) After a review of the exemption request, and after a preliminary
39 examination of the facts as alleged, the county appraiser shall recommend
40 that the exemption request either be granted or denied, and, if necessary,
41 that a hearing be held. If a denial is recommended, a statement of the
42 controlling facts and law relied upon shall be included on the form.

43 (e) The county appraiser, after making such written recommenda-

or whose total cost when purchased used,

(c) As used in this section, "total cost when purchased used" shall be presumed to be the total cost to the consumer at the time the consumer purchases the property in used condition, less the amount of any transactional taxes, installation costs and freight or transportation charges included in such cost. The total cost when purchased used shall be presumed consistent with the valuation prescribed by class 2(E) of subsection (b) of section 1 of article 11 of the Kansas constitution unless such presumption is rebutted with clear and convincing evidence that the used property's valuation as prescribed in accordance with class 2(E) of subsection (b) of section 1 of article 11 of the Kansas constitution is some other value. Property shall be deemed in used condition if the property was earlier operated and applied toward its intended income producing function.

(c) As used in this section, an "item" of property shall, in the case of machinery and equipment, consist of any mechanism and those of its components which play a direct, integral, and essential part in the mechanism's operation in a commercially useful or productive application. In the case of materials and supplies, an "item" of property as used in this section may consist of any collection of like materials or supplies in any such quantity that is ordinarily made available for sale.

h-7

ALDERSON, ALDERSON & MONTGOMERY

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TOPEKA, KANSAS 66601-0237

MEMORANDUM

TO: Members of the House Taxation Committee
FROM: Alan F. Alderson, Legislative Counsel,
Western Retail Implement and Hardware Association
DATE: February 16, 1995
RE: House Nos. 2108 and 2167

On behalf of the Western Retail Implement and Hardware Association, I thank you for the opportunity to appear here today in support of House Bill Nos. 2108 and 2167. Western Retail Implement and Hardware Association is a multiple-state association of farm equipment dealers and hardware dealers having 249 farm equipment dealerships in Kansas and 201 hardware, lumber and home supply dealerships in Kansas.

Like others who have already testified before this Committee and who have expressed interest in this bill, our members are expressing concern about the continuing unfairness of exempting large pieces of machinery and equipment for industry, yet requiring small business owners to fully account for every nut and bolt, year-in and year-out. The spectre of audits is of great concern to our members, because of the difficulty of keeping track of all of the small machinery and equipment and other non-inventory personal property used in their businesses. What has happened in a few counties in this State already has sent up a red flag to small business owners in other counties.

While early Kansas legislatures saw fit to exempt household goods and other small items, the Legislature has never really addressed the small items of tangible personal property used in mainstreet or mom and pop retail operations throughout the state. Probably because the law technically requires all of the little pieces of machinery and equipment to be rendered and taxed, county appraisers have heretofore turned their heads and not penalized business owners for their failure to keep track of all of these small items.

We believe a better system would be implemented by a more realistic approach to the rendition of tangible personal business property. By exempting items that have an initial cost of less than \$2,500, the businessman is relieved of the responsibility for figuring out how far down the supply chain

he or she needs to keep track of small items. By exempting commercial and industrial machinery and equipment which is no longer being used in the business, you are relieving small business owners from a dilemma which has had no solution.

Appearing here with me today is Dave Ireland, of Caldwell's, Inc., a John Deere equipment dealer in Topeka who can express to you for himself the concerns he has and how these bills might address them.

We would be glad to try to answer any questions you may have.

CALDWELL'S INC
2031 NW HWY 24
TOPEKA, KS 66618
OFF: 913-233-1374
FAX: 913-233-5190
1-800-232-0075

February 16, 1995

To: Members of the House Taxation Committee

From: Dave Ireland, Sales Manager, Caldwell's Inc.

Re: House Number 2108 and 2167

As a small farm equipment dealer in Topeka, Kansas I take this opportunity to thank the committee for allowing me to appear in support of 2108 and 2167. As a farm equipment dealer our daily operation is run on SALES and SERVICE.

First let me discuss SALES at our dealership. John Deere Company requires it's dealers to represent approximately 700 models of equipment from 300 horsepower tractors to 9 horse power lawn equipment. Much of this equipment, by John Deere requirements, requires the dealer to purchase specialized tools and promotional merchandise. Sales of our equipment is done threw farm shows, field days, and in house seminars and demonstrations. Each of these activities requires specialized lighting, back drops, display racks, tents and demonstration equipment. At times, these items may be rented, but most frequently they must be purchased through John Deere Company. It is specific equipment that may only be used once every year to two. At any point, it cost money to take time to maintain and inventory these promotional items.

Our philosophy at Caldwell's Inc. is "SERVICE WHAT YOU SELL". This begins with the individual salesmen as they carry tools in their personalized company vehicles for on farm start up of new equipment for our customers. Tools that are specially designed for that piece of equipment, which the dealer must purchase, maintain and inventory.

As stated earlier, John Deere manufactures over 700 models of equipment. As a dealer, we must maintain an inventory of specialized tools to service the new equipment of the 90's, as well as all the specialized tools to service the equipment John Deere has manufactures for the past 60 years. Many of our customers have equipment decades old that is still on the farm operating on a daily basis.

House Taxation
2-16-95
Attachment 6-1

We are still expected to service this equipment annually or as needed, with the specialized tools John Deere developed along with their equipment.

Tools prior to the 70's were manual tools from floor jacks to over head hoist. The tools of the 80's and 90's are high tech electronic/hydraulic/computerized tools required for the new high tech equipment of John Deere. Most of these tools come in small packages with a large price tags.

It is astronomical the amount of tools required by John Deere Company to maintain an proficient shop, to insure the daily operation and livelihood of our dealership's service department.

Caldwell' Inc. does maintain an up-to-date, in-house inventory. Theft, breakage, and damage to tools has to be controlled. Inventory for tax purposes require extensive bookkeeping and form filing, which just adds extra work and expense to the daily activities of the dealership. A large majority of our tools are over 40 years old and have been depreciated or expensed.

The majority of these specialized line tools range in cost from .95 to \$2,000.00 each. Our dealership currently has over 500 individual tools in inventory. Each time our dealership makes the decision to purchase new tools, we have to evaluate not only the tool expense, but also the sales tax expense and the property tax expense. The expenses that must be passed on to our farming customers and whether or not it is economically profitable. Farmers expenses are high enough for repairs.

The current burdens of the dealership are the Federal and State mandates that have been forced upon us, which we have had no control over. For example, with the Federal mandate concerning recovery of air conditioning freon. Our service department has had to purchase over \$5,000.0 of new tools, and this is just the basics. Now, we agree that we should all do what we can to protect the environment. Our disagreement lies with the taxes, on top of the taxes, on top of the mandates. We appreciate having a voice in the decisions being made which effect the livelihood of our customers and our employees.

We believe there is no easy solution to the rendition of property tax that is being implemented on business tangible. By exempting commercial and industrial machines and equipment of dollar values \$2,500.00 or less from property taxation, wouldn't this allow small businesses or dealerships like myself, to re-invest in capital outlay or employee profit sharing, or creating new employee opportunities?

Again, thank you for the opportunity to speak before the committee this morning.

I would be glad to answer any questions at this time.



Date: February 15, 1995

To: House Committee on Taxation

From: Kevin Robertson
Executive Director

Re: **House Bill 2108 - Personal Property Tax Threshold**

Chairman Kline and members of the Committee my name is Kevin Robertson. I am appearing before you today on behalf of the 150 statewide members of the Kansas Lodging and Hotel Associations in **support of HB 2108.**

The members of the Kansas Lodging and Hotel Associations are concerned that increased requirements by local appraisers, at the direction of PVD, to itemize all personal property will result in a tremendous burden and cost of both time and professional services.

Over the last week I have called many hotel and motel operators to investigate how their county required personal property taxes be reported. Many said they currently reported their personal property simply as a lump sum per guest room. If the ability to report personal property is indeed changing, hotel and motel operators will have difficulty affixing an itemized cost to each towel, ash tray, picture, hair blower, lamp, bed spread, shower curtain, glass, ice bucket, clock radio, etc. Attached you will see an itemized list of the contents of a typical hotel room. Many of these items have far less than a seven year life and are replaced regularly. The value of many of these items is so low it is not prudent for the hotelier to list and itemize these for tax purpose. How much tax revenue does an ash try or glass generate?

The members of the Kansas Lodging and Hotel Associations urge your support of HB 2108.

House Taxation
2-16-95
Attachment 7-1



Average Guest Room Furnishings:

<u>Item</u>	<u>Number in room</u>
bed frame	4
box spring	4
mattress	4
sheets	8
mattress pad	4
blankets	4
pillows	8
pillow cases	8
bedspreads	2
face towels	4
washcloths	4
bath towels	4
bath mats	1
tub mats	1
towel racks	1
bar soap	2
shower curtain	1
plastic bag	2
waste basket	1
ice bucket	1
plastic liner	2
coffee maker	1
room glasses	4
ash tray	2
mirrors	2
upholstered chairs	1
reclining chairs	1
lamps	3
stationery	3
dresser	1
table	1
wardrobe	1
desk	1
desk chair	1
clock radio	1
TV with remote	1
luggage racks	2
carpet	1
carpet pad	1

February 15, 1995

F A X M E M O R A N D U M

To: Rep. Phill Kline
Chairman, House Taxation Committee

From: Bernie Koch
Wichita Area Chamber of Commerce

Re: Testimony

I regret that I was called to Wichita and will not be back in time for Thursday's House Taxation Committee meeting. However, copies of my testimony were provided Tuesday to the committee secretary.

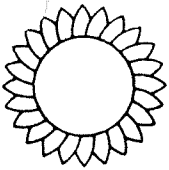
The only additions to my comments if I could be present would be to respond to Wednesday's testimony by the Sedgwick County Appraiser, who noted that both bills would result in a tax shift by causing a loss of an estimated \$12 million in our county. If that estimate is correct, I don't believe that would amount to much of a shift.

According to the Sedgwick County Clerk's Office, the county's total budgeted property tax in 1994 for calendar year 1995 was \$232,563,268. A \$12 million dollar shift in that level of base would not likely be very substantial.

The 1994 budgeted property tax represented an \$8.6 million dollar increase from the previous year, and a \$19.3 million dollar increase over the previous two years.


Thank you for your consideration of the two bills.

House Taxation
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Attachment 8



February 14, 1995

TO: House Taxation Committee

FROM: Paul A. Welcome, CAE, Johnson County Appraiser 

SUBJECT: House Bill 2108

This bill addresses two major issues. First, exemptions below \$2,500 per item and the definition of *retail cost when new*. Each item is discussed.

The definition of *retail cost when new* could have a significant impact on the reported value. Currently, Property Valuation Division policy is to include sales tax, freight and installation cost. This bill removes these costs from the definition. If an item is located at a shipping dock, it does not have value to the end user. In addition, if the installation is not done, the asset may have little value. If the property cannot be used, what value does it have. The definition change would have a tax impact and reduction of \$50,688,472 assessed value.

The second part is if the item cost less than \$2,500 the item would be exempt. I have heard many times about the staples being counted for taxation purposes. It seems the issue is for the insignificant items not to be counted. We concur with a minimal threshold value, say \$100. If the \$2,500 is adopted, we could see a computer workstation being bought with several invoices. One for the computer terminal, one for the computer and one for the memory, each invoiced separately.

As you look around here or in your offices, most equipment would be exempt from taxation. Tables, chairs, file cabinets and computers would all be eliminated if the retail cost new is \$2,500 per item or less. It is felt a \$100 threshold would be reasonable to eliminate the insignificant items. As a side note, materials and supplies, as well as Schedule 6 items, should be considered exempt for taxation purposes. These items in Johnson County are insignificant.

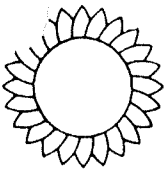
House Taxation
2-16-95
Attachment 9-1

This bill would have a profound impact on Johnson County. This exemption and definition change would diminish the personal property tax roll, because one major industry is the service business with small equipment. With the threshold of \$2,500, have we taken a sledge hammer when a fly swatter would do the job with a \$100 threshold.

In addition, I would like to illustrate the tax shift, not tax cutting, occurring in the State and Johnson County, specifically:

Property Type	Statewide		Johnson County	
	1988	1993	1988	1994
Real Property	44.34%	55.13%	53.11%	72.62%
Personal Property	24.31%	16.19%	17.49%	8.17%
Utility Property	17.77%	15.93%	6.43%	4.86%
Motor Vehicles	13.58%	12.75%	22.97%	14.35%

The tax burden is shifting to real property statewide and for Johnson County. As you diminish the personal property valuation, the problem will continue to shift to the homeowner and other property owners.



February 13, 1995

Senator Mark Parkinson
State Capitol
Topeka, Kansas 66612

Senator Parkinson,

Enclosed are the charts you requested at our meeting last Wednesday, February 8, 1995. I enjoyed talking with the delegation and exchanging information. If I can be of any further service to you, please feel free to contact me at 913/764-8484 extension 6103.

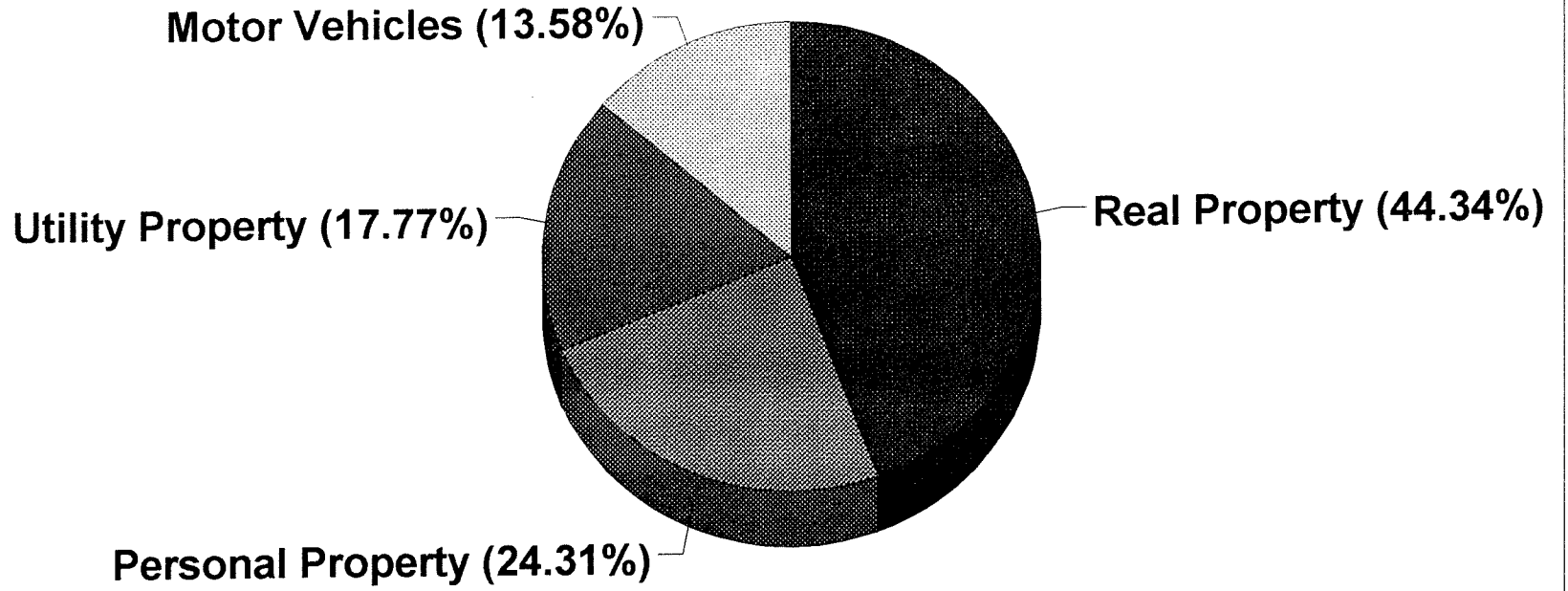
Sincerely,

Paul A. Welcome, CAE
County Appraiser

Enc.

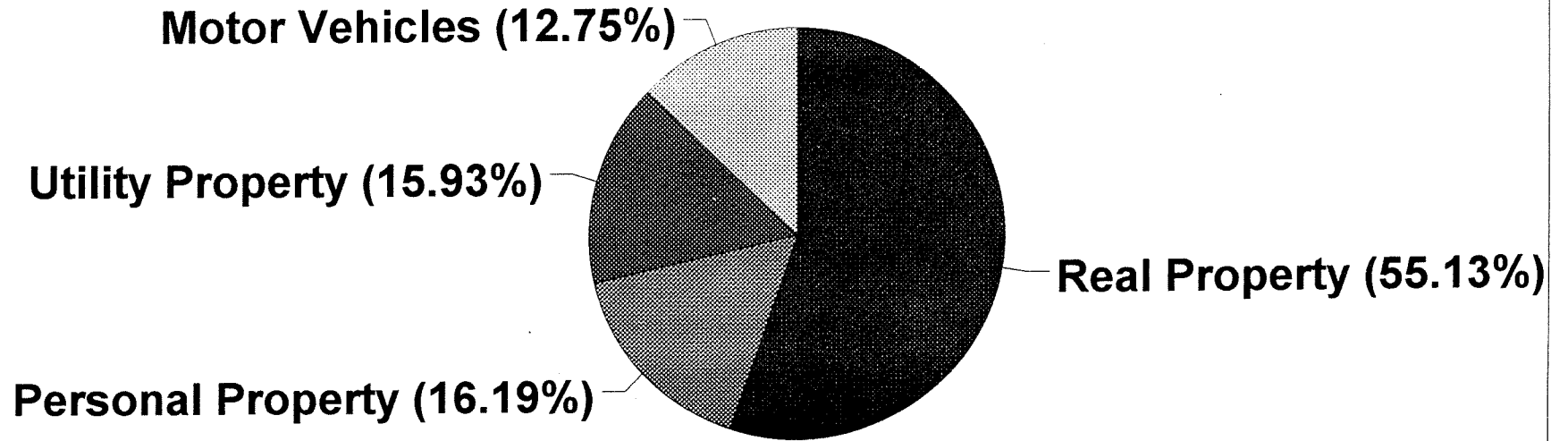
9-3

1988 State Assessed Value By Property Type

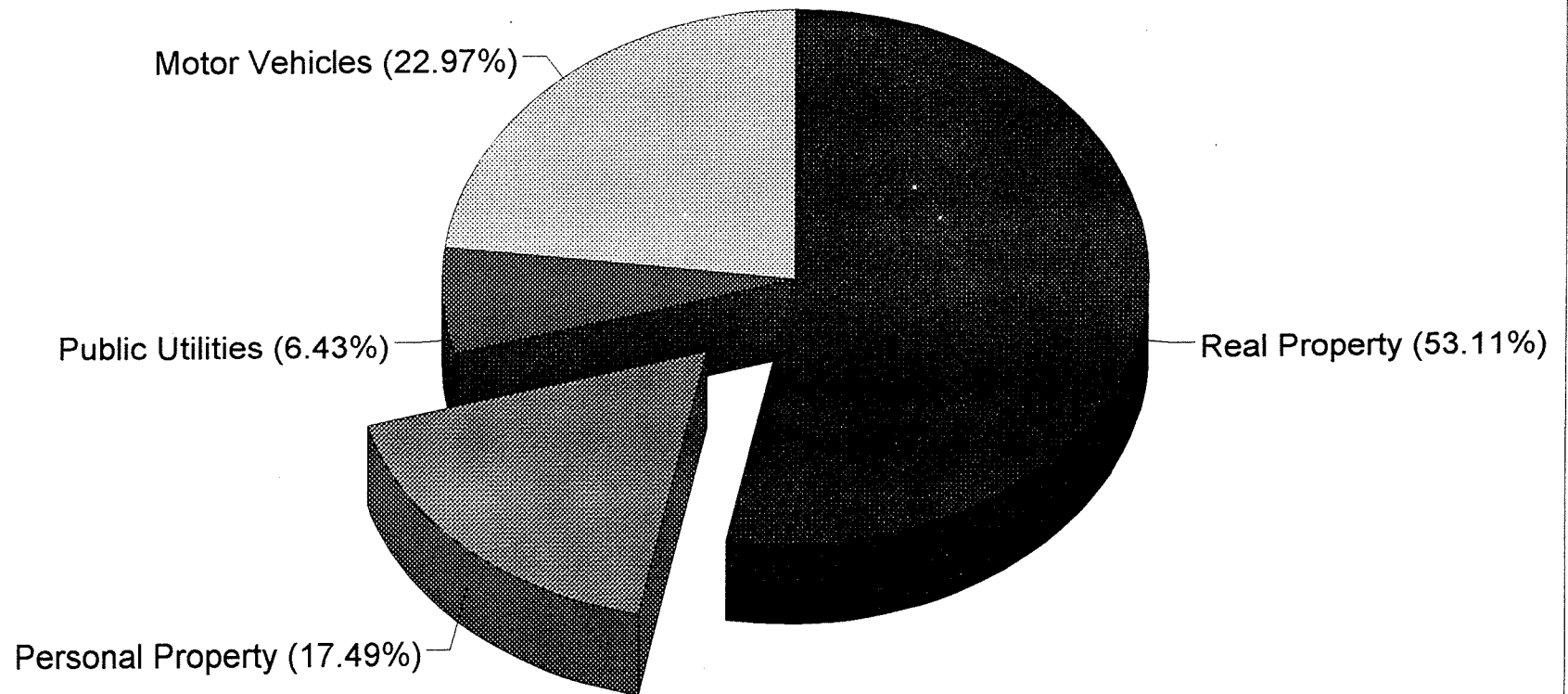


1993 State Assessed Values

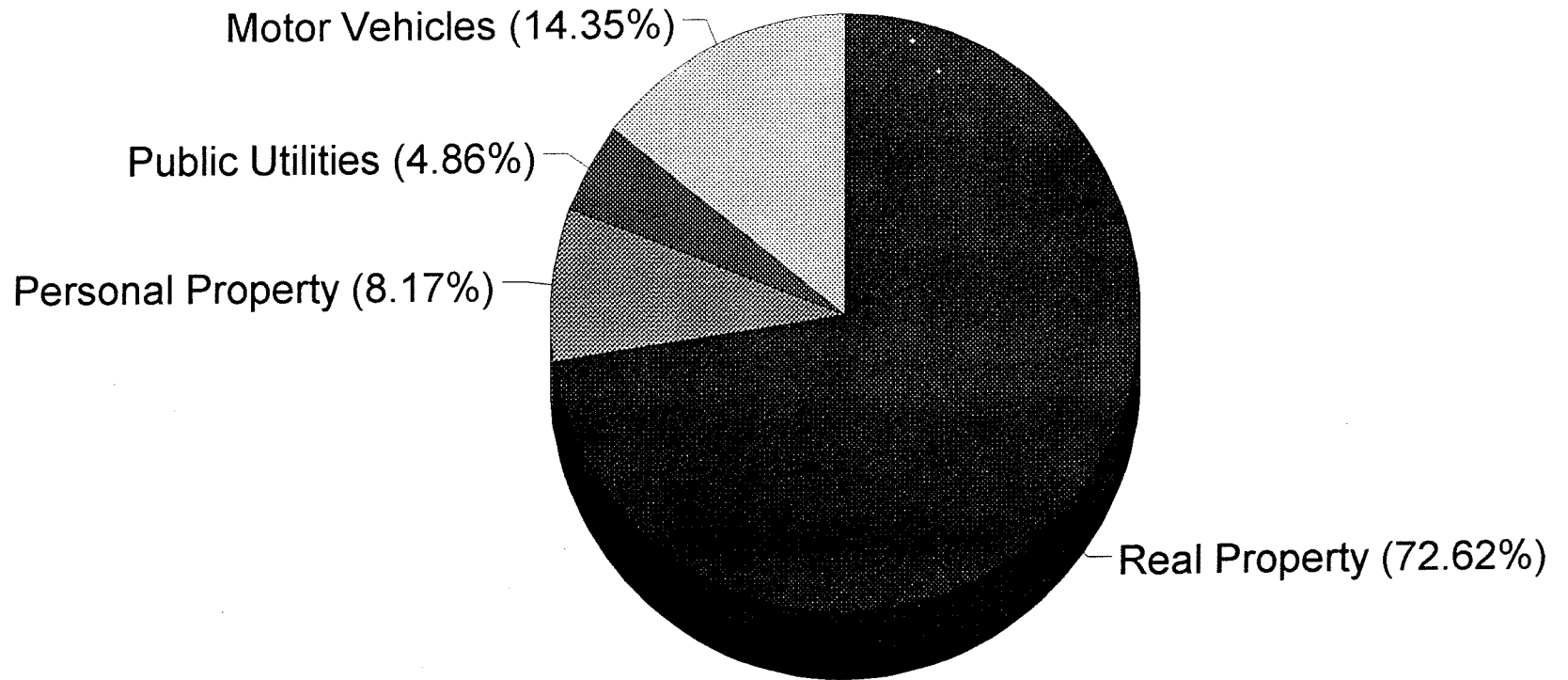
By Property Type

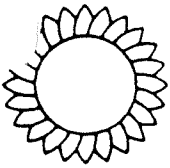


1988 Johnson County Assessed Values By Property Type



1994 Johnson County Assessed Values By Property Type





March 21, 1994

Mr. David Cunningham, Director
Division of Property Valuation
Docking State Office Building
915 S. W. Harrison Street
Topeka, Kansas 66612-1585

Dear Mr. Cunningham:

As we discussed earlier, I would like you to consider a proposal to change our method of listing personal property that would greatly enhance our efficiency and effectiveness in the valuation process. Our current methodology requires us to track and change, when necessary, approximately 490,000 line items of commercial personal property. Many of these accounts, such as Yellow Freight and Sprint, have hundreds of line items, many of which are the same type of equipment purchased in the same year. For example, Yellow Freight might have purchased hundreds of personal computers in the same tax year, and each of these is listed on a separate line item. If at some point we are required to make a change in economic life for computers, our office must change each line item separately. This process is labor-intensive and time consuming.

Would you agree that listing this property in lump sum by acquisition date and type of equipment would greatly simplify the process both for us and the taxpayer? If we were to apply this methodology at least to our large accounts, we and the taxpayers would be able to streamline our processes and make listing and valuation much more effective.

The attached sample format represents the basic composition of what a rendition of this type would look like. Note that the equipment is listed by acquisition year, new or used, total cost and equipment type in a lump sum arrangement rather than individually. This format would allow us to apply the appropriate economic lives for the type of property rendered, apply used factors, if applicable and achieve the same result as we do with the current approach. The rendition forms can even be customized to the type of business. For example, rendition forms for businesses that do not have heavy equipment would not have that column appear on their rendition, but would have a column applicable to the type of personal property typical for that business. I believe that this method of commercial personal property filing would greatly improve our current procedures.

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Mr. David Cunningham, Director
March 21, 1994
PAGE TWO

As an additional note, does your office plan to investigate the Used Factor Guide to address the concern that used equipment often is valued higher than new equipment? We would appreciate your help in this matter.

Thank you very much for your consideration. I look forward to hearing from you soon.

Sincerely,



Paul A. Welcome
County Appraiser

Enc.

- c. Ron Swisher, Bureau Chief
Marvin Brinkman, Property Appraiser
Beth Richardson, Personal Property Manager

Sample Format--Commercial Personal Property Ad Valorem Tax Return

Schedule 5, Class 2E: Commercial/Industrial Machinery and Equipment,
Office Furniture/Fixtures and Signs

Please list, by year acquired, new or used, and total cost, all items used in the business in the appropriate column below.

Acq Year	New/Used	Furniture & Fixtures	Office/Light Duty Equipmen	Computer Equipment	Heavy Machinery & Equipment	Signs
94	New					
94	Used					
93	New					
93	Used					
92	New					
92	Used					
91	New					
91	Used					
90	New					
90	Used					
89	New					
89	Used					
88	New					
88	Used					
87	New					
87	Used					
86	New					
86	Used					
85	New					
85	Used					
84	New					
84	Used					
83 & Prev	New					
83 & Prev	Used					

KANSAS COUNTY APPRAISERS ASSOCIATION

P.O. Box 1714

Topeka, Kansas 66601

HOUSE BILL 2108

To: House Taxation Committee

From: Larry Clark, CAE, Chair Legislative Committee

Date: February 15 , 1995

As a representative of the appraisers' association I appear to provide information on the probable impact of this legislation. In that regard there are two areas of concern: the floor on taxable valuation and the definition applied to retail cost when new.

The estimate of total commercial personal property that currently has a cost new of \$2,500 or less ranges from 15 to 20% percent of each county's value. Currently, however, many property owners report in lump sum amounts according to the year of purchase. This legislation appears to offer an irresistible incentive to break any purchases into their smallest component to take advantage of the \$2,500 limitation. It is therefore impossible to estimate the total impact of this change.

On the other hand, the definition of retail cost when new as excluding transactional taxes, installation costs and freight or transportation charges is even more problematic. It is contrary to sound appraisal practice to exclude such items in estimating the value of property. Such exclusion is similar to using the cost approach to appraise real estate but not including freight charges on the lumber or the construction costs. Just as lumber has no value until it is delivered to the building site, a personal computer is of no value to a business sitting on a loading dock at IBM headquarters. Businesses depreciate these costs as part of the value of the equipment, because they form part of that value. Estimates place the value of these excluded items at fifteen to 20% of the total cost.

Therefore, it is reasonable to estimate the total loss in value to commercial personal property at thirty to fifty

House Taxation * -- *
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percent. This, in turn, will cause either loss in revenue to local taxing jurisdictions, as well as the state wide school finance fund, and/or a shift of the personal property tax burden to other property types. Since residential real estate represents the single largest portion of the local tax base, this shift will have the greatest impact on residential real estate.

OFFICE OF
ROBERT C. GARDNER, CAE, MAI
COUNTY APPRAISER
913-287-2641



WYANDOTTE COUNTY ANNEX
9400 STATE AVE.
KANSAS CITY, KANSAS 66112

February 15, 1995
House Assessment & Taxation Committee
H.B. 2108 Hearing

Dear Chairman and Committee Members;

I would like to thank you for this opportunity to address the committee regarding H.B. 2108. I appear here today on behalf of the Wyandotte County Commissioners.

We are opposed to H.B. 2108 since it will cause a major shift in taxes to remaining real and personal property taxpayers and will cause inequity in personal property assessments. We would respectively request you consider the following impact H.B. 2108 will have in Wyandotte County.

1. The reduction of \$2,500 on each item of equipment will cause a loss of approximately \$14,000,000 assessed value for the county.
2. The definition of "retail cost when new" as used in paragraph (b) of H.B. 2108 will be an additional loss to Wyandotte County of about \$26,050,000 assessed. This was estimated using 20% for cost of taxes, installation, and freight times the appraised value of the commercial/industrial personal property file. I believe this is a conservative estimate.
3. The total loss of \$40,000,000 (assessed value rounded) represents a major shift in taxes.

Based on the loss of \$40,000,000 assessed value the average tax rate for the county would increase from \$179.502 per thousand to \$192.345 per thousand. Total tax loss estimated using \$179.502 per thousand is \$7,180,080.

The following example points out the effect this shift has on real property in Wyandotte County.

House Taxation
2-16-95
Attachment 11-1

Commercial Real Property

Before	After
\$50,000	\$50,000
X .25	X .25
\$12,500	\$12,500
X \$,179502	X \$.192345
\$ 2,243.78	\$ 2,404.31
Increase \$160.53	+7%

Residential Real Property

Before	After
\$50,000	\$50,000
X .12	X .12
\$ 6,000	\$ 6,000
X \$.179502	X \$.192345
\$ 1,077.01	\$ 1,154.07
Increase \$77.06	+7%

It is also our opinion that H.B. 2108 will cause inequity in personal property assessments. Certain type businesses own property that individually will have a cost new below the \$2,500 amount. For example, Wyandotte County has an assessed value of \$8,000,000 for 6,000 accounts of leased or rented property. This would include such items as copy machines, fax machines, food and drink vending machines, ice machines, trash containers, computer equipment and so on. The following page is a listing from one page of the 1994 assessment of a national soft drink company. Of the 20 items listed none have a cost new over \$2,500. The total cost new for the page is \$31,375. While this taxpayer will have zero tax obligation under H.B. 2108 the manufacture next door will have a tax obligation based on \$28,875 if their machine cost \$31,375. It our opinion this causes inequity in the system.

Again, I would like to thank you for this opportunity to express our opposition to H.B. 2108. I will be happy to answer any questions you might have regarding H.B. 2108.

Sincerely;

Robert Gardner
Robert Gardner CAE, MAI

PURCHASE NEW/USED PURCHASE DATE MODEL YEAR ACQUISITION COST

NEW	1987	1987	1,696 ✓
NEW	1989	1989	1,816 ✓
NEW	1989	1989	1,373 ✓
NEW	1989	1989	1,385
NEW	1989	1989	1,347
NEW	1989	1989	1,393
NEW	1990	1990	1,300 ✓
NEW	1990	1990	1,340 ✓
NEW	1990	1990	1,554
NEW	1990	1990	2,372 ✓
NEW	1990	1990	1,788
NEW	1990	1990	1,690
NEW	1990	1990	1,794 ✓
NEW	1990	1990	1,850 ✓
NEW	1990	1990	1,591 ✓
NEW	1990	1990	1,591 ✓
NEW	1991	1991	1,213 ✓
NEW	1991	1991	1,752 ✓
NEW	1991	1991	1,284 ✓
NEW	1991	1991	1,246

OFFICE OF
ROBERT C. GARDNER, CAE, MAI
COUNTY APPRAISER
913-287-2641



WYANDOTTE COUNTY ANNEX
9400 STATE AVE.
KANSAS CITY, KANSAS 66112

February 15, 1995
House Assessment & Taxation Committee
H.B. 2167 Hearing

Dear Chairman and Committee Members;

I would like to thank you for this opportunity to address the committee regarding H.B. 2167. I appear here today on behalf of the Wyandotte County Commissioners.

We are opposed to H.B. 2167 since it will cause a major shift in taxes to remaining real and personal property taxpayers.

In 1994 Wyandotte County had a total appraised value for materials and supplies of \$5,982,193. The assessed value of \$ 1,794,782 resulted in a total tax of about \$ 322,000.00. This is based on the average levy of \$179.502 per thousand.

The total number of accounts reporting supplies was 1,463. The amount of supplies reported ranged from \$50 to \$1,300,000 appraised value. The two largest accounts totaled over \$ 2,100,000 of the total appraised.

Again, I would like to thank you for this opportunity to express our opposition to H.B. 2167. I will be happy to answer any questions you might have regarding H.B. 2167.

Sincerely;


Robert Gardner CAE, MAI

11-4



TOPEKA

HOUSE OF
REPRESENTATIVES

DEMOCRATIC WHIP

COMMITTEE ASSIGNMENTS

RANKING DEMOCRAT: SELECT COMMITTEE ON
DEVELOPMENTAL
DISABILITIES

MEMBER: JOINT COMMITTEE ON STATE
BUILDING CONSTRUCTION
JOINT COMMITTEE ON LEGISLATIVE
POST AUDIT
CALENDAR AND PRINTING

VICE CHAIR: NATIONAL CONFERENCE OF
STATE LEGISLATURES TASK
FORCE ON DEVELOPMENTAL
DISABILITIES

ED McKECHNIE
REPRESENTATIVE, THIRD DISTRICT
224 W. JEFFERSON
PITTSBURG, KANSAS 66762
(316) 231-1669

OFFICE
JAN.—APRIL
ROOM 302-S
STATEHOUSE
TOPEKA, KS 66612
(913) 296-7699

February 16, 1995

Testimony of Rep. Ed McKechnie
To The House Taxation Committee

Thank you Chairman Kline and members of the House Taxation Committee for the opportunity to testify in favor of S.B. 20 which is destined to become the omnibus sales tax bill of 1995. When I was last before this committee, you sent H.B. 2086 to the floor, and then on to the Senate for consideration.

It now appears H.B. 2086 is being held for future use in the area of sales tax modification.

Today I am requesting, on behalf of Reps. Yoh, Shallenburger and Holmes your favorable and prompt consideration of this bill to allow counties to place sales tax questions on the April ballot. We have less than two weeks to have this bill signed by the Governor.

This bill currently includes legislation for Crawford, Dickinson and the Montgomery County Cessna sales tax. To have the bill reflect H.B. 2086 and that of the House sponsors, we need to have Cherokee, Cowley and Seward Counties added. The revisor has the appropriate amendments.

Thank you for your consideration and I am available to answer any questions.

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2-16-95
Attachment 12