

Approved: 3-31-95  
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 20, 1995 in Room 519-S of the Capitol.

All members were present except: Rep. Nancy Kirk - excused

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: Mike Miller, Kansas Independent Auto Dealers Assn.  
John Schmid, Auto Dealers, Coffeyville,  
Legislative Chair, Kansas Auto Dealers Assn.  
Chris McKenzie, League of Kansas Municipalities  
Anne Spiess, Kansas Assn. of Counties  
Ernie Mosher, City of Topeka

Others attending: See attached list

Chairperson Kline announced (1) **SB 150** will be worked on Wednesday, February 22; (2) The Subcommittee studying **HB 2108** and **HB 2167** will meet on Tuesday, February 21 at Noon in Room 521S. Subcommittee consists of Chairman Graeber, Members Edmonds, Wempe and McKinney.

Chair opened hearings on car tax bills:

**HB 2093 - Motor vehicle tax assessment rate reduction**  
**HB 2106 - Motor vehicle property tax assessment rate reduced**  
**HB 2121 - Taxation of motor vehicles**  
**HB 2156 - Rate of taxation of motor vehicles**  
**HB 2210 - Motor vehicle tax levy rate reduced**  
**SB 50 - Motor vehicle property tax assessment rate reduced**  
**SB 150 - Motor vehicle tax reduction; assessment and tax rates**

Chris Courtwright of Legislative Research briefed the committee on vehicles subject to motor vehicle tax; comparison of various motor vehicle tax reduction plans; model year of passenger vehicles as of July 1, 1991 and July 1, 1993. (Attachment 1)

Charles Warren of Kansas, Inc. presented an explanation of the Study of Motor Vehicle Personal Property Taxes as prepared by Glenn W. Fisher of the Hugo Wall School of Urban and Public Affairs, Wichita State University. (Attachment 2)

Proponents: Mike Miller, Kansas Independent Automobile Dealers Association (Attachment 3)  
John Schmid, KADA Legislative Chair (Attachment 4)  
Chris McKenzie, Exec. Dir., League of Kansas Municipalities (Attachment 5)  
Anne Spiess, Kansas Association of Counties (Attachment 6)  
Ernie Mosher, City of Topeka

Mosher indicated the City of Topeka supported **SB 150** and urged attention be given to the minimum tax.

Questions and comments by committee to all conferees. Chair closed hearing on car tax bills.

Adjournment.

The next meeting is scheduled for February 21, 1995.

# TAXATION COMMITTEE GUEST LIST

DATE: FEB. 20, 1995

NAME	REPRESENTING
David Paulsen	League of Municipalities
Ernie Hosker	City of Topeka
Cedric Moore	Kansas for Equal Prof & Ben Tax
Christy Bailey	Senate Staff
Donald Snodgrass	Ks Food & Dealers Assn
Frances Kastner	Ks Food Dealers Assn
Martha Uen	KMHA
MATTHEW MARTIN	KAR
Joseph Kronawitter	
Rich McKee	KS Livestock Assoc
Jacqueline Oakes	Ks. Ind. Auto Dealers Assoc
Mike Miller	Ks Ind. Auto Dealers Assoc.
Anne Spiess	Ks. Assoc of Counties
JOANN HAMILTON	Ks CO TREASURERS ASSOC
Mary Jane Stattelmaier	KS Farm Bureau

## MEMORANDUM

1/31/1995

TO: House Taxation Committee  
 FROM: Chris W. Courtwright, Principal Analyst  
 RE: Comparison of Various Motor Vehicle Tax Reduction Plans

	Current Law	Bradley H 2093	H Dems H 2106	H Tax H2156	Donovan H 2121	Snowbarger H 2210	League S 50	Governor's Plan
Effective		Jan 1, 96	Jan 1, 96	Jan 1, 96	Jan 1, 96	Jan 1, 96	Jan 1, 96	Jan 1, 96
96 Assessment Rate	30%	20%	27%	30%	eliminated	30%	29%	28.5% & 30%
Final Assessment Rate	30%	20%	15%	30%	eliminated	30%	20%	15% & 30%
96 Mill Levies	co avg 94	co avg 94	co avg 94	-18.25 mills	eliminated	-10 mills	co avg 94	-9.125 mills
Final Mill Levies	co avg	cap at 1994	cap at 1998	-36.5 state	eliminated	-36.5 state	co avg	-18.25 mills
Repl \$\$\$ for All Taxing Units	---	Yes	Yes	USDs only*	No*	USDs only*	No*	No*
Est 96 Taxes (\$ in millions)	\$300.0	\$202.0	\$270.6	\$257.9	\$263.3	\$276.9	\$290.2	\$268.8
Calendar Year 1996 Fiscal Note	---	(\$98.0)	(\$29.4)	(\$42.1)	(\$36.7)	(\$23.1)	(\$9.8)	(\$31.2)
Long-Run Growth in Taxes	6-8%?	reduced	reduced	no change #	reduced	no change #	reduced	reduced

\* Replacement Revenues would be required through general state aid to the extent that the Legislature would continue to fund fully the base state aid per pupil component of the school finance formula.

HB 2156 and HB 2210 were designed to eliminate the state portion of the levy and NOT to impact local taxing subdivisions.

TO: House Taxation Committee  
 FROM: Chris W. Courtwright, Principal Analyst  
 RE: Age of Vehicles Subject to Motor Vehicle Tax

## Vehicles Subject to Motor Vehicle Tax

*(Registrations as of December 20, 1994)*

<u>Model Year</u>	<u>Autos</u>	<u>Motorcycles</u>	<u>Light Trucks</u>	<u>Total</u>	<u>Total as Pct of All Vehicles</u>
1995	8,629	181	1,949	10,759	0.54%
1994	60,520	987	23,937	85,444	4.32%
1993	83,545	1,271	23,889	108,705	5.50%
1992	87,590	1,029	24,332	112,951	5.72%
1991	94,199	902	24,887	119,988	6.07%
1990	93,143	1,042	23,233	117,418	5.94%
1989	99,892	1,108	27,032	128,032	6.48%
1988	102,296	1,077	29,286	132,659	6.71%
1987	91,314	1,298	22,182	114,794	5.81%
1986	94,514	2,345	27,991	124,850	6.32%
1985	90,899	2,461	25,699	119,059	6.02%
1984	81,197	1,963	25,477	108,637	5.50%
1983	54,719	2,913	19,872	77,504	3.92%
1982	44,222	4,811	18,480	67,513	3.42%
1981	40,819	4,386	16,910	62,115	3.14%
1980	36,842	3,761	16,378	56,981	2.88%
1979 & older	241,825	15,818	171,324	428,967	21.70%
Total	1,406,165	47,353	522,858	1,976,376	100.00%



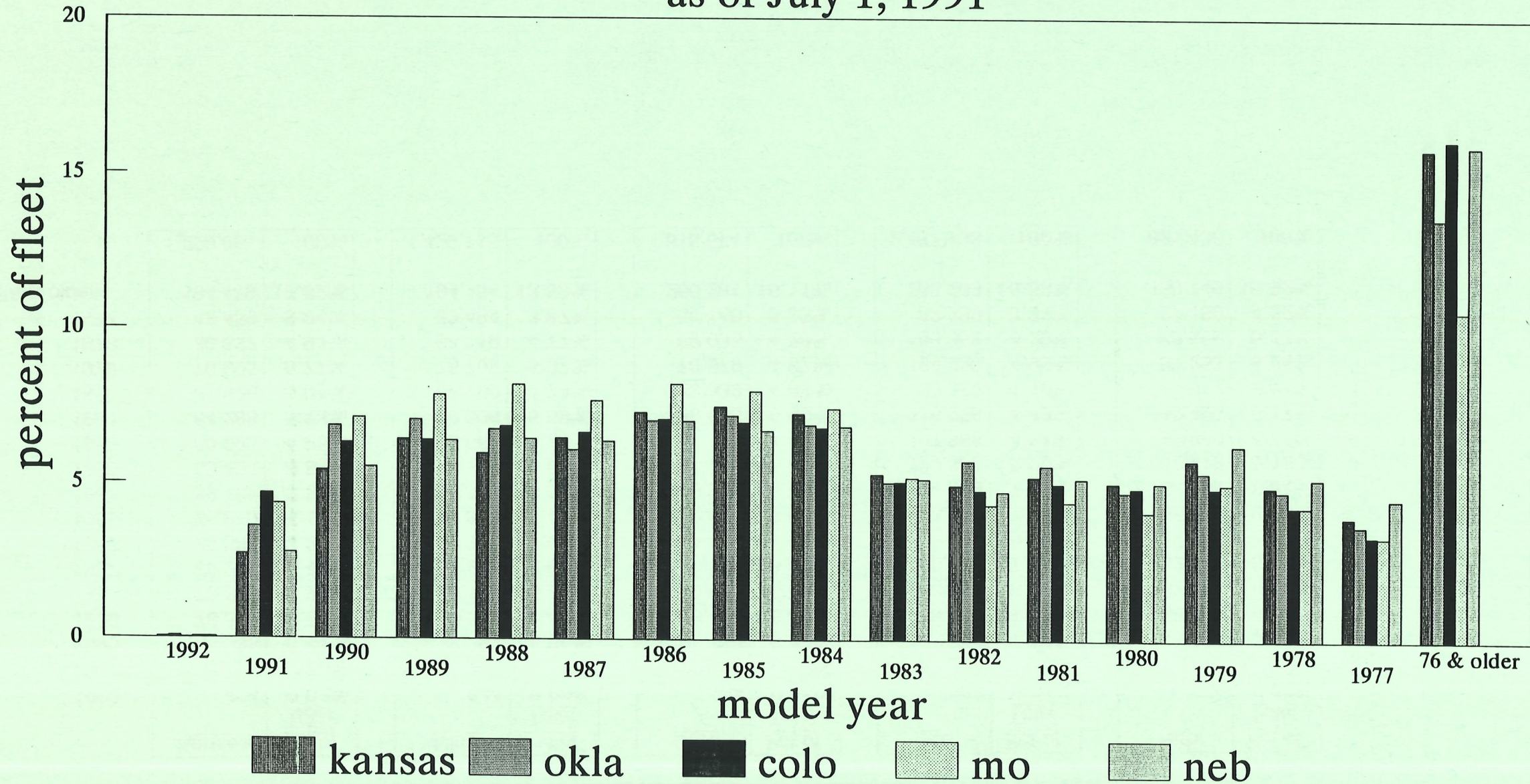
# Model Year of Passenger Vehicles as of July 1, 1991

	<u>Kansas</u>	<u>Pct of Total</u>	<u>Okla</u>	<u>Pct of Total</u>	<u>Colo</u>	<u>Pct of Total</u>	<u>Mo</u>	<u>Pct of Total</u>	<u>Neb</u>	<u>Pct of Total</u>
1992	424	0.03%	844	0.06%	234	0.01%	938	0.04%	284	0.03%
1991	33,145	2.70%	51,261	3.59%	75,238	4.66%	107,509	4.32%	22,713	2.77%
1990	66,535	5.42%	97,792	6.84%	101,759	6.30%	176,814	7.11%	45,391	5.53%
1989	78,879	6.42%	100,638	7.04%	103,110	6.38%	195,042	7.84%	52,311	6.37%
1988	73,230	5.96%	96,113	6.73%	110,409	6.83%	203,234	8.17%	52,764	6.42%
1987	79,260	6.45%	86,941	6.09%	107,129	6.63%	190,779	7.67%	52,171	6.35%
1986	89,565	7.29%	100,333	7.02%	114,168	7.07%	203,903	8.20%	57,571	7.01%
1985	91,945	7.48%	102,834	7.20%	112,565	6.97%	198,504	7.98%	55,032	6.70%
1984	89,162	7.26%	98,599	6.90%	109,945	6.81%	184,819	7.43%	56,164	6.84%
1983	65,224	5.31%	72,193	5.05%	81,794	5.06%	129,307	5.20%	42,419	5.16%
1982	60,995	4.96%	82,065	5.74%	77,547	4.80%	107,868	4.34%	39,040	4.75%
1981	64,288	5.23%	79,906	5.59%	80,836	5.00%	110,228	4.43%	42,496	5.17%
1980	61,928	5.04%	67,780	4.74%	78,639	4.87%	102,062	4.10%	41,412	5.04%
1979	70,905	5.77%	76,709	5.37%	78,679	4.87%	124,226	4.99%	51,253	6.24%
1978	60,337	4.91%	68,119	4.77%	69,095	4.28%	106,358	4.28%	42,509	5.17%
1977	48,430	3.94%	52,484	3.67%	54,146	3.35%	82,339	3.31%	37,160	4.52%
76 & older	194,439	15.82%	194,104	13.59%	260,281	16.11%	263,203	10.58%	130,746	15.92%
	1,228,691	100%	1,428,715	100%	1,615,574	100%	2,487,133	100%	821,436	100%



# Passenger Car Registrations

as of July 1, 1991



percent of fleet

model year

kansas okla colo mo neb

4-1

4-1



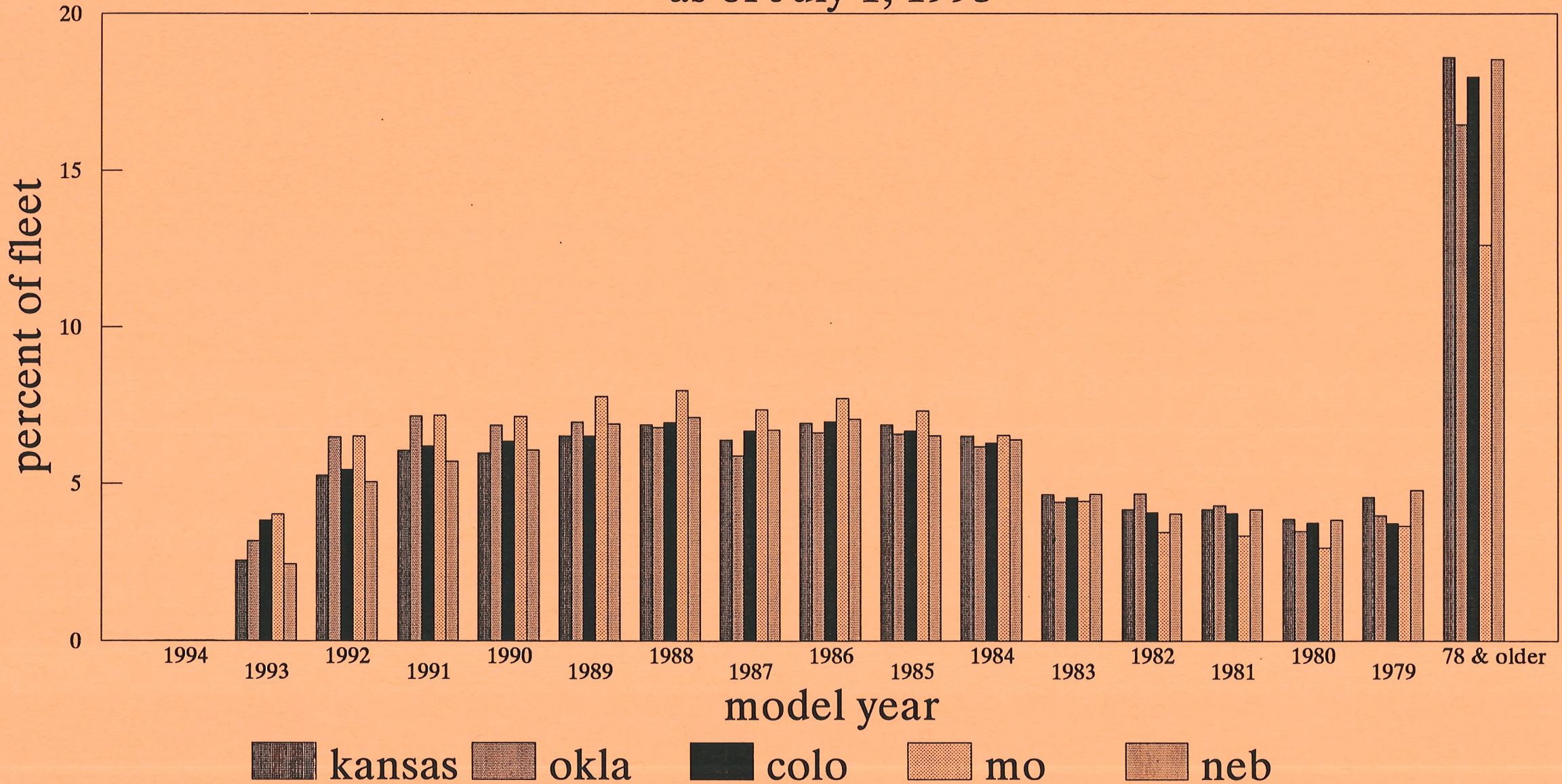
# Model Year of Passenger Vehicles as of July 1, 1993

	<u>Kansas</u>	<u>Pct of Total</u>	<u>Okla</u>	<u>Pct of Total</u>	<u>Colo</u>	<u>Pct of Total</u>	<u>Mo</u>	<u>Pct of Total</u>	<u>Neb</u>	<u>Pct of Total</u>
1994	54	0.00%	78	0.01%	45	0.00%	210	0.01%	53	0.01%
1993	33,383	2.56%	44,459	3.17%	62,470	3.82%	97,093	4.02%	19,149	2.44%
1992	68,763	5.27%	90,883	6.49%	88,897	5.44%	157,249	6.51%	39,735	5.06%
1991	79,001	6.05%	100,047	7.14%	101,196	6.19%	173,138	7.17%	44,795	5.70%
1990	78,025	5.98%	96,135	6.86%	103,639	6.34%	172,334	7.14%	47,644	6.06%
1989	85,017	6.51%	97,448	6.96%	106,450	6.51%	187,908	7.78%	54,190	6.89%
1988	89,815	6.88%	95,124	6.79%	113,479	6.94%	192,418	7.97%	55,912	7.11%
1987	83,444	6.39%	82,345	5.88%	109,192	6.68%	177,592	7.36%	52,737	6.71%
1986	90,382	6.92%	92,732	6.62%	114,051	6.98%	186,217	7.71%	55,401	7.05%
1985	89,755	6.88%	92,231	6.58%	109,048	6.67%	176,546	7.31%	51,287	6.53%
1984	85,068	6.52%	86,559	6.18%	102,894	6.29%	157,817	6.54%	50,270	6.40%
1983	60,621	4.64%	61,702	4.40%	74,399	4.55%	107,336	4.45%	36,651	4.66%
1982	54,423	4.17%	65,537	4.68%	66,665	4.08%	83,429	3.46%	31,725	4.04%
1981	54,474	4.17%	60,325	4.31%	66,160	4.05%	80,920	3.35%	32,813	4.17%
1980	50,457	3.87%	48,763	3.48%	61,116	3.74%	71,139	2.95%	30,245	3.85%
1979	59,581	4.56%	55,738	3.98%	61,057	3.73%	88,001	3.65%	37,603	4.78%
78 & older	243,061	18.62%	230,643	16.47%	294,024	17.99%	304,858	12.63%	145,774	18.55%
	1,305,324	100%	1,400,749	100%	1,634,782	100%	2,414,205	100%	785,984	100%



7-1

# Passenger Car Registrations as of July 1, 1993



7-1



February 15, 1995

## MEMORANDUM

TO: Members, House Committee on Assessments and Taxation

FROM: Charles R. Warren, President, Kansas, Inc. *Charles*

SUBJECT: Study of Motor Vehicle Personal Property Taxes

I am pleased to provide you a copy of the final report of a Kansas, Inc. study on automobile personal property taxes. The attached report, "The Property Tax On Motor Vehicles in Kansas: A Description and An Analysis," was prepared by Dr. Glenn Fisher, Professor Emeritus, Hugo Wall School of Urban and Public Affairs, Wichita State University.

I will be presenting an explanation of this study to the House Tax Committee at 9:00 a.m., Monday, February 20. I hope that you have the time to review the report prior to the meeting.

The study is in response to a legislative request for information on the impact of reductions in personal property taxes on motor vehicles, and the desire for comparative data on Kansas taxation. It has been financed with private funds. The study design was developed by Kansas, Inc., and the conclusions and findings are those of the author. An executive summary at the front of the report provides the key findings of this analysis.

House Taxation  
2-20-95  
Attachment 2-1

**The Property Tax On Motor Vehicles In Kansas:**

**A Description and An Analysis**

**Prepared for**

**Kansas, Inc.**

**by**

**The Hugo Wall School of Urban and Public Affairs**

**Wichita State University**

**February, 1995**

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## Executive Summary

Historically motor vehicles were taxed the same way as all other property in Kansas. Motor vehicles were assessed by the local assessor on assessment day, the tax was computed, billed and collected in the same way as was the tax on real estate and other kinds of personal property.

A 1974 constitutional amendment was implemented by the passage in 1979 of the "tax and tag" law. The law provided that property taxes were to be paid when vehicles were registered, for proration of the property tax, and for the refund of the tax when the vehicle was disposed of or was moved out of the state.

Under the "tax and tag" law, vehicles are now assessed at values related to the depreciated value of a vehicle when new. The tax rate applied to that value is the average county property tax rate levied two years earlier.

The combined burden of registration fees, personal property taxation and related taxes in Kansas are among the highest in the United States and are rising more rapidly than are other property taxes. Reductions in the mill levy resulting from reappraisal reduced taxes on motor vehicles in 1992, but growth is expected to resume. If the trends exemplified in *Table 2* (Page 15) resume, motor vehicle taxes will continue to rise substantially faster than taxes on other property.

The property tax is a major source of revenue for local governments. In 1993 total collections of motor vehicle revenues were \$291.6 million and were equal to 17.2 percent of collections from other property taxes. In 1993, 57.5 percent of motor vehicle revenues went to school districts, 20.1 percent to counties and 17.6 percent to cities. Under current law, elimination of the tax would result in increased state expenditure for school finance and would reduce the local revenue available to other units of local government.

Analysis of the economic impact of the tax, based on data for Kansas counties, shows that the number of vehicles owned are impacted most strongly by income and demographic factors. The level of taxation has a measurable, but modest impact.

In contrast, taxation strongly impacts the percentage of newer cars registered in a county. Lower tax rates are associated with a higher percentage of new cars. Substitutions in the regression equations suggest that a 10 percent reduction in the tax rate would result in a reduction of tax collections of only 5.7 percent. In other words almost half of the rate reduction

would be offset by an increased base. In addition there would be increases in sales tax collections as car owners trade up to newer cars.

Analysis of data from the fifty states uncovered no significant correlation between level of taxation and number of vehicles registered, but confirmed the finding that taxation affects the percentage of new cars registered.

## **The Motor Vehicle Property Tax In Kansas**

### **Introduction**

This study was undertaken by the Hugo Wall School of Urban and Public Affairs of Wichita State University, under contract with Kansas, Inc.. The purpose of the study is to inform the 1995 legislature of possible implications of the reduction in the personal property tax on motor vehicles in Kansas. The study report includes a brief description of the history of motor vehicle taxation in Kansas, a description of the current system of motor vehicle taxation, comparisons with the systems of motor vehicle taxation in other states and a preliminary analysis of the impact of reducing the personal property tax upon motor vehicle registrations and tax collections.

While time and resource limitations prevent an exhaustive study of these questions, the results of the study do provide solid evidence of the direction and general magnitude of the impact of personal property tax reductions on motor vehicles. More detailed analysis involving further disaggregation of the data and more complicated economic models could provide more exact estimates, including numerical estimates of the increase in sales tax revenue that would result from such tax reductions.

The focus of this report is the personal property tax as applied to those automobiles and light trucks taxed under what is commonly known as the "tax and tag" act. There is no analysis of the property tax as applied to vehicles of more than 12,000 pounds gross weight, vehicles taxed as part of a motor carrier's fleet, vehicles assessed as part of state utility property, motor vehicles owned by dealers or manufacturers, mobile homes or recreational vehicles.

The research and analysis was carried out by Glenn W. Fisher, Regents' Professor Emeritus and Robin Salem Clements, Research and Policy Analyst, Hugo Wall School of Urban and Public Affairs.

## The History Of Motor Vehicle Property Taxation In Kansas

Motor vehicles were originally taxed as part of the general property tax. In theory, the tax was applied to all of the classes of property recognized in property law. *Table 1* gives examples of the kinds of property that were taxable as general property.

**Table 1: Types of Real and Personal Property**

**Table 1**

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<b>Types of Real and Personal Property</b>	
<b>Real Property</b>	<b>Personal Property</b>
<ul style="list-style-type: none"><li>● Land</li><li>● Buildings</li><li>● Fixtures—personal property attached to real estate and becomes a part of it</li></ul>	<ul style="list-style-type: none"><li>● Tangible Property such as:<ul style="list-style-type: none"><li>- Machinery and equipment</li><li>- Inventory</li><li>- Household goods</li><li>- Automobiles and trucks</li><li>- Artwork and jewelry</li></ul></li><li>● Intangibles, such as:<ul style="list-style-type: none"><li>- Going-concern values</li><li>- Goodwill, franchises</li><li>- Stocks, bonds, notes</li><li>- Banks accounts</li><li>- Currency and coins</li></ul></li></ul>

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All classes of property were assessed by the assessor at their value on assessment day and the taxpayer received a bill for taxes on all real and personal property owned. Experience over time and the increasing complexity of the economy proved that it was impossible to uniformly administer the tax on some kinds of property. Intangible property was especially difficult to tax and many states exempted intangible property or taxed it at a lower rate and imposed income or inheritance taxes to reach wealth and income not related to ownership of property.

Taxing tangible personal property also proved difficult. Tangible personal property is often difficult to locate and most kinds are more difficult to assess than is real estate. The mapping



and land registration system that eases administration of real estate taxation does not exist for most kinds of personal property. To effectively administer the personal property tax the assessor must actively seek and list the various kinds of property. Lists of businesses can be obtained through the phone book or other business lists. Industry standards can be used to determine the probable presence of certain kinds of machinery or equipment. Used equipment price guides or public records of sales are useful in determining the value of property. Unfortunately however, these methods are often expensive, yield uneven results, and beget an immense amount of taxpayer resentment.

These problems and the concern about the effects of personal property taxation upon a state or local economy led many states to exempt or classify tangible personal property. Today, nine states exempt all tangible personal property. Most of the others exempt certain kinds of tangible personal property. Only sixteen states tax business inventories, but even in these states certain kinds of inventories may be exempted by local authorities. Most of the states that tax personal property have some kind of exemption for goods-in-transit or free port arrangements that permit companies to store and, perhaps, repackage goods within the state without paying personal property taxes. Several states, including Kansas, have exempted inventories but continue to tax depreciable business assets such as machinery.

### **The History of the Kansas Tax and Tag Act**

The taxation of motor vehicles differs from the taxation of other property in three ways: (1) motor vehicles are easier to locate than are many kinds of personal property because they must be registered, (2) they are easy to value because there is a well organized, well-reported market for used vehicles, and (3) the tax may be difficult to collect because vehicles are mobile. There are always some owners who move, sell their automobiles or are hard for the tax collector to find.

These circumstances often put vehicle tax administration in the spotlight. Administrators can administer the tax more effectively than they can the taxes on many other kinds of personal property, but critics have the means to measure their failures through registration and assessment records—ironically the same means which make assessment measurement operate so well. As a result, the vehicle tax may be severely criticized even when it is better administered than are the taxes on other kinds of personal property.

Concern about motor vehicles that may escape taxation in Kansas goes at least as far back as 1940. In that year a Kansas Legislative Council study estimated that between ten and fifteen

percent of the licensed motor vehicles in Kansas were not assessed for property taxation and that the tax was not paid on ten percent of those that were assessed.

In 1954 the Legislative Council studied the advisability of requiring owners of motor vehicles to pay personal property taxes at the time of registration. The Council's committee on assessment and taxation found that twenty-one states, including Kansas, taxed motor vehicles on the same basis as other personal property. Seven of these states had provisions designed to insure that personal property taxes were paid either when vehicles were registered or when real property taxes were due. The Council concluded that a system requiring payment of the taxes at the time of registration would be most satisfactory in Kansas, but believed a constitutional amendment would be necessary. The Council proposed that such an amendment be submitted to the voters and that, after its passage, the state enact an annual excise tax substantially equal to the existing property tax. The tax was to be collected in connection with the registration of vehicles and distributed to the taxing districts by a formula that would give each district an amount essentially proportional to the property tax revenue lost. A question to amend the constitution was submitted to the people and on November 6, 1955, was defeated on the general election ballot by a vote of 284,327 to 474,310.

In 1957 the legislature enacted a law which prohibited a county treasurer from accepting an application for the registration of a motor vehicle unless the applicant presented a receipt for the payment of all personal property taxes owed. In 1960 the Legislative Council studied the possible avoidance of vehicle taxes by individuals who sold their vehicles to a dealer late in December and did not take delivery of a new car until after the January 1 assessment day. The committee concluded that this was tax avoidance, not tax evasion, and that no statutory change could bring about taxation of a person who did not want to own a car on January 1. The Council report added that both cars would be in the dealers inventory on January 1 and would be reported as part of a dealer's average inventory.<sup>1</sup> In 1968 a study committee attempted to deal with the problem by providing for the proration of the tax on cars purchased between January 1 and November 1. The law was passed and the November date was later changed to September 1.

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<sup>1</sup>*At that time dealers' inventories were taxed on a monthly average basis. On January 1, 1979 this method of taxation was replaced by a stamp tax. Dealers purchased stamps which were attached to statements of origin (new vehicles) or title assignments (used vehicles). The stamp tax was repealed as of January 1, 1989 when the constitutional amendment exempting all merchants and manufacturers inventories was effective.*

County treasurers complained about the problem of delinquencies in the payment of the second half of personal property taxes and proposed a bill coupling motor vehicle taxation with vehicle registration. The tax would have been computed on the basis of the average statewide mill levy for the prior year. The bill was amended to use the average county levy and passed the Kansas Senate in 1972. Revenue was to be distributed to local units using a formula similar to that used in distributing revenue to the local ad valorem tax reduction fund.

A 1972 special interim committee on assessment and taxation studied the bill and the county treasurers submitted a proposal to the committee to distribute the funds on the basis of the vehicle's "tax unit" situs.<sup>2</sup> The Kansas Motor Car Dealers Association questioned the constitutionality of the proposal and suggested a constitutional amendment to permit separate treatment of motor vehicles.

The interim committee recognized the administrative and delinquency problems created by the attempt to tax some kinds of personal property under the general property tax and suggested a constitutional amendment permitting separate classification of motor vehicles, mobile homes, inventories, livestock and grain. It also recommended that land used for agricultural purposes be valued on the basis of income rather than market value.

The 1972 bill was not reintroduced in the 1973 legislature, but a number of bills dealing with the administration of the property tax on vehicles were considered. A 1973 interim committee concluded that these half-way measures would not be sufficient and again recommended a constitutional amendment. They pointed out that the amendment rejected in 1956 had been opposed by many local officials, but the county assessors and treasurers were now favored such changes. In 1974 the legislature again submitted to the voters a question to amend Section 1, Article 11 of the *Kansas Constitution*, but this time on a primary election ballot.

On August 6, 1974 the voters approved the amendment by a vote of 183,759 to 94,002. After this vote, Section I of Article 11 read in part:

"The legislature shall provide for a uniform and equal rate of assessment and taxation, except that the legislature may provide for the classification and the taxation uniformly as to class of motor vehicles, mineral products, money, mortgages, note and other evidences of debt or may exempt any of such classes of property from property taxation and impose taxes upon another basis in lieu thereof. . . ."

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<sup>2</sup>A "tax unit" or a "tax levying unit" is an area subject to a common set of tax levies by all the overlying taxing units (governments).

In December 1974 an interim committee recommended that motorcycles, passenger cars and trucks with a gross weight under 12,000 should be taxed at the time of registration. The tax was to have been based on factory delivered price and age. Revenues were to be distributed among taxing subdivisions in proportion to their share of the total levy within a "tax levy unit." Local units were to show estimated vehicle tax collections as an estimated revenue in their budgets. The amount that could be raised under the tax lid was reduced by the estimated amount of collections.

The authority to classify motor vehicles provided in the 1974 constitutional amendment was used to classify motor vehicle dealers' inventories in 1978. The ad valorem (according to value) tax was replaced by a stamp tax to be affixed to the manufacturer's certificate of origin or bill of sale of each vehicle sold.

In 1979 the legislature passed the "tax and tag" act which took effect on January 1, 1981. The new law implemented the 1974 constitutional amendment by providing that most vehicles having a gross weight of less than 12,000 pounds were to pay property taxes at the time of registration. Exceptions included vehicles assessed to motor carrier, assessed as part of state assessed utility property, motor vehicles owned by dealers or manufacturers, mobile homes and recreational vehicles. Vehicles were to be classified into 20 classes based on their value when new. The midpoint of each class, depreciated from the model year at the rate of 16 percent annually, was to be the assessed value. The rate of taxation was to be the average county rate for the preceding year. The proceeds of the tax were to be allocated to the tax levying unit, and distributed in the same proportion that the levies of a taxing subdivision were to the total taxes levied in the tax levy unit.<sup>3</sup>

Since the enactment of the "tax and tag" law there have been a number of amendments dealing with technical or administrative problems, but the basic provisions of the law are still in effect.

### **Motor Vehicle Taxation In Kansas**

Motor vehicles and motor vehicle use in Kansas are subject to several different taxes or fees. These include the personal property tax, the registration fee, the retail sales or use tax, and the motor fuels tax.

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<sup>3</sup>*This much simplified description omits the transition provisions, including the provisions for taxing vehicles already registered in the state.*



## **The Sales Tax and Use Tax**

Kansas levies a tax on retail sales of tangible personal property and certain services. The rate is generally 4.9 percent. A compensating use tax is imposed at the same rate on property purchased within or without Kansas if the property is subsequently stored or consumed within Kansas, *and* if the transaction would have been subject to the sales tax had the transaction been wholly within Kansas. If a sales tax has been paid to another state only the difference between that tax and the Kansas tax (if higher) is due to Kansas. The purpose of the compensating use tax is to prevent avoidance of the tax on property purchased from non-registered, out-of-state retailers.

Cities and counties may impose retail sales up to a maximum of 2 percent subject to several restrictions and exceptions. The local use tax applies solely to motor vehicles and watercraft, and only if purchased outside of the state and used in the taxing subdivision.

Both state and local sales taxes are collected by the Kansas Department of Revenue. Of all state sales taxes collected for motor vehicles, 94.898 percent is earmarked to the State General Fund and 5.102 percent to the State Highway Fund. Of the amount deposited in the State General Fund, 7.628 percent is subsequently transferred to the State Highway Fund, 3.630 percent to the Local Ad Valorem Tax Reduction Fund (LAVTRF) and 2.823 percent to the City and County Revenue Sharing Fund. The distribution of the state compensating use tax is the same except that there is no subsequent transfer of funds from the State General Fund to the State Highway Fund. The formula for distribution of LAVTRF funds to counties is calculated as 65 percent based on the population of the county and 35 percent based on the assessed valuation of the county. Within counties the distribution is made to each levying entity, except unified school districts, proportionately by the entity's prior year tax levy rate.

County sales and compensating use tax receipts, not earmarked for health care, are apportioned among the county and the cities. Fifty percent is generally apportioned according to urban and non-urban population and 50 percent in proportion to property tax levies, but there are several exceptions which go to locally earmarked funds.

The sales tax on motor vehicles is collected by the dealer at the time of sale or, in the case of occasional sales, by the county treasurer when the vehicle is registered.

## **Motor Fuels Tax**

Gasoline and gasohol are subject to a tax of 18 cents per gallon. Special fuels, such as diesel fuels are taxed at 20 cents per gallon.

The tax is collected from distributors, manufacturers or importers who are allowed a 2.5 percent handling allowance. Refunds are given for the tax paid on fuel used off the highway. Certain operators of commercial motor vehicles pay a tax based on taxable gallons computed by applying their nationwide-miles-per-gallon consumption to the mileage traveled in Kansas.

Motor fuel taxes are credited to the Motor and Special Fuels and LP-Gas Taxes Fund. Except for a \$625,000 per quarter gasohol subsidy in effect until 1997, 59.5 percent is transferred to the State Highway Fund and 40.5 percent is transferred to the Special City and County Highway Fund. Of the Special City and County Highway Fund distributions to cities and counties are made quarterly. Cities directly receive 43 percent on the basis of city population. Counties each receive a flat \$5,000 plus the balance of revenues produced by tax rates distributed on the basis of motor vehicle registration fees, average daily vehicle miles traveled in the county, and total road miles in the county<sup>4</sup>. The amount allocated to counties is shared with internal cities in amounts ranging from 10 percent to 90 percent in thirteen of Kansas' counties, and with townships in any counties which have not adopted the county-unit road system.

### Registration Fees

Registration fees (license tag fees) are paid annually at the following rates:

Passenger Vehicles:	
- 4,500 pounds or less	\$25.00
- Over 4,500	\$35.00
Motorcycles:	\$15.00
Motorized Bicycles:	\$10.00

The rates for trucks, trailers, mobile homes, and motor homes vary by weight and use.

Passenger cars, trucks with a gross weight of less than 12,000 pounds and motorcycles are registered under a staggered registration schedule based on the owner's last name.

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<sup>4</sup>The balance of revenues produced by tax rates in effect prior to July 1, 1989, is distributed as one-half on the basis of motor vehicle registration fees collected in the county and one-half on the basis of average daily vehicle miles traveled in each county (excluding interstate miles). For revenue rates which took effect after the 1989 date the apportionment to counties is one-third based on registration fees, one-third based on average daily vehicle miles, and one-third on the basis of total road miles in the county.

County treasurers collect the motor vehicle registration tax and retain a small portion of the fees to pay administrative costs. The remainder is remitted to the state and goes directly to the State Highway Fund. In 1993 state receipts from the tax collected were \$108.4 million.

### **Personal Property Tax**

Under the "tax and tag" law motor vehicle owners pay the personal property tax at the same time they register their motor vehicles. The tax is based upon an assessed value of 30 percent of the depreciated value of the car. The tax rate is the county average rate as applied two years earlier. The allocation of the tax to local governments is determined by the taxing unit in which the car is registered.

Since 1979, the tax imposed on motor vehicle property has been identified as a tax *in lieu of the general property tax*, and as a locally imposed tax. The general public is often uncertain about whether the state or their county government imposes the tax. Some of the confusion lies with the definition of state imposed taxes versus locally imposed ones. The definition of a state imposed tax is one for which the legislature establishes the rate, the base, and the methods of collection and distribution, but which are not authorized to be levied by local officials at their discretion or with voter approval. While motor vehicle tax rates, base and methods of collection and distribution are set by the legislature, local government officials do exercise some discretion when they set annual local mill levies.

Another way to answer the "whose tax is it?" question is to review the distribution of revenues. In 1993 net collections of motor vehicle personal property tax receipts in Kansas were \$291,761 million. Of that amount \$288.4 million or 98.8 percent was retained with local units of government, while state receipts were \$3.3 million or 1.2 percent. The local portion of the revenues was distributed to local property tax levying entities in proportion to the number of mills each entity levied in 1993. The 1993 distribution of motor vehicle collections broken out by type of levying unit in the state was:

Counties	\$ 58.6 million
Cities	\$ 51.2 million
Schools <sup>5</sup>	\$167.8 million
Townships	\$ 2.8 million
Special Districts	\$ 7.8 million

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<sup>5</sup>The category includes unified school districts, community colleges and municipal universities.

Further discussion of distribution follows at the section entitled *Revenue and Revenue Distribution* on Page 14.

## **Administration of Motor Vehicle Property Taxes in Kansas**

### **Collection and Calculation Procedures**

As "tax and tag" suggests, the administration of the vehicle property tax is combined with the registration of vehicles. Procedures are standardized and the state plays an important role in the process. Registration periods are on a staggered monthly schedule correlating with the alphabetical order of owners' last names. Owners with last names beginning with "A" renew in February. Those whose names begin with "U," "X," "Y," or "Z" renew in December. Both the registration fee and the property tax are prorated from the time of purchase to the end of the registration period. If a vehicle is sold or traded in on a new vehicle the tax is credited or refunded.

For purposes of computing the tax, by statute vehicles are classified in twenty classes<sup>6</sup> based upon the trade-in value of the motor vehicle when new. The value at the mid-point of each class is depreciated by 16 percent per year of the value when new. This depreciated value is the "appraised value" which is then multiplied by 30 percent to determine the assessed value. The assessed value is multiplied by the average property tax rate in the county. Because of the time needed to compute the rate and the operation of the staggered registrations system, this average county rate used is the rate of the second year preceding the assessment year. There is a minimum tax of \$12.00 on each automobile or truck.

The Kansas Department of Revenue, using information from vehicle manufacturers, classifies each vehicle and maintains a computer program for calculating both the refund or credit due on sold vehicles, and the tax due on newly acquired vehicles. Via their local hookups with the state computer, county treasurers can both: obtain tax calculation information, and transmit vehicle registration information to the state.

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<sup>6</sup>Actually there are now more than 20 classes since the midpoint of class 20 (\$20,000 and over) is defined as \$21,000 plus \$2,000 for each \$2,000 by which the trade in value of the vehicle exceeds \$22,000.

County treasurers are provided with manuals to be used to make calculations when the state computer is down. Because of the many possible combinations resulting from the number of vehicle classes and the staggered registration system, the manual is lengthy and the process of making manual calculations is slow.

The car owner is given a numbered license plate to be affixed to the rear of the vehicle. The plate is replaced periodically. In intermediate years the owner is given a decal to be affixed to the corner of the plate. The decal is numbered, but the numbers do not correspond to the plate number.

### **Computing The Tax In Each County**

Because the average mill levies vary from county to county, the tax paid on an identical motor vehicle varies from county to county. The 1991 average county levies used to compute 1993 vehicle taxes ranged from a low of 39.9 mills in one Kansas county to a high of 180.3 mills in another. The state average of county average levies was 125.3 mills.

The imposition of the uniform statewide mill levy for schools in the 1992 change in school finance resulted in most Kansas counties experiencing reduced mill levies. The change tightened the disparity, as is reflected in the mill levies for 1993 which are used to compute 1995 vehicle taxes, and range from a low of 59.2 mills to a high of 170.7 mills with a state average of 114.1 mills.

Although the revenues are credited to local governments based upon the number of mills each entity levies, the mill rate used to compute the tax is based upon an average for the county and is the same for all local governments in the county. The average county tax rate is determined by the collective actions of the governments within the county and levies imposed or mandated by the state.

Because of the county-to-county variations in levels of taxation, and a level of taxation in Kansas that is higher than in most states, it is commonly believe that there is considerable evasion of the tax. While the current research does not quantitatively address the dilemma, a fair amount of anecdotal evidence suggests that tax evasion occurs when Kansas motor vehicle owners: fail to register a vehicle in Kansas; register a vehicle in a county in which they do not reside—but that has a lower mill rate; or, when they use a plate or decal from an older non-operating vehicle on a newer vehicle in road use. And, there is good reason to believe that law enforcement agencies do not or cannot give vehicle registration and tax law enforcement high priority. A

future study could attempt to develop quantitative evidence of the extent of motor vehicle tax evasion.

### **Revenue and Revenue Distribution**

Along with ad valorem taxes and the sales tax, the property tax on motor vehicles is one of the three most important revenue sources for local governments in Kansas. For state and local government combined the tax produced nearly \$292 million dollars in 1993, or nearly five percent of all state and local tax revenues produced that year.

*Table 2* on Page 15 illustrates a history of motor vehicle tax collections for the past decade and compares those with the collections from other property taxes. Column 1 shows that collections from the motor vehicle property tax have more than doubled in the eleven year period. Column 2 shows that there have been substantial annual increases in collections except in 1991 when there was a 21.4 percent decrease as a result of reappraisal which went into effect in 1989. Because the assessed value of locally assessed property rose substantially, mill rates applied to other property declined substantially in 1989. The decline is reflected in 1991 vehicle tax collections because the 1989 average county rates were applied in that year.

Column 3 shows total dollar amounts levied (not in collections) through other property taxes, which include the tax on locally assessed real and personal property and the tax on state-assessed utility property. Column 4 shows that taxes on motor vehicles have been increasing at a substantially faster rate than have taxes on other property. The 12.3 percent decline in other property taxes in 1992 reflects the state-wide reduction in the property tax mill levy for schools in the new school finance act. The 1992 change will be reflected in 1994 motor vehicle tax collections.

Column 5 shows vehicle property taxes as a percent of other property taxes and confirms that there has been more rapid growth in vehicle collections, except for the interruption caused by reappraisal and the delayed application of county mill levies to motor vehicle taxes.



**Table 2: Kansas Property Taxes - Motor Vehicle and Other Property Compared**

**Table 2**

**Kansas Property Taxes<sup>7</sup>: Motor Vehicle and Other Property  
1983 to 1993**

Year	Motor Vehicle		Other Property		Motor Vehicle As Percent Of Other Property
	Amount (1000s) (1)	Increase (Percent) (2)	Amount (1000s) (3)	Increase (Percent) (4)	(Percent) (5)
1983	\$140,451		\$1,113,945	12.6	
1984	\$151,984	8.2	\$1,170,077	5.0	13.0
1985	\$178,990	17.8	\$1,250,560	6.9	14.3
1986	\$199,371	11.4	\$1,291,393	3.3	15.4
1987	\$216,654	8.7	\$1,392,368	7.8	15.6
1988	\$242,916	12.1	\$1,480,259	6.3	16.4
1989	\$275,459	13.4	\$1,570,610	6.1	17.5
1990	\$306,451	11.3	\$1,654,682	5.4	18.5
1991	\$241,010	-21.4	\$1,832,660	10.8	13.2
1992	\$259,116	7.5	\$1,607,728	-12.3	16.1
1993	\$291,643	12.6	\$1,696,368	5.5	17.2

Table 3, following on Page 16, shows motor vehicle taxes collected in 1993, by unit of government. Fifty-seven and one half percent of the total revenue collected went to school districts. Counties received 20.1 percent of the total and cities received 17.6 percent. Any reduction in the motor vehicle taxes would have an immediate and somewhat complex impact upon the finances of local government. Under the present school finance formula the reduction in motor vehicle taxes going to schools would result in an almost proportionate increase in state

<sup>7</sup>Does not include state collected taxes on motor carrier vehicles.

general fund payments to school districts. If the formula remains unchanged and the state appropriates the necessary money, the financial position of the school districts would be lightly affected. There would be some reduction in monies for bond and interest funds and the local option budgets that would have to be made up by increasing the tax levy.

The reduction or elimination of the motor vehicle taxes for cities and counties would require a reduction in expenditure or an increase in the tax on other property.

**Table 3: Kansas Motor Vehicle Taxes Collected By Level of Government, 1993**

**Table 3**

<b>Kansas Motor Vehicle Property Taxes Collected By Level Of Government 1993</b>		
<b>Government</b>	<b>Amount</b>	<b>Percent.</b>
State	3,244,301	1.1
Counties	58,637,684	20.1
Cities	51,249,236	17.6
Townships	2,851,394	1.0
Schools	167,789,397	57.5
Cemetery	240,135	0.1
Drainage	129,260	*
Fire	2,730,133	0.9
Hospital	487,094	0.1
Improvements	34,709	*
Library	2,526,584	0.9
Lights	1,835	*
Parks & Recreation	795,924	0.3
Sewers	82,844	*
Watershed	190,469	0.1
All Other	652,927	0.2
<b>TOTAL</b>	<b>291,643,926</b>	<b>100.0</b>

*\*Less than .05 percent*

## Kansas Motor Vehicle Taxation As Compared With Other States

All states charge an annual registration fee. In a number of states the fee is a nominal, flat rate fee. For example Nebraska charges a \$17.50 flat fee for motor vehicles. South Carolina charges \$12.00 and Oklahoma \$17.75. Other states base the registration fee on weight, age, horsepower, or some combination. For example Arkansas' fees vary by weight and range from \$17.00 to \$30.00. Colorado's fees, based on weight, range from \$9.00 to \$16.10. Missouri's fees are based on horsepower and range from \$18.00 to \$51.00. In addition, most states charge fees for the issuance of original or duplicate titles.

About twenty states levy a property tax on motor vehicles<sup>8</sup>. In nine states all personal property, including motor vehicles, is exempt. Some states specifically exempt motor vehicles from the property tax, but impose another tax in lieu of property taxation. Some of these are called excise or privilege taxes. For example Arizona levies an annual license tax at a maximum rate of four percent of assessed value. Indiana levies an annual vehicle excise tax in addition to an annual county surtax. Massachusetts levies an annual excise tax in lieu of the property tax. South Dakota levies a three percent annual excise tax.

Property tax rates vary from locality-to-locality and sometimes excise or ownership taxes are levied locally or are imposed at varying rates in different communities. These variations make it difficult to compare motor vehicle taxes from state-to-state. Often the data necessary to compute state average rates is unavailable and, if available, may hide important variations within a state.

In an effort to deal with this problem, the Revenue Department of the District of Columbia has computed the tax that would be imposed in the largest city in each state. The department makes an annual study of the total state and local tax burden imposed on four hypothetical families at four different income levels. One of the components of the tax burden is motor vehicle taxes, *including fuel taxes*. Sales taxes on motor vehicles are not included in the motor vehicle tax calculations. Families at the \$25,000 and \$50,000 income level are assumed to own one car of specified weight, age and price. Those at the \$75,000 and \$100,000 level are assumed to own two cars. *Table 4* on Page 18 shows the estimated taxes levied in 1991 in the five cities with the highest tax for each income group.

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<sup>8</sup>*Authorities disagree about the classification of some "property tax like" excise or ownership taxes.*

**Table 4: Motor Vehicle Taxes on Families In The Five Highest States**

**Table 4**

<b>Motor Vehicle Taxes On Families In The Five Highest States 1991<sup>9</sup></b>				
<b>City</b>	<b>Family Income</b>			
	<b>\$25,000</b>	<b>\$50,000</b>	<b>\$75,000</b>	<b>\$100,000</b>
Bridgeport, CT	\$483	\$885	\$1,791	\$2,194
Sioux Fall, SD	\$409	\$858	\$1,899	\$2,185
Virginia Beach, VA	\$388	\$712	\$1,445	\$1,776
<b>Wichita, KS</b>	<b>\$368</b>	<b>\$689</b>	<b>\$1,973</b>	<b>\$2,266</b>
Indianapolis, IN	\$368	\$368	\$1,123	\$1,221
Median of 51 Cities:	\$204	\$355	\$760	\$853
<b>Wichita's Rank</b>	<b>4 (tie)</b>	<b>4</b>	<b>1</b>	<b>1</b>

According to these data, Wichita's tax burden tied for fourth for \$25,000 income families with one car, was fourth for one car families with an income of \$50,000, and had the highest tax burden on two car families with incomes of \$75,000 and \$100,000.

Since 1991 the reduction in Kansas property tax rates resulting from reappraisal has temporarily reduced the property tax burden on vehicles in Kansas. In the meantime, vehicle taxes have risen in other states. As a result the vehicle tax burden has been reduced relative to that of other

<sup>9</sup>Source: District of Columbia, Department of Finance and Revenue, *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*. (June, 1992).

states. *Table 5* below shows that Wichita's burden now ranks tenth and eleventh for the lower income families and sixth and seventh for the more affluent families. As is shown in *Table 2* on Page 15, however, the rise in Kansas vehicle taxes has resumed and it is impossible to predict how Kansas will rank in the future.

**Table 5: Motor Vehicle Taxes On Families In The Ten Highest States, 1993**

**Table 5**

<b>Motor Vehicle Taxes On Families In The Ten Highest States 1993<sup>10</sup></b>				
<b>City</b>	<b>Family Income</b>			
	<b>\$25,000</b>	<b>\$50,000</b>	<b>\$75,000</b>	<b>\$100,000</b>
Bridgeport, CT	\$568	\$942	\$2,051	\$2,418
Jackson, MS	\$503	\$873	\$1,963	\$2,360
Virginia Beach, VA	\$421	\$701	\$1,549	\$1,830
Sioux Fall, SD	\$421	\$712	\$1,527	\$1,809
Columbia, SC	\$375	\$652	\$1,452	\$1,740
Indianapolis, IN	\$368	\$368	\$1,112	\$1,809
Omaha, NE	\$359	\$587	\$1,240	\$1,439
Providence, RI	\$355	\$593	\$1,230	\$1,425
Denver, CO	\$331	\$547	\$929	\$1,062
<b>Wichita, KS</b>	<b>\$329</b>	<b>\$494</b>	<b>\$1,317</b>	<b>\$1,539</b>
Seattle, WA	\$328	\$538	\$1,131	\$1,311
Median of 51 Cities:	\$213	\$330	\$755	\$863
<b>Wichita's Rank</b>	<b>10</b>	<b>11</b>	<b>6</b>	<b>7</b>

<sup>10</sup>Source: District of Columbia, Department of Finance and Revenue, *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*. (June, 1994).

Table 6 presents the same data for the largest cities in Kansas and five neighboring states. It shows that the burden in Nebraska and Colorado would be slightly higher for the lower income families with only one car. The \$75,000 and \$100,000 income families with two cars would pay the highest tax in Kansas.

**Table 6: Motor Vehicle Taxes On Families In Kansas and Neighboring States, 1993**

**Table 6**

<b>Motor Vehicle Taxes On Families In Kansas And Neighboring States 1993<sup>11</sup></b>				
<b>City</b>	<b>Family Income</b>			
	<b>\$25,000</b>	<b>\$50,000</b>	<b>\$75,000</b>	<b>\$100,000</b>
Omaha, NE	\$359	\$587	\$1,240	\$1,439
Denver, CO	\$331	\$547	\$929	\$1,062
<b>Wichita, KS</b>	<b>\$329</b>	<b>\$494</b>	<b>\$1,317</b>	<b>\$1,539</b>
Kansas City, MO	\$273	\$457	\$962	\$1,150
Little Rock, AR	\$232	\$372	\$755	\$863
Oklahoma City, OK	\$213	\$314	\$688	\$790
<b>Wichita's Rank</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>

**Economic Impact Of Kansas Motor Vehicle Taxes**

In considering possible reductions in motor vehicle property taxes, it is important to consider the impact that such a reduction would have on economic activity in the state. Specifically, it is important to know whether tax reduction would lead to the increased ownership of more and newer vehicles. In estimating the revenue impact it is important to know whether or not the

<sup>11</sup>Source: District of Columbia, Department of Finance and Revenue, *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*. (June, 1994).

reduction in rates would result in expansion of the total tax base so as to offset part of the reduction.

These matters are difficult to study because they involve predicting the behavior of actual and potential vehicle owners. One would like to know to what degree consumers are aware of the tax and how the tax affects their decisions to buy a vehicle. These are difficult to determine, but there are ways of inferring the result of a tax decrease by studying vehicle ownership patterns in places or times in which tax burdens differ. Two appropriate sets of data were available to the authors of this report. One set of data is vehicle registration data by model year and county for Kansas. This information was provided by the Kansas Department of Revenue and was based on registration data as of December, 1994. R. L. Polk Company compiled registration of automobiles and light trucks data by model year and state as of July, 1993. Both data sets were analyzed using multiple regression analysis.

### **Regression Analysis of Kansas County Data**

The purpose of this analysis is to identify and measure the impact of property taxation upon vehicle ownership and vehicle tax collections. It is recognized that vehicle ownership is affected by economic and demographic characteristics as well as by taxation and it is necessary to include variables that reflect these differences.

Three dependent variables were analyzed:

1. Cars and light trucks registered per 1,000 population (Owners).
2. Percentage of registered cars and trucks that are five years of age or less (Percent New).
3. Per capita vehicle property taxes collected, per capita (Tax Per Capita).

Three independent variables were used:

1. County population per square mile. (Population per Square Mile) It is hypothesized that there will be more cars and trucks, relative to population, in thinly populated counties than in more populous ones.
2. The 1991 average county tax rate (Tax Rate). This is the rate used for taxing vehicles in 1993. It is hypothesized that higher property taxes on vehicles will be associated with the registration of fewer and older cars in the county. It is hypothesized that lower tax rates will be associated with lower collections per capita. The regression equations are used to estimate the relative magnitude of the decrease.

3. The 1992 county per capita income. (Per Capita Income). It is hypothesized that car ownership, the percentage of new cars, and tax collections will be higher in counties with higher personal incomes.

Examination of the data reveals that the car and truck registrations were unusually low in Geary and Riley Counties, probably due to the large number of military related personnel who are counted in the population, but who are permitted to register motor vehicles in other states. Elimination of these counties resulted in slightly higher correlation. Further examination of the data revealed that four other counties, Douglas, Leavenworth, Lyon and Wyandotte, were "outliers." Elimination of these counties produced a slightly lower correlation with the Owners data and a slightly higher correlation with the Percent New data. The 99 county data are presented in this report.

Tables 7, 8 and 9 below summarize the results for each of the three dependent variables. Table 7, below, shows the results when the variable Owners (vehicles registered per 1,000 population) is regressed against the three independent variables.

The  $R^2$  of .2862 indicates that the three variables explain 28 percent of the variation in the number of automobiles and trucks owned. The beta coefficients measure the direction and relative importance of the three variables. The negative sign on the first two variables indicates that they are inversely related to ownership. That is, counties with a higher population density and a higher tax rate have fewer automobiles and trucks per 1,000 population, as expected. The positive value of the Per Capita Income beta indicates that higher income is associated with higher levels of automobile and truck ownership. The absolute (ignoring signs) value of the beta coefficients indicates that both Population per Square Mile and Per Capita Income are more important than Tax Rate in explaining the level of automobile and truck ownership. All coefficients are highly significant statistically which means they have less than one chance in a hundred of resulting from chance.

**Table 7: Regression With Owners Variable**

**Table 7**

<b>Dependent Variable = Owners</b>	
R = .5350	R <sup>2</sup> = .2862
Mean value of Dependent Variable = 884	
Standard Error of Estimate = 69.5	
	Beta Coefficients:
Population per Square Mile	-0.3411
Tax Rate	-0.2481
Per Capita Income	0.3107



Table 8, below, summarizes the results when Per Cent New (Percentage of vehicles 5 years old or less) is used as the dependent variable. The level of correlation is much higher. The three independent variables explain almost 63 percent of the variation, a rather high figure for this kind of analysis.

The positive sign of the Population per Square Mile beta coefficient shows that the percentage of new vehicles in the more thickly populated counties is higher than in the sparsely populated ones. Higher income is also associated with a higher percentage of newer cars; but the most important variable is the Tax Rate. The higher the tax rate, the smaller the percentage of newer cars. All coefficients are highly significant statistically.

**Table 8: Regression With Percentage of New Vehicles Variable**

**Table 8**

Dependent Variable = Percent New	
R = .7917	R <sup>2</sup> = .6268
Mean value of Dependent Variable = 24.2	
Standard Error of Estimate = 2.63	
	Beta Coefficients:
Population per Square Mile	0.4477
Tax Rate	-0.5535
Per Capita Income	0.2111

Table 9 on Page 24 shows the results of using Tax Per Capita as the dependent variable. The R<sup>2</sup> of .52 indicates that over one-half of the variation is explained by the three independent variables. The low value of the beta coefficient for Population per Square Mile indicates that population sparsity is of limited importance. Per Capita Income plays a large role in explaining taxes per capita, but the Tax Rate is of the greatest importance.

It is important to recognize that the Tax Rate variable affects taxes per capita in two ways. Higher tax rates directly increase tax collections, but indirectly reduce them because it adversely affects the number of cars owned and the percentages that are new. Some idea of the magnitude of these opposing effects can be obtained by using the estimating equations to estimate the impact of a tax rate reduction on predicted tax collections.

**Table 9: Regression With Tax Per Capita Variable**

**Table 9**

Dependent Variable = Tax Per Capita	
R = .7215	R <sup>2</sup> = .5206
Mean value of Dependent Variable = 125.4	
Standard Error of Estimate = 10.9362	
	Beta Coefficients:
Population per Square Mile	0.0776
Tax Rate	0.7012
Per Capita Income	0.4504

The results of the three regressions appear to be reasonable, but, there is a considerable amount of unexplained variation. The number of cars owned is affected most strongly by Per Capita Income and Population. The Tax Rate is of less importance and there is a great deal of unexplained variation. On the other hand, the age of cars owned is strongly affected by the tax rate. Population sparsity and per capita income are important and the percentage of variation explained is high.

Per capita motor vehicle property taxes collected is most strongly affected by the tax rate. The relationship is positive, meaning that higher tax rates result in higher collections. It is important to note however, that there are opposing forces involved. Higher tax rates directly raise tax collections by increasing the tax on each vehicle, but indirectly lower the collections by reducing the number of vehicles registered and increasing the average age of vehicles, (as shown in *Tables 7 and 8*).

One way of illustrating the net effect of a change in tax rates is to use the regression (estimating) equations to calculate the result of a change in tax rate. The equation is of the form:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

where *Y* = the estimated value of the dependent variable

*a* = a constant generated by the least squares process

*bs* = regression coefficients

*Xs* = independent variables.

In order to illustrate the effect of varying tax rates, calculations were made using the state average value of population per square mile and per capita income. The results, shown in *Table 10*, below, show that a ten percent decrease in the vehicle tax rate would result in an *increase* in the number of cars per 1,000 population; an *increase* in the percent of cars that are five year old or less; and, a *decrease* in vehicle property tax collections per capita.

In other words tax collections would decrease by a considerably smaller percentage than the percentage cut in the tax rate because the number of cars and the percentage of newer cars would rise. There would also be an increase in the sales taxes collected on the sale of motor vehicles. Unfortunately, constraints on time and resources did not permit estimation of the impact on sales tax collections, but there would be a positive impact as owners of older cars trade up. Because used car sales are subject to the sales tax, each trade would generate sales tax revenue.

**Table 10: Effect of Ten Percent Decrease In The Motor Vehicle Property Tax Rate**

**Table 10**

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**Effect of Ten Percent Decrease in Tax Rate<sup>12</sup>**

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	Owners	Percent New	Per Capita Tax
Initial	892	24.6	93.8
After Decrease	903	25.8	88.3
Percent Change	+1.23	+4.9	-5.7

---

Several warnings are in order:

1. Not all the variation is explained by the regression equations and, as a result the predicted value of the dependent variables for some counties differs considerably from the actual values. The result for the Percent New are the most reliable as shown by the values of  $R^2$  and the standard errors of estimate.
2. The estimates of the changes are based on linear equations. This means that the predicted changes resulting from a given mill rate change are the same in dollar amounts in every county but the percentages will be different (and probably unrealistic) for counties with very high or low tax rates.
3. These calculations are based upon *registration* data. To the extent that the county to county variations in registration result in evasion of the tax by

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<sup>12</sup>Calculated from multiple regression equations. Mean values of all variables used for initial calculations. Tax rate was then reduced by ten percent.

registering in a low tax county the *statewide* impact of a change in tax rates will be less than estimated.

4. The data tells us nothing about the timing of the changes. Undoubtedly it would take several years for any change in the tax rate to be fully reflected in vehicle ownership patterns.

### **Regression Analysis of National Data**

This analysis is similar to the analysis of county data in the preceding section. While Kansas county data were fairly comprehensive, available national data provide little more than numbers of vehicles owned and tax collections. In the Kansas analysis, the county tax rate was an accurate measure of the variation in the taxes imposed on vehicles, and tax collections per capita is an accurate measure of the taxes actually collected in each county. For the national analysis, the tax data used is the tax burden imposed (minus motor fuel taxes) on a family living in a major city with a \$50,000 income as computed in the Washington, D.C. study.

The validity of these figures as a representation of vehicle taxes imposed in the state probably varies. Also, the data do not permit the separation of the "tax rate" effect from "tax collections" as was possible in the Kansas study. The independent variables used are the same, except that Miles of Road per 1,000 Population was added as an independent variable. It turned out to be a much more appropriate measure of geographic factors affecting motor vehicle ownership than Population per Square Mile.<sup>13</sup>

Regressing all four independent variables against the variable, Vehicles Per 1,000 Population produced an  $R^2$  of .4538 but only the variable, Miles of Road per 1,000 Population was statistically significant. It appears from this analysis that geographic factors are the major determinants of vehicle ownership. Sparsity of population is related to the ownership of vehicles. Economic factors such as income and level of taxation do not appear to be of great importance.

*Table 11* on Page 27 shows the results when Percent New is the dependent variable. The value of regression coefficient is very similar, but three variables are statistically significant. Miles of Roads per 1,000 Population is the most important variable and is negatively related to the percent of vehicles that are less than five years old. The Tax variable is the next most important

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<sup>13</sup>*Preliminary analysis proved this variable to be much more useful. It is more logical and avoids the distortions caused by large quantities of uninhabited land. For example, the population per square mile in Alaska is extremely low and far outside the range in other state. However, the Miles of Road per 1,000 Population is well within the range of values found in other states.*

and is also negatively related to the percent of newer vehicles. Per Capita Income is positively related to the ownership of new vehicles.

**Table 11: National Data Regression With Percent New Variable**

**Table 11**

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<b>Dependent Variable = Percent New</b>	
R = .6658	R <sup>2</sup> = .4433
Mean value of Dependent Variable = 24.094	
Standard Error of Estimate = 2.1426	

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	<b>Beta Coefficients:</b>
Tax	-0.2870
Per Capita Income	0.2699
Miles of Roads per 1,000 Population	-0.3909

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These results are weaker than the results obtained from regression analysis of Kansas county data. This is probably due to the weakness of the Tax variable and probably due to the greater variations in the factors affecting vehicle ownership that are found in the national arena. However, the general conclusions are consistent with those from the Kansas county study and add weight to the conclusions from that study. It seems clear from both analyses that the number of motor vehicles owned is largely a function of geographic and demographic factors. Undoubtedly this reflects differences in the need for automobiles in, for example, cities with public transport, or rural areas with no public transport and a greater need for privately provided transportation of people and goods. On the other hand, economic factors, here represented by taxation and per capita income, have a significant effect on the age of vehicles owned. If incomes are high and tax low, people will own newer vehicles.

**Summary**

We are not able to measure precisely the effect that reducing the personal property taxation on motor vehicles in Kansas would have. However, there is support for the idea that reducing the tax would result, over time, in a small increase in the total number of vehicles owned and a substantial increase in the number of newer vehicles owned. Vehicle property tax collections would decline by a substantially smaller percentage than the tax rate is decreased. There would also be an increase in sales taxes collected on the sale of vehicles as owners traded up to newer vehicles.

PREPARED FOR: THE WICHITA STATE UNIVERSITY  
 Vehicles In Operation as of July 1, 1993 - State Summary  
 Passenger Car and Light Truck Counts by Year Model

STATE	TYPE	TOTAL	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978 & OLDER	UNKNOWN
ALABAMA	PC	1,957,593	95	73,888	122,458	122,017	121,205	138,321	147,885	147,632	152,962	145,927	132,860	92,436	73,148	72,243	65,239	80,180	268,986	111
ALABAMA	LT	1,064,756	240	56,453	71,118	68,844	60,796	74,202	79,600	72,382	79,954	65,437	57,199	38,296	30,613	27,514	26,058	43,679	214,363	8
<b>ALABAMA Total</b>		<b>3,022,349</b>	<b>335</b>	<b>130,341</b>	<b>193,576</b>	<b>188,861</b>	<b>182,001</b>	<b>212,523</b>	<b>227,485</b>	<b>220,014</b>	<b>232,916</b>	<b>211,364</b>	<b>190,059</b>	<b>130,732</b>	<b>103,761</b>	<b>99,767</b>	<b>91,297</b>	<b>123,859</b>	<b>483,349</b>	<b>119</b>
ALASKA	PC	176,689	9	6,910	9,333	11,738	14,916	12,204	12,091	10,309	10,806	12,813	13,099	10,486	9,714	8,737	6,467	5,191	21,862	4
ALASKA	LT	204,255	18	9,353	13,070	15,200	16,434	13,475	10,808	9,472	12,595	14,041	14,497	10,143	7,715	6,767	4,856	7,386	38,424	1
<b>ALASKA Total</b>		<b>380,944</b>	<b>27</b>	<b>16,263</b>	<b>22,403</b>	<b>26,938</b>	<b>31,350</b>	<b>25,679</b>	<b>22,899</b>	<b>19,781</b>	<b>23,401</b>	<b>26,854</b>	<b>27,596</b>	<b>20,629</b>	<b>17,429</b>	<b>15,504</b>	<b>11,323</b>	<b>12,577</b>	<b>60,286</b>	<b>5</b>
ARIZONA	PC	1,639,281	100	113,216	111,194	98,111	98,064	108,405	106,957	107,820	113,172	109,077	95,481	65,983	58,686	56,567	54,594	61,848	279,951	55
ARIZONA	LT	994,000	94	57,424	67,275	61,427	55,395	67,058	64,421	61,153	76,017	64,948	53,355	31,269	27,403	25,192	22,833	38,944	219,790	2
<b>ARIZONA Total</b>		<b>2,633,281</b>	<b>194</b>	<b>170,640</b>	<b>178,469</b>	<b>169,538</b>	<b>163,459</b>	<b>175,463</b>	<b>171,378</b>	<b>168,973</b>	<b>189,189</b>	<b>174,025</b>	<b>148,836</b>	<b>97,252</b>	<b>86,089</b>	<b>81,759</b>	<b>77,427</b>	<b>100,792</b>	<b>499,741</b>	<b>57</b>
ARKANSAS	PC	951,453	57	31,781	68,900	76,981	73,599	78,177	76,415	68,372	68,875	65,427	60,561	44,421	35,993	34,246	27,308	31,918	110,335	87
ARKANSAS	LT	726,937	41	38,579	56,602	55,924	49,578	55,497	53,302	40,836	47,157	42,334	39,042	27,409	24,314	20,839	17,790	28,971	128,721	1
<b>ARKANSAS Total</b>		<b>1,678,390</b>	<b>98</b>	<b>70,360</b>	<b>125,502</b>	<b>132,905</b>	<b>123,177</b>	<b>133,674</b>	<b>129,717</b>	<b>107,208</b>	<b>116,032</b>	<b>107,761</b>	<b>99,603</b>	<b>71,830</b>	<b>60,307</b>	<b>55,085</b>	<b>45,098</b>	<b>60,889</b>	<b>239,056</b>	<b>88</b>
CALIFORNIA ESTIMATED	PC	14,422,264	707	552,836	763,618	1,064,026	1,000,434	1,066,672	1,132,014	1,071,028	998,393	965,354	864,402	611,415	540,233	478,090	436,566	468,946	2,406,949	581
CALIFORNIA ESTIMATED	LT	6,750,504	1,355	293,591	437,409	494,587	487,072	549,075	509,466	494,193	536,349	419,834	364,816	207,379	178,152	146,716	143,375	215,333	1,271,170	632
<b>CALIFORNIA ESTIMATED Total</b>		<b>21,172,768</b>	<b>2,062</b>	<b>846,427</b>	<b>1,201,027</b>	<b>1,558,613</b>	<b>1,487,506</b>	<b>1,615,747</b>	<b>1,641,480</b>	<b>1,565,221</b>	<b>1,534,742</b>	<b>1,385,188</b>	<b>1,229,218</b>	<b>818,794</b>	<b>718,386</b>	<b>624,806</b>	<b>679,941</b>	<b>684,279</b>	<b>3,678,119</b>	<b>1,213</b>
COLORADO	PC	1,634,891	45	62,470	88,897	101,196	103,639	106,450	113,479	109,192	114,051	109,048	102,894	74,399	66,665	66,160	61,116	61,057	294,024	109
COLORADO	LT	1,054,360	79	51,641	63,499	66,710	61,185	65,720	66,223	58,369	67,228	66,992	63,557	38,389	30,346	29,368	27,546	43,802	253,702	4
<b>COLORADO Total</b>		<b>2,689,251</b>	<b>124</b>	<b>114,111</b>	<b>152,396</b>	<b>167,906</b>	<b>164,824</b>	<b>172,170</b>	<b>179,702</b>	<b>167,561</b>	<b>181,279</b>	<b>176,040</b>	<b>166,451</b>	<b>112,788</b>	<b>97,011</b>	<b>95,528</b>	<b>88,662</b>	<b>104,859</b>	<b>547,726</b>	<b>113</b>
CONNECTICUT	PC	1,841,528	98	77,881	118,959	111,065	125,295	145,395	160,565	175,316	167,859	146,106	130,422	88,578	64,870	56,996	51,347	49,872	170,546	358
CONNECTICUT	LT	529,576	134	31,823	36,252	33,263	35,258	49,097	58,733	54,300	52,171	38,261	30,252	19,018	11,943	10,275	8,708	16,556	43,503	27
<b>CONNECTICUT Total</b>		<b>2,371,104</b>	<b>232</b>	<b>109,704</b>	<b>155,211</b>	<b>144,330</b>	<b>160,553</b>	<b>194,492</b>	<b>219,298</b>	<b>229,616</b>	<b>220,030</b>	<b>184,367</b>	<b>160,674</b>	<b>107,596</b>	<b>76,813</b>	<b>67,271</b>	<b>60,065</b>	<b>66,428</b>	<b>214,049</b>	<b>385</b>
DELAWARE	PC	422,106	39	18,942	28,441	28,914	31,525	35,473	35,369	36,506	36,288	31,354	27,674	18,449	14,140	12,675	12,213	12,137	41,919	48
DELAWARE	LT	169,897	32	9,166	13,542	13,203	13,195	15,703	15,003	13,898	13,738	10,046	8,902	5,731	3,956	3,410	3,470	5,668	21,234	0
<b>DELAWARE Total</b>		<b>592,003</b>	<b>71</b>	<b>28,108</b>	<b>41,983</b>	<b>42,117</b>	<b>44,720</b>	<b>51,176</b>	<b>50,372</b>	<b>50,404</b>	<b>50,026</b>	<b>41,400</b>	<b>36,576</b>	<b>24,180</b>	<b>18,096</b>	<b>16,085</b>	<b>15,683</b>	<b>17,805</b>	<b>63,153</b>	<b>48</b>
DISTRICT OF COLUMBIA	PC	231,738	29	9,561	14,466	13,683	14,754	15,876	18,174	19,371	17,944	16,968	16,427	13,265	10,802	9,694	7,647	7,953	25,073	51
DISTRICT OF COLUMBIA	LT	31,787	48	2,366	2,626	2,487	2,426	2,697	2,808	2,653	2,364	2,039	1,593	1,046	768	648	564	1,041	3,610	3
<b>DISTRICT OF COLUMBIA Total</b>		<b>263,525</b>	<b>77</b>	<b>11,927</b>	<b>17,092</b>	<b>16,170</b>	<b>17,180</b>	<b>18,573</b>	<b>20,982</b>	<b>22,024</b>	<b>20,308</b>	<b>19,007</b>	<b>18,020</b>	<b>14,311</b>	<b>11,570</b>	<b>10,342</b>	<b>8,211</b>	<b>8,994</b>	<b>28,683</b>	<b>54</b>
FLORIDA	PC	7,038,718	907	540,153	540,739	485,928	477,480	550,336	579,350	565,105	551,995	507,757	451,808	312,515	243,454	219,617	191,846	195,142	624,273	315
FLORIDA	LT	2,606,952	1,222	214,014	218,301	191,812	184,300	219,174	221,040	203,459	210,513	164,810	86,734	66,868	62,780	50,108	80,411	288,695	288,695	1
<b>FLORIDA Total</b>		<b>9,645,670</b>	<b>2,129</b>	<b>754,167</b>	<b>759,040</b>	<b>677,740</b>	<b>661,780</b>	<b>769,510</b>	<b>800,390</b>	<b>768,564</b>	<b>762,508</b>	<b>672,567</b>	<b>538,616</b>	<b>399,249</b>	<b>310,322</b>	<b>282,397</b>	<b>241,954</b>	<b>275,553</b>	<b>912,968</b>	<b>316</b>
GEORGIA	PC	2,980,166	52	129,740	203,130	178,339	183,696	216,267	228,175	220,775	219,843	213,100	190,231	132,623	100,549	94,645	84,398	95,261	489,030	312
GEORGIA	LT	1,564,492	518	86,213	112,606	90,390	88,671	111,093	114,814	104,116	113,836	94,195	80,994	52,687	39,350	37,458	33,473	54,842	349,224	12
<b>GEORGIA Total</b>		<b>4,544,658</b>	<b>670</b>	<b>215,953</b>	<b>315,736</b>	<b>268,729</b>	<b>272,367</b>	<b>327,360</b>	<b>342,989</b>	<b>324,891</b>	<b>333,679</b>	<b>307,295</b>	<b>271,226</b>	<b>186,310</b>	<b>139,899</b>	<b>132,103</b>	<b>117,871</b>	<b>150,103</b>	<b>838,254</b>	<b>324</b>
HAWAII	PC	528,109	23	44,046	35,297	33,116	38,392	40,597	41,899	42,565	38,258	36,702	34,190	24,806	18,291	16,201	15,012	14,596	53,867	251
HAWAII	LT	247,434	11	13,598	18,684	22,199	20,868	23,187	22,043	21,343	19,512	14,387	13,327	7,987	5,311	5,331	5,759	7,083	26,756	48
<b>HAWAII Total</b>		<b>775,543</b>	<b>34</b>	<b>57,644</b>	<b>53,981</b>	<b>55,315</b>	<b>59,260</b>	<b>63,784</b>	<b>63,942</b>	<b>63,908</b>	<b>57,770</b>	<b>51,089</b>	<b>47,517</b>	<b>32,793</b>	<b>23,602</b>	<b>21,532</b>	<b>20,771</b>	<b>21,679</b>	<b>80,623</b>	<b>299</b>
IDAHO	PC	479,669	30	13,167	23,959	28,352	29,253	31,736	32,664	30,206	31,072	29,962	28,516	21,088	19,012	20,388	19,849	20,167	99,993	275
IDAHO	LT	446,036	32	18,927	24,320	24,621	24,466	27,439	24,373	20,833	25,591	24,175	22,845	14,529	13,018	12,816	11,525	20,833	135,688	5
<b>IDAHO Total</b>		<b>925,705</b>	<b>62</b>	<b>32,094</b>	<b>48,279</b>	<b>52,973</b>	<b>53,719</b>	<b>59,176</b>	<b>57,037</b>	<b>51,039</b>	<b>56,663</b>	<b>54,137</b>	<b>51,361</b>	<b>35,617</b>	<b>32,030</b>	<b>33,184</b>	<b>31,374</b>	<b>41,000</b>	<b>235,681</b>	<b>280</b>
ILLINOIS	PC	5,619,554	369	259,582	414,810	437,726	439,336	482,808	486,675	445,939	448,417	416,197	370,863	247,392	185,702	168,878	146,391	174,031	493,925	513
ILLINOIS	LT	1,888,369	504	121,544	174,502	172,183	156,547	177,472	172,350	140,189	134,642	110,911	90,082	60,849	43,581	32,684	35,867	72,886	191,505	71
<b>ILLINOIS Total</b>		<b>7,507,923</b>	<b>873</b>	<b>381,126</b>	<b>589,312</b>	<b>609,909</b>	<b>595,883</b>	<b>660,280</b>	<b>659,025</b>	<b>586,128</b>	<b>583,059</b>	<b>527,108</b>	<b>460,945</b>	<b>308,241</b>	<b>229,283</b>	<b>201,562</b>	<b>182,258</b>	<b>246,917</b>	<b>685,430</b>	<b>584</b>
INDIANA	PC	2,791,099	796	110,548	162,135	175,044	176,902	209,885	218,368	217,800	237,015	220,877	201,333	129,532	102,863	103,459	88,942	103,614	331,889	97
INDIANA	LT	1,363,077	695	72,328	91,560	91,122														

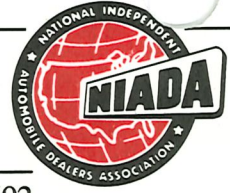
PREPARED FOR: THE WICHITA STATE UNIVERSITY  
 Vehicles In Operation as of July 1, 1993 - State Summary  
 Passenger Car and Light Truck Counts by Year Model

STATE	TYPE	TOTAL	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978 & OLDER	UNKNOWN
OHIO	PC	5,789,063	419	210,508	364,582	383,324	403,582	458,159	470,990	456,562	505,468	470,572	423,841	271,066	212,548	208,106	181,450	204,559	563,049	278
OHIO	LT	2,183,177	546	109,633	171,017	163,943	149,570	182,098	190,792	166,468	176,640	148,987	113,800	70,812	54,205	46,014	42,349	102,703	293,585	15
<b>OHIO Total</b>		<b>7,972,240</b>	<b>965</b>	<b>320,141</b>	<b>535,599</b>	<b>547,267</b>	<b>553,152</b>	<b>640,257</b>	<b>661,782</b>	<b>623,030</b>	<b>682,108</b>	<b>619,559</b>	<b>537,641</b>	<b>341,878</b>	<b>266,753</b>	<b>254,120</b>	<b>223,799</b>	<b>307,262</b>	<b>856,634</b>	<b>293</b>
OKLAHOMA	PC	1,400,800	78	44,459	90,883	100,047	96,135	97,448	95,124	82,345	92,732	92,231	88,559	61,702	65,537	60,325	48,763	55,738	230,643	51
OKLAHOMA	LT	1,018,553	184	44,564	67,671	68,450	60,752	66,556	64,616	47,015	58,153	57,198	52,847	37,113	47,453	38,790	28,705	46,570	231,915	1
<b>OKLAHOMA Total</b>		<b>2,419,353</b>	<b>262</b>	<b>89,023</b>	<b>158,554</b>	<b>168,497</b>	<b>156,887</b>	<b>164,004</b>	<b>159,740</b>	<b>129,360</b>	<b>150,885</b>	<b>149,429</b>	<b>139,408</b>	<b>98,816</b>	<b>112,990</b>	<b>99,115</b>	<b>77,468</b>	<b>102,308</b>	<b>462,558</b>	<b>52</b>
OREGON	PC	1,488,257	57	49,530	77,506	85,710	86,909	90,575	97,614	91,763	96,684	90,316	88,524	63,255	56,480	60,550	63,247	61,317	327,979	241
OREGON	LT	1,055,215	96	45,986	60,147	60,932	61,210	67,334	60,896	55,063	64,936	55,499	54,199	32,875	26,851	26,257	26,634	43,378	312,919	3
<b>OREGON Total</b>		<b>2,543,472</b>	<b>153</b>	<b>95,516</b>	<b>137,653</b>	<b>146,642</b>	<b>148,119</b>	<b>157,909</b>	<b>158,510</b>	<b>146,826</b>	<b>161,620</b>	<b>145,816</b>	<b>142,723</b>	<b>96,130</b>	<b>83,331</b>	<b>86,807</b>	<b>89,881</b>	<b>104,695</b>	<b>640,898</b>	<b>244</b>
PENNSYLVANIA	PC	5,877,573	346	240,066	390,471	394,939	420,093	459,745	488,791	494,161	489,238	434,227	405,300	266,775	215,498	200,136	180,325	176,692	603,302	17,468
PENNSYLVANIA	LT	2,002,291	741	118,161	154,668	152,045	145,295	170,139	179,525	162,560	159,448	129,122	108,658	64,203	49,215	41,402	43,412	82,557	240,406	734
<b>PENNSYLVANIA Total</b>		<b>7,879,864</b>	<b>1,087</b>	<b>358,227</b>	<b>545,139</b>	<b>546,984</b>	<b>565,388</b>	<b>629,884</b>	<b>668,316</b>	<b>656,721</b>	<b>648,686</b>	<b>563,349</b>	<b>513,958</b>	<b>330,978</b>	<b>264,713</b>	<b>241,538</b>	<b>223,737</b>	<b>259,249</b>	<b>843,708</b>	<b>18,202</b>
RHODE ISLAND	PC	531,345	40	20,858	28,762	28,151	32,038	38,826	42,402	45,880	46,710	42,895	40,370	29,461	24,547	21,777	19,040	18,420	50,366	802
RHODE ISLAND	LT	139,159	101	7,427	8,791	7,698	8,760	11,973	14,941	14,489	13,533	10,282	8,820	5,298	3,560	2,859	2,403	4,854	13,370	0
<b>RHODE ISLAND Total</b>		<b>670,504</b>	<b>141</b>	<b>28,285</b>	<b>37,553</b>	<b>35,849</b>	<b>40,798</b>	<b>50,799</b>	<b>57,343</b>	<b>60,369</b>	<b>60,243</b>	<b>53,177</b>	<b>49,190</b>	<b>34,759</b>	<b>28,107</b>	<b>24,636</b>	<b>21,443</b>	<b>23,274</b>	<b>63,736</b>	<b>802</b>
SOUTH CAROLINA	PC	1,713,341	83	63,301	106,725	107,270	115,363	131,826	135,335	135,397	135,581	130,448	121,603	82,834	61,461	58,786	52,422	58,833	215,972	101
SOUTH CAROLINA	LT	829,002	135	43,340	55,222	54,909	55,796	62,195	63,935	58,061	60,306	50,585	45,852	28,861	20,643	20,130	18,387	29,958	160,680	7
<b>SOUTH CAROLINA Total</b>		<b>2,542,343</b>	<b>218</b>	<b>106,641</b>	<b>161,947</b>	<b>162,179</b>	<b>171,159</b>	<b>194,021</b>	<b>199,270</b>	<b>193,458</b>	<b>195,887</b>	<b>181,033</b>	<b>167,456</b>	<b>111,695</b>	<b>82,104</b>	<b>78,916</b>	<b>70,809</b>	<b>88,791</b>	<b>376,652</b>	<b>108</b>
SOUTH DAKOTA	PC	355,450	23	13,137	18,985	20,550	20,964	22,904	24,022	23,101	23,349	22,235	21,891	16,305	13,930	14,944	14,425	16,541	68,133	11
SOUTH DAKOTA	LT	256,524	10	10,799	15,032	14,369	14,236	15,386	15,098	12,402	13,277	12,850	13,337	9,843	7,689	6,802	7,745	14,942	72,706	1
<b>SOUTH DAKOTA Total</b>		<b>611,974</b>	<b>33</b>	<b>23,936</b>	<b>34,017</b>	<b>34,919</b>	<b>35,200</b>	<b>38,290</b>	<b>39,120</b>	<b>35,503</b>	<b>36,626</b>	<b>35,085</b>	<b>35,228</b>	<b>26,148</b>	<b>21,619</b>	<b>21,748</b>	<b>22,170</b>	<b>31,483</b>	<b>140,839</b>	<b>12</b>
TENNESSEE	PC	2,484,131	253	118,659	165,530	158,842	155,213	183,424	192,321	187,106	181,935	169,732	159,192	112,347	90,468	86,705	79,444	95,742	347,127	91
TENNESSEE	LT	1,270,232	591	80,222	86,034	78,975	71,782	89,684	94,677	84,492	89,212	73,058	64,078	43,732	33,894	30,190	29,725	55,194	264,688	4
<b>TENNESSEE Total</b>		<b>3,754,363</b>	<b>844</b>	<b>198,881</b>	<b>251,564</b>	<b>237,817</b>	<b>226,995</b>	<b>273,108</b>	<b>286,998</b>	<b>271,598</b>	<b>271,147</b>	<b>242,790</b>	<b>223,270</b>	<b>156,079</b>	<b>124,362</b>	<b>116,895</b>	<b>109,169</b>	<b>150,936</b>	<b>611,815</b>	<b>95</b>
TEXAS	PC	7,319,635	269	316,570	507,699	543,882	536,206	554,719	545,673	496,212	519,339	532,679	487,973	341,848	318,906	289,597	231,384	253,419	843,110	150
TEXAS	LT	4,587,525	701	261,112	389,256	374,729	334,203	356,883	330,267	266,333	312,511	298,421	274,307	172,564	182,477	150,432	102,855	150,112	630,362	0
<b>TEXAS Total</b>		<b>11,907,160</b>	<b>970</b>	<b>577,682</b>	<b>896,955</b>	<b>918,611</b>	<b>870,409</b>	<b>911,602</b>	<b>875,940</b>	<b>762,545</b>	<b>831,850</b>	<b>831,100</b>	<b>762,280</b>	<b>514,412</b>	<b>501,383</b>	<b>440,029</b>	<b>334,239</b>	<b>403,531</b>	<b>1,473,472</b>	<b>150</b>
UTAH	PC	707,285	13	23,351	40,064	47,761	50,134	53,205	55,876	49,569	51,829	47,193	45,791	31,564	28,943	27,539	26,509	27,527	100,353	64
UTAH	LT	474,082	93	21,295	27,414	30,205	29,406	32,985	29,740	27,002	33,192	30,509	27,878	15,540	14,711	12,309	10,854	19,559	111,390	0
<b>UTAH Total</b>		<b>1,181,367</b>	<b>106</b>	<b>44,646</b>	<b>67,478</b>	<b>77,966</b>	<b>79,540</b>	<b>86,190</b>	<b>85,616</b>	<b>78,571</b>	<b>85,021</b>	<b>77,702</b>	<b>73,669</b>	<b>47,104</b>	<b>43,654</b>	<b>39,848</b>	<b>37,363</b>	<b>47,086</b>	<b>211,743</b>	<b>64</b>
VERMONT	PC	284,088	12	12,227	20,912	20,253	21,546	26,037	28,324	29,198	26,586	22,612	19,540	12,337	9,115	6,794	5,276	4,880	18,404	35
VERMONT	LT	159,616	60	9,143	11,249	10,457	10,797	14,435	17,601	16,007	15,520	12,167	9,924	5,699	3,862	2,926	2,431	4,430	12,907	1
<b>VERMONT Total</b>		<b>443,704</b>	<b>72</b>	<b>21,370</b>	<b>32,161</b>	<b>30,710</b>	<b>32,343</b>	<b>40,472</b>	<b>45,925</b>	<b>45,205</b>	<b>42,106</b>	<b>34,779</b>	<b>29,464</b>	<b>18,036</b>	<b>12,977</b>	<b>9,720</b>	<b>7,707</b>	<b>9,310</b>	<b>31,311</b>	<b>36</b>
VIRGINIA	PC	3,327,197	274	155,793	209,716	213,086	226,331	260,282	282,280	290,567	280,877	249,250	225,379	154,454	118,684	107,150	90,961	95,392	366,434	287
VIRGINIA	LT	1,479,864	379	77,211	96,972	94,656	100,324	121,131	130,707	122,408	119,786	93,079	81,593	51,477	36,107	31,178	29,418	52,641	240,792	5
<b>VIRGINIA Total</b>		<b>4,807,061</b>	<b>653</b>	<b>233,004</b>	<b>306,688</b>	<b>307,742</b>	<b>326,655</b>	<b>381,413</b>	<b>412,987</b>	<b>412,975</b>	<b>400,663</b>	<b>342,329</b>	<b>306,972</b>	<b>205,931</b>	<b>154,791</b>	<b>138,328</b>	<b>120,379</b>	<b>148,033</b>	<b>607,226</b>	<b>292</b>
WASHINGTON	PC	2,440,451	73	57,690	110,703	141,898	147,985	150,664	157,917	159,525	160,031	155,838	149,252	106,764	95,532	103,008	103,535	108,267	525,748	6,021
WASHINGTON	LT	1,503,352	111	60,272	83,433	92,145	89,827	95,285	85,862	83,976	92,645	80,609	75,545	46,573	37,938	39,925	38,768	66,638	433,786	14
<b>WASHINGTON Total</b>		<b>3,943,803</b>	<b>184</b>	<b>117,962</b>	<b>194,136</b>	<b>234,043</b>	<b>237,812</b>	<b>245,949</b>	<b>243,779</b>	<b>243,501</b>	<b>252,676</b>	<b>236,447</b>	<b>224,797</b>	<b>153,337</b>	<b>133,470</b>	<b>142,933</b>	<b>142,303</b>	<b>174,905</b>	<b>959,534</b>	<b>6,035</b>
WEST VIRGINIA	PC	779,815	23	25,736	53,579	59,513	57,528	63,872	66,799	61,681	63,761	57,809	54,849	35,624	29,330	27,602	24,673	24,123	73,229	84
WEST VIRGINIA	LT	473,807	44	21,499	32,952	35,274	30,257	34,968	37,939	32,492	36,945	33,682	27,135	17,003	13,984	11,759	12,002	24,638	71,232	2
<b>WEST VIRGINIA Total</b>		<b>1,253,622</b>	<b>67</b>	<b>47,235</b>	<b>86,531</b>	<b>94,787</b>	<b>87,786</b>	<b>98,840</b>	<b>104,738</b>	<b>94,173</b>	<b>100,706</b>	<b>91,491</b>	<b>81,984</b>	<b>52,627</b>	<b>43,314</b>	<b>39,361</b>	<b>36,676</b>	<b>48,761</b>	<b>144,461</b>	<b>86</b>
WISCONSIN	PC	2,472,860	133	86,657	155,716	174,846	175,609	196,018	198,379	194,418	202,435	191,112	183,574	122,776	94,440	91,481	82,501	91,999	230,730	36
WISCONSIN	LT	1,170,362	236	65,734	95,562</															





# KANSAS INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION



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

February 20, 1995

TO: HOUSE TAXATION COMMITTEE

SUBJECT: GENERAL HEARING--ALL CAR BILLS PREVIOUSLY HEARD

FROM: KANSAS INDEPENDENT AUTOMOBILE DEALERS ASSOCIATION

Mr. Chairman and Members of the Committee:

I am Mike Miller, a board member of the Kansas Independent Automobile Dealers Association, an organization of over 230 used car dealerships. I am also a vehicle dealer in Topeka at Innovative Auto Marketing.

We are extremely pleased that there has been so much time and attention spent on studying ways in which to lower property taxes on vehicles. Each bill that has had a hearing has its own good points, and we believe that parts of several bills could be rolled into one bill that would meet the needs of the public as well as car dealers.

Which bill is better as far as car owners are concerned? Which bill will be more practical in cost for the state and municipalities? Where will the lost revenue be found? These are all questions that do not have answers in which everyone will find an agreement.

The dilemma in trying to reduce the property taxes on vehicles stems from the fact that vehicle property taxes differ county by county. Therefore, it is hard to get a consensus on the correct or proper way to lower taxes in my own Association of 230 members, let alone the entire vehicle owning population of the state due to an uneven playing field.

The disparity of the system of having the same vehicle taxed at different rates in all counties makes some consumers look to other counties where they can pay the least tax. This is a very common problem for Shawnee county which has a much higher mill levy than all of its surrounding counties. The tax burden is increased on county residents who properly register their vehicles year after year when other residents go outside the county or state to avoid paying their fair share. This could be eliminated if like vehicles were taxed the same county by county. If Kansas vehicle owners are to be taxed as one of the highest in the nation, at least that distinction should be shared equally county by county.

I hear complaints from Kansas car buyers concerning the high property

*Individually we struggle to be heard—Collective*

House Taxation  
2-20-95  
Attachment 3-1



February 20, 1995

Page 2

Kansas Independent Automobile Dealers Association

taxes. Ironically, I also hear customers bragging that their old vehicles only cost \$12 a year in taxes. I believe that most car owners would not object to the lower end of the tax scale being raised such as HB 2121 does. The \$12 tax does not seem justifiable.

It should also be a concern that any method or formula that is used should take into consideration the increasing rate of the inflationary value of vehicles. It would be disappointing to revisit this problem in five or ten years because taxpayers are in the same situation again.

Most of the proposals before the Committee have merit over how we are currently assessing property taxes, because they will reduce the tax in the long term. Vehicle dealers would welcome any relief and would be ready to support legislation that would lower property taxes on vehicles.

Thank you for your time and consideration.

# Kansas Automobile Dealers Association

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800 Jackson, Suite 1110 • Topeka, Kansas 66612-1216 • (913) 233-6456 • Fax (913) 233-1462

February 20, 1995

To: The Honorable Phill Kline, Chair  
House Committee on Taxation

From: John Schmid, KADA Legislative Chairman  
Perl Chevrolet-Buick-Mazda, Coffeyville, KS

Re: Motor Vehicle Personal Property Tax Reduction

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Good morning Mr. Chairman and members of the Committee. I am John Schmid, Legislative Chairman for the Kansas Automobile Dealers Association and I own a Chevrolet, Buick, Mazda dealership in Coffeyville, Kansas.

I am very pleased to again have the opportunity to appear before you in support of "car tax" reductions. I have been before this committee several times on this issue, and I must say, I am very encouraged by the focus this committee has taken to address the regressive car tax situation in Kansas.

I would like to begin by stating the automobile dealers of Kansas have had just as much difficulty arriving at a proposal that all dealers could support just as the Legislature has grappled with a proposal that gained consensus. While we would very much like to see a uniform proposal enacted such as the one Representative Donovan has proposed, we

House Taxation  
2-20-95  
Attachment 4-1

*"Serving the franchised new car and truck*

are empathetic to individuals in lower mill levy counties who also want lower taxes. In fact, I do not know of any individual who does not want all of their taxes lowered. After all, that's just American!

The Kansas Automobile Dealers Association has developed the ideal wish list we would like to see. The four points are as follows:

1. Curtail the penalization of the ownership of safer, more fuel efficient vehicles
  - 50% of fleet 10 years old
  - 25% of fleet 15 years old

Allow the motoring public ability to take advantage of enhancements made to vehicles in regard to safety & fuel efficiency, i.e., airbags.

2. It is imperative that those citizens that who illegally registering their vehicles out-of-state or in a county other than where they reside be penalized, as they are adding to the burden of those citizens who properly register their vehicles.
3. It is no secret that the prices of vehicles continue to increase, and as motor vehicle dealers, we are not any happier with that fact than the general consumer/ citizen. But, because of this fact, it is imperative that parity & equity among the various classifications & age groups become part of the reform.
4. Considering the 5-6% annual increase in the cost of a vehicle and given the fact

that there is a 4-5% annual increase in mill levies, it would be reasonable to assume that a 10 year plan may not provide the necessary relief intended by some of the proposals before you.

Mr. Chairman, we strongly believe in a significant reduction in vehicle taxes that also provides a reasonable package for all of the motoring public. We are encouraged and confident this committee will take the initiative to enact such a package.

In closing, I would simply say that as a business owner who must react to budget constraints in tough economic times, just as many of you on this committee, perhaps the local units who may oppose this measure could look closely at their own budgets. The passage of a car tax reduction plan may very well enhance their position rather than negatively impact their revenue base.

Again, thank you Mr. Chairman and committee members. I would be happy to respond to any questions.

# Kansas Automobile Dealers Association

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800 Jackson, Suite 1110 • Topeka, Kansas 66612-1216 • (913) 233-6456 • Fax (913) 233-1462

## 1995 PONTIAC GRAND AM GT

Date of Sale: January 21, 1995

Location of Sale: Lawrence, KS

Base Selling Price	\$17,576.00
Total Trade Allowance	(1,200.00) <sup>1</sup>
Trade Difference	16,376.00
Service Contract	695.00
Administrative Fee	30.00
Sales Tax	1,179.97
30 Day Permit	5.00
KS Tire Tax	2.00
Subtotal	18,287.97
Factory Incentives	<u>(500.00)</u>
Total Amount Due	\$17,787.97
Amount Financed:	\$17,791.97 <sup>2</sup>
Annual Percentage Rate:	9.5%
Number of Payments:	60
Total Finance Charge:	4,627.63
Total of Payments:	\$22,419.60

Year 1 Annual Insurance Premium (Ave. coverages, no tickets/accidents): \$702.00

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<sup>1</sup> Trade-in Vehicle: 1984 Dodge Omni

<sup>2</sup> Includes \$4.00 Lein Perfection

4-4

# Kansas Automobile Dealers Association

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800 Jackson, Suite 1110 • Topeka, Kansas 66612-1216 • (913) 233-6456 • Fax (913) 233-1462

<u>YEAR</u>	<u>AVE. NEW RETAIL SELLING PRICE</u>	<u>PERCENTAGE INCREASE</u>
1983	\$10,725	
1984	\$11,100	3.5
1985	\$11,925	7.4
1986	\$12,950	8.6
1987	\$13,450	3.8
1988	\$14,100	4.8
1989	\$15,400	9.2
1990	\$15,900	3.2
1991	\$16,050	0.9
1992	\$17,100	6.5
1993	\$18,200	6.4
1994*	\$19,225	5.6

Average Percentage Increase of Average New Retail Selling Price: 5.44%

\* Estimated as all 1994 data is not available

Source: National Automobile Dealers Association Industry Analysis Division

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*"Serving the franchised new car and truck dealers since 1932"*

# Dateline: Washington

Business news in brief from the nation's capital.

## THE ECONOMY

### Have Your Earnings Kept Pace With Inflation?

To determine whether your income has kept up with inflation, multiply your earnings in any year by the multiplier to the right of that year. If your current earnings are less than the result, your real income has declined.

Year	Multiplier	Year	Multiplier	Year	Multiplier	Year	Multiplier
1960	5.01	1970	3.82	1980	1.80	1990	1.13
1961	4.96	1971	3.66	1981	1.63	1991	1.09
1962	4.91	1972	3.55	1982	1.54	1992	1.06
1963	4.85	1973	3.34	1983	1.49	1993	1.03
1964	4.78	1974	3.01	1984	1.43	1994	1.00
1965	4.71	1975	2.76	1985	1.38		
1966	4.58	1976	2.61	1986	1.35		
1967	4.44	1977	2.45	1987	1.31		
1968	4.26	1978	2.27	1988	1.25		
1969	4.04	1979	2.04	1989	1.20		



CHART: GEORGINA MCCONNELL

A handy reference guide is available for use when your business calculations require taking into account the declining value of the dollar. The tool is an accurate gauge of inflation's insidious impact over the past several decades.

The guide is developed annually by Martin Lefkowitz, an economist at the U.S. Chamber of Commerce, in Washington, D.C.

The key element of the guide, excerpted in the chart shown above, is the value of the dollar in a given year relative to the 1994 dollar. Applying that value to a dollar

amount associated with that year yields the number of dollars needed this year to achieve equivalent purchasing power.

For example, it shows you would need slightly more than \$5 today to match the purchasing power of \$1 in 1960.

What income would you need today to equal the purchasing power of your \$50,000 in earnings in 1975? The 1975 multiplier, 2.76, times \$50,000 equals \$138,000.

Similarly, the guide shows that if your annual sales grew from \$500,000 in 1970 to \$1.5 million this year, you have been losing ground to inflation. Applying the 1970

multiplier of 3.82 to that year's sales shows that you would need current-year sales of \$1.91 million just to stay even, much less show a real increase.

—Albert G. Holzinger

## REGULATION

### EPA Enforcement Actions Reached New Heights In 1994

Continuing its trend toward tougher enforcement, the U.S. Environmental Protection Agency reports that it took a record 2,247 enforcement actions in fiscal 1994. That was about 6 percent more than the previous record number of actions set a year earlier.

In 1990, Congress passed legislation that required the EPA to increase its force of criminal investigators gradually, from 50 agents that year to 200 by 1996. The increasing actions against industry are partly an outgrowth of the growing enforcement team, EPA officials say.

The total amount of civil penalties and criminal fines levied against violators also set a record in fiscal 1994, about \$165 million, agency data show. The only time the agency came even close to that level previously was in fiscal 1992, when a \$2 million fine related to the Exxon Valdez oil spill in Alaska boosted that year's total to \$142 million.

—Laura M. Litton

## EMPLOYMENT

### Small Businesses Growing In Number, Creating Jobs

The nation's smallest businesses—those with fewer than 10 employees—grew in number by 2.2 percent in 1992, the latest year for which figures are available, after increasing at an average rate of only about 1 percent a year from 1987 to 1991, according to data from the U.S. Census Bureau.

In contrast, the number of firms with more than 10 workers grew by only about 1 percent in 1992, after posting a decrease in 1991.

The information comes from the Census Bureau's County Business Patterns report, which looks at statewide and county-

wide employment, payroll, and number of establishments by employer size.

The report also credits small businesses with creating many jobs during 1992: Companies with fewer than 10 workers added about 368,000 employees, and those with 10 to 99 employees added more than 283,000 to their payrolls. Average annual starting salaries for the new jobs in both company-size categories ranged from \$21,000 in parts of the South to \$28,000 in the Northeast.

Additional data from this and other Census reports are available in the GEN-DATA area of the CompuServe on-line information service. For information on CompuServe, call 1-800-848-8199.

—David Warner



**League  
of Kansas  
Municipalities**

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**LEGISLATIVE TESTIMONY**

**TO:** House Taxation Committee  
**FROM:** Chris McKenzie, Executive Director  
**DATE:** February 17 1995  
**RE:** Motor Vehicle Tax Legislation

Thank you for the opportunity to appear today on behalf of the League of Kansas Municipalities, its 543 member cities, and their approximately 3,300 elected officials. We sincerely appreciate the Committee's thoughtful approach to this critical question of tax policy which affects every level of government in Kansas.

The League has long had an interest in stability and continuation of the motor vehicle tax, but in the last year the member cities of the League have adopted a policy position on this tax which recognizes the public interest in finding ways in which to lower the burden of its impact on the taxpayers of our state. This change in policy position is reflected in our convention adopted policy statement which reads as follows:

Any changes to the state law levying the special, in lieu tax on motor vehicles should be revenue neutral to avoid further shifts to the general property tax and should allow for reasonable revenue growth in the future. **We support reform of the motor vehicle tax through changes in the assessment rate or some other revenue neutral means that preserves reasonable revenue growth in future years. Additional property tax authority should be granted to local units to compensate for the loss of any existing and future motor vehicle revenue growth.**

In its simplest form, this position endorses a **gradual** approach to changing the state motor vehicle tax laws for any portion of the downsizing that is to be borne locally. The motor vehicle tax is a vital part of every local budget, and we believe local units can absorb reductions in assessment rates and other aspects of the tax without increasing local property taxes if it is done **gradually**. Radical changes in this tax will yield radical results for the property tax payer and for cities. We all were recently advised by the University of Kansas that the effective property tax rate on commercial property registered a significant decrease in 1994. None of us want to put pressure on the property tax to erode this progress.

As you know, the motor vehicle tax is fundamentally a local tax. It reflects **local** taxing decisions and revenue needs. We believe the fundamentally local aspects of this tax (i.e., the countywide average mill rate and staggered local collection) should be retained. If the legislature

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takes over setting the tax rates on motor vehicles, it will bear a strong resemblance to the statewide levy for schools. Since HB 2121 would essentially convert this local tax into a state levied tax which is unconnected to local revenue needs, we respectfully do not support HB 2121.

During the summer of 1994 the League of Kansas Municipalities, Kansas Association of Counties, and representatives of Douglas, Sedgwick and Johnson counties, and the cities of Overland Park, Wichita, Lenexa, Lawrence and Olathe met to study possible changes to the motor vehicle tax system. Over a series of three meetings, the study group considered a number of policy options, including the development of a statewide tax rate (e.g., HB 2121) and a phase-down of the assessment rate similar to that found in SB 50, SB 150, HB 2093, HB 2106, and HB 2210.

For the reasons already stated, the study group did not pursue the statewide tax rate option. It then analyzed the effects of two policy options for lowering the assessment rate on motor vehicles from 30% to 20% over two different periods of time--10 years and 5 years. The effects of these options statewide and SB 150 are summarized below as well as shown on the attached tables.<sup>1</sup>

① **Phase-Down Assessment Rate to 20% Over 10 Years (SB 50).** The gradual phase-down of the motor vehicle assessment rate of 1% per year over 10 years is projected to have a net **positive** effect statewide on assessed valuation growth between 1995-2005 of 7.72%. Under this scenario motor vehicle revenues statewide would **increase** an estimated 35.14% between 1995 and 2005, or **less than 4% per year**. This is only slightly better than inflation has grown in recent years--meeting most state and local officials' definition of reasonable growth. We estimate this reduction in the motor vehicle tax rate would cost an estimated annual amount of \$187 million by the year 2005. (i.e., 2005 receipts at 30% rate=\$560.5 million rather than \$373.6 million at 20% rate). Our individual county analysis (TABLE 2) indicates that only nine (9) counties would fail to experience a positive annual growth rate in motor vehicle assessed values and receipts.

② **Phase-Down of Assessment Rate to 20% Over a Five-Year Period.** The phase-down of the motor vehicle assessment rate of 2% per year over 5 years is projected to have a net **negative** impact statewide on assessed valuation growth between 1995-2005 of -15.26%. Under this scenario motor vehicle tax revenues statewide would **decrease** an estimated -4.65% between 1995 and 2000--a decline of just under 1% per year. An actual loss in revenue each year is hardly

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<sup>1</sup>The statewide projections were derived using the average annual rate of growth in motor vehicle appraised valuations of 4.92% between 1983-1993, actual tax rates for 1995 and 1996, and assumed increases in motor vehicle tax rates statewide of 3% per year. The individual county projections were derived from each county's individual average growth rate in motor vehicle valuations for the same time period (1983-1993), actual 1995 and 1996 tax rates, and projected increases in each county's average tax rate based on the annual average for three years--1992, 1993 and 1994.

what any state or local budget official would call reasonable “growth”. We estimate this reduction in the motor vehicle tax rate would cost an estimated annual amount of \$132 million by the year 2000 (i.e., 2000 receipts at 30% rate = \$395.3 million rather than \$263.6 million at 20% rate). Our individual county analysis (TABLE 3) indicates that 41 counties would actually collect less motor vehicle taxes in 2000 than they did in 1995. **In these 41 counties this loss will increase pressure on the property tax.**

③ **Phase-Down of Assessment Rate to 15% Over 10 years (SB 150).** The less gradual phase-down of the motor vehicle assessment rate of 1.5% per year over 10 years is projected to have **negative** effect statewide on assessed valuation growth between 1995-2005 of -19.21%. Under this scenario, however, motor vehicle revenues statewide would actually **increase** statewide an estimated 1.35%. This small rate of growth is significantly less than the annual inflation rate, meaning any shortfalls would have to be made up from other tax sources--most likely the property tax. We estimate this reduction in the motor vehicle tax rate would cost an estimated annual amount of \$275 million by the year 2005 (i.e., 2005 receipts at 30% rate = \$560.5 million rather than the \$280.2 million at the 15% rate). Our individual county analysis (TABLE 3) indicates that 41 counties would actually collect less motor vehicle taxes in 2005 than they did in 1995. **In these 41 counties this loss will increase pressure on the property tax.**

### Overview of Local Effects of Three Options

The effects of these three different rate reduction scenarios are displayed below:

Plan	Change in Assessed Values Statewide From Plan <sup>2</sup>	Change in Receipts Statewide From Plan <sup>3</sup>	No. Counties With Annual Revenue Loss Due to Plan <sup>4</sup>
Option ①--(SB 50) 10% red./10 years	7.72 % over 11 years	35.14% over 11 years	9
Option ②--10% reduction/5 years.	-15.56% over 6 years	-4.65% over 6 years	41
Option ③--(SB 150) 15% red./10 yrs.	-19.21% over 11 years	1.35% over 11 years	41

<sup>2</sup>Assumes average annual rate of growth in motor vehicle valuations of 4.92%

<sup>3</sup>Assumes 3% annual increase in motor vehicle tax rates statewide after 1996.

<sup>4</sup>From projections based on individual county rate changes in motor vehicle tax rates 1992-1994

### Comments on Other Plans

In addition to the rate reduction plans outlined above and HB 2121, other bills have been introduced, a number of which rely on increases in state aid to local units to offset the reductions in motor vehicle tax revenues--HB 2093 and HB 2106. While we generally support these plans, they rely on a firm multi-year legislative commitment to fund them. HB 2210, as we understand it, provides for full state funding of the reduction in the motor vehicle tax as a result of reductions in the levy for school purposes. We fully support this approach as well, and we believe it is more likely to be funded in future years since it is funding for education. Finally, the Chairman of the House Taxation Committee and I have discussed the elements of a proposal to convert the motor vehicle tax to a local option tax to be completely decided at the county level. While this proposal has some merits in that it would put complete political responsibility for the motor vehicle tax at a lower level of government, it would so fundamentally change the nature of the relationship between counties and other local units that, in my judgement, it would be likely to cause profound intergovernmental conflict at the local level.

### The Tangible Local Effects of Revenue Loss

It is very easy to deal with changes in the motor vehicle tax law in the abstract and assert that the pain can be borne "if programs are cut" and "fat removed" from local budgets. When we look at what cities actually do with their revenues, however, a clearer picture emerges. Generally speaking cities do things like provide police protection, fight fires, patch and maintain streets, provide water and sewer services, and provide the basic infrastructure of services on which we rely to feel safe and be economically productive. For example, I have talked to city officials recently who have advised me it costs anywhere from \$25,000 - \$55,000 to pay, train, and equip one police officer. When motor vehicle tax revenues or other local revenue sources are cut, city governing bodies have two choices: (1) raise another tax; or (2) cut the budget. When city governing bodies raise taxes, they generally raise the property tax. When city governing bodies cut budgets they get to choose to do things like reduce personnel (e.g., police officers, fire fighters, etc.), limit improvements to streets and parks, and reduce operating times at pools, parks and recreation centers. When these costs are cut, it has a definite impact on service delivery and the quality of life in your city and others.

### CONCLUSION

The city officials of Kansas are willing to be partners with the legislature in finding a way to lower motor vehicle taxes. The League endorses any approach which provides for either full state funding of the reduction or which blends adequate state financing with a **gradual** reduction in the motor vehicle assessment rate. A gradual approach will reduce local pressure to increase property taxes or reduce needed services. In this light, we believe SB 150 comes close to this blended approach, but we respectfully recommend that you consider possible changes in it which

either softens the assessment rate reduction features of the bill (i.e., use 1%/year rather than 1.5%/year) or which offsets some of its harsher effects with additional state aid to help all local units (like the amendment offered in Senate debate of this measure by Senator Lee) or those areas that would be the most negatively affected. In any case, we would respectfully remind the Committee that **gradual** changes in this tax are essential lest the legislature create a critical need to significantly increase local property taxes.

I want to express our appreciation to the Committee, Governor Graves and the entire legislature for the careful thought that is going into study of this issue. We pledge our cooperation in working on a plan which meets the objectives I have outlined above. Thank you.

Thank you. I would be happy to answer any questions you may have.

**Attachments--Motor Vehicle Tax History and Projections**

TABLE 1--Statewide Effects of Three Phase-Down Scenarios

TABLE 2--Countywide Effects of Phase-Down to 20%/10 Years (SB 50)

TABLE 3--Countywide Effects of Phase-Down to 20%/5 Years

TABLE 4--Countywide Effects of Phase-Down to 15%/10 Years (SB 150)

**Motor Vehicle Tax History and Projections**  
**State of Kansas, 1983-1993**  
**Population 2,494,568**

TABLE 1

Statewide Effects  
of Three Phase-  
Down Scenarios

Year	Appr. Val.	Ass. Rate	Ass. Value	% Change	Tax Rate	Taxes Coll.	% Change
1983	\$4,499,643,593	30.0%	\$1,349,893,078			\$140,451,234	
1984	4,883,368,820	30.0%	1,465,010,646	8.53%		151,984,068	8.21%
1985	5,217,002,600	30.0%	1,565,100,780	6.83%		178,989,750	17.77%
1986	5,444,197,560	30.0%	1,633,259,268	4.35%		199,371,078	11.39%
1987	5,945,452,133	30.0%	1,783,635,640	9.21%		216,653,541	8.67%
1988	6,199,599,880	30.0%	1,859,879,964	4.27%		242,916,000	12.12%
1989	6,516,888,333	30.0%	1,955,066,500	5.12%		275,459,606	13.40%
1990	6,888,000,400	30.0%	2,066,400,120	5.69%		306,450,927	11.25%
1991	6,777,450,163	30.0%	2,033,235,049	-1.60%		241,010,188	-21.35%
1992	6,918,842,393	30.0%	2,075,652,718	2.09%		259,115,626	7.51%
1993	7,241,424,007	30.0%	2,172,427,202	4.66%		291,643,926	12.55%
<b>1983-1993</b>							
% increase	60.93%		60.93%			107.65%	
Avg. rate	4.92%			4.92%			8.15%
<b>1994</b>	<b>\$7,597,359,900</b>	<b>30.0%</b>	<b>\$2,279,207,970</b>	<b>4.92%</b>	<b>0.11011</b>	<b>\$250,969,288</b>	<b>-13.95%</b>

**SB 50 - Projections for a Proposed Ten-Year Reduction (to 20%)**

1995	\$7,970,791,021	30.0%	\$2,391,237,306	4.92%	0.11563	\$276,498,770	10.17%
1996	8,362,577,308	29.0%	2,425,147,419	1.42%	0.11806	286,318,264	3.55%
1997	8,773,620,967	28.0%	2,456,613,871	1.30%	0.12106 *	297,403,104	3.87%
1998	9,204,868,552	27.0%	2,485,314,509	1.17%	0.12406 *	308,333,611	3.68%
1999	9,657,313,142	26.0%	2,510,901,417	1.03%	0.12706 *	319,040,683	3.47%
2000	10,131,996,626	25.0%	2,532,999,157	0.88%	0.13006 *	329,447,468	3.26%
2001	10,630,012,109	24.0%	2,551,202,906	0.72%	0.13306 *	339,468,697	3.04%
2002	11,152,506,421	23.0%	2,565,076,477	0.54%	0.13606 *	349,009,974	2.81%
2003	11,700,682,765	22.0%	2,574,150,208	0.35%	0.13906 *	357,967,017	2.57%
2004	12,275,803,483	21.0%	2,577,918,731	0.15%	0.14206 *	366,224,832	2.31%
2005	12,879,192,965	20.0%	2,575,838,593	-0.08%	0.14506 *	373,656,839	2.03%
2006	13,512,240,698	20.0%	2,702,448,140	4.92%	0.14806 *	400,130,444	7.09%
<b>1995-2005</b>							
% increase	61.58%		7.72%			35.14%	
Avg. rate	4.92%			1.13%			3.71%
<b>1995-2006</b>							
% increase	69.52%		13.01%			44.71%	
Avg. rate	4.92%			1.44%			3.99%

**Projections for a Proposed Five-Year Reduction (to 20%)**

1995	\$7,970,791,021	30.0%	\$2,391,237,306	4.92%	0.11563	\$276,498,770	10.17%
1996	8,362,577,308	28.0%	2,341,521,646	-2.08%	0.11806	276,445,220	-0.02%
1997	8,773,620,967	26.0%	2,281,141,451	-2.58%	0.12106 *	276,160,025	-0.10%
1998	9,204,868,552	24.0%	2,209,168,453	-3.16%	0.12406 *	274,074,320	-0.76%
1999	9,657,313,142	22.0%	2,124,608,891	-3.83%	0.12706 *	269,957,501	-1.50%
2000	10,131,996,626	20.0%	2,026,399,325	-4.62%	0.13006 *	263,557,975	-2.37%
2001	10,630,012,109	20.0%	2,126,002,422	4.92%	0.13306 *	282,890,581	7.34%
<b>1995-2000</b>							
% increase	27.11%		-15.26%			-4.68%	
Avg. rate	4.92%			-1.89%			0.90%
<b>1995-2001</b>							
% increase	33.36%		-11.09%			2.31%	
Avg. rate	4.92%			-0.92%			1.82%

**SB 150 - Projections for a Proposed Ten-Year Reduction (to 15%)\*\***

1995	\$7,970,791,021	30.0%	\$2,391,237,306	4.92%	0.11563	\$276,498,770	10.17%
1996	8,362,577,308	28.5%	2,383,334,533	-0.33%	0.11806	281,381,742	1.77%
1997	8,773,620,967	27.0%	2,368,877,661	-0.61%	0.12106 *	286,781,565	1.92%
1998	9,204,868,552	25.5%	2,347,241,481	-0.91%	0.12406 *	291,203,966	1.54%
1999	9,657,313,142	24.0%	2,317,755,154	-1.26%	0.12706 *	294,499,092	1.13%
2000	10,131,996,626	22.5%	2,279,699,241	-1.64%	0.13006 *	296,502,721	0.68%
2001	10,630,012,109	21.0%	2,232,302,543	-2.08%	0.13306 *	297,035,110	0.18%
2002	11,152,506,421	19.5%	2,174,738,752	-2.58%	0.13606 *	295,899,761	-0.38%
2003	11,700,682,765	18.0%	2,106,122,898	-3.16%	0.13906 *	292,882,105	-1.02%
2004	12,275,803,483	16.5%	2,025,507,575	-3.83%	0.14206 *	287,748,082	-1.75%
2005	12,879,192,965	15.0%	1,931,878,945	-4.62%	0.14506 *	280,242,629	-2.61%
2006	13,512,240,698	15.0%	2,026,836,105	4.92%	0.14806 *	300,097,833	7.09%
<b>1995-2005</b>							
% increase	61.58%		-19.21%			1.35%	
Avg. rate	4.92%			-1.46%			1.06%
<b>1995-2006</b>							
% increase	69.52%		-15.24%			8.53%	
Avg. rate	4.92%			-0.93%			1.56%

\* - Specified tax rates were projected using a .003 rate of annual growth.

\*\* - The model does not incorporate any reductions in the motor vehicle tax revenues to schools.

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5-6

Countywide Effects of  
Phase-Down to 20%/10 years  
(SB 50)

TABLE 2

	1993 Population	Motor Vehicle Tax History, 1983-1993				Projections for a Proposed Ten-Year Reduction to 20%					
		1983-1993		1996-2005		1996-2005		1996-2005		1996-2005	
		Assessed Value % Change	Taxes Collected Avg. Rate	Assessed Value % Change	Taxes Collected Avg. Rate	Appraised Value % Change	Assessed Value Avg. Rate	Assessed Value % Change	Taxes Collected Avg. Rate	Assessed Value % Change	Taxes Collected Avg. Rate
State of Kansas	2,494,568	60.93%	4.92%	107.65%	8.15%	61.58%	4.92%	7.72%	1.13%	35.14%	3.71%
Counties:											
Allen	14,637	43.75%	3.90%	108.90%	7.78%	46.61%	3.90%	-2.26%	0.15%	37.55%	3.81%
Anderson	7,768	54.57%	4.56%	125.34%	8.74%	56.15%	4.56%	4.10%	0.78%	22.48%	2.44%
Atchison	16,827	50.42%	4.25%	110.05%	7.99%	51.59%	4.25%	1.06%	0.48%	-7.49%	-0.29%
Barber	5,757	2.01%	0.30%	55.85%	5.16%	3.06%	0.30%	-31.30%	-3.32%	25.71%	3.18%
Barton	29,303	8.84%	1.20%	98.28%	7.73%	12.66%	1.20%	-24.89%	-2.46%	30.49%	3.36%
Bourbon	14,906	29.13%	2.71%	82.07%	6.44%	30.62%	2.71%	-12.92%	-1.00%	17.51%	2.31%
Brown	11,113	46.51%	4.01%	90.56%	7.23%	48.10%	4.01%	-1.27%	0.25%	50.73%	4.92%
Budler	51,688	63.78%	5.45%	164.83%	10.53%	70.01%	5.45%	13.34%	1.64%	82.81%	6.66%
Chase	2,919	33.54%	4.47%	61.97%	7.41%	54.86%	4.47%	3.24%	0.70%	22.19%	2.39%
Chautauqua	4,348	5.97%	0.64%	61.57%	5.28%	6.57%	0.64%	-28.95%	-3.00%	-2.65%	0.54%
Cherokee	21,526	64.37%	5.25%	85.93%	6.87%	66.75%	5.25%	-1.45%	1.45%	-5.52%	-0.67%
Cheyenne	3,280	14.98%	1.75%	70.39%	6.44%	18.90%	1.75%	-20.73%	-1.93%	20.50%	3.01%
Clark	2,360	32.36%	2.99%	157.80%	10.18%	34.21%	2.99%	-10.53%	-0.73%	38.32%	3.53%
Clay	9,079	58.49%	4.77%	99.90%	7.35%	59.32%	4.77%	6.22%	0.98%	45.20%	4.52%
Cloud	10,867	42.54%	3.65%	126.10%	8.60%	43.13%	3.65%	-4.58%	-0.09%	16.47%	1.84%
Coffey	8,451	71.12%	5.77%	42.31%	3.81%	75.21%	5.77%	16.81%	1.95%	17.04%	1.61%
Comanche	2,248	43.23%	3.74%	150.60%	10.08%	44.43%	3.74%	-3.71%	-0.00%	69.52%	5.58%
Cowley	36,522	56.25%	4.73%	158.50%	10.16%	58.77%	4.73%	5.84%	0.95%	62.96%	5.36%
Crawford	35,563	65.13%	5.17%	73.91%	6.27%	65.55%	5.17%	10.37%	1.37%	7.47%	1.38%
Decatur	3,876	9.20%	0.93%	71.57%	6.01%	9.70%	0.93%	-26.86%	-2.71%	0.41%	-0.06%
**Dickinson	18,831	59.20%	51.87%	97.13%	7.32%	69.38%	5.41%	12.92%	1.60%	31.33%	3.47%
Doniphan	8,118	28.40%	2.73%	59.37%	5.28%	30.90%	2.73%	-12.73%	-0.98%	-1.71%	0.26%
Douglas	83,562	118.55%	8.21%	150.77%	10.39%	120.05%	8.21%	46.70%	4.30%	123.02%	9.24%
Edwards	3,668	26.63%	2.49%	130.97%	9.48%	27.86%	2.49%	-14.76%	-1.21%	6.18%	1.32%
Elk	3,197	29.65%	2.76%	83.88%	6.77%	31.27%	2.76%	-12.49%	-0.95%	-13.01%	-0.81%
Ellis	25,826	46.98%	4.02%	143.24%	10.04%	48.34%	4.02%	-1.11%	0.27%	95.18%	7.16%
Ellsworth	6,544	39.26%	3.58%	181.36%	11.08%	42.21%	3.58%	-5.19%	-0.16%	45.09%	4.48%
Finney	33,374	69.40%	5.60%	128.11%	8.92%	72.51%	5.60%	15.01%	1.79%	41.80%	5.16%
Ford	27,678	72.06%	5.81%	111.88%	8.31%	75.92%	5.81%	17.28%	1.99%	84.25%	6.46%
Franklin	22,162	64.41%	5.78%	98.13%	7.37%	75.46%	5.78%	16.97%	1.96%	32.43%	3.39%
Geary	29,173	42.83%	3.73%	106.32%	8.22%	44.29%	3.73%	-3.81%	-0.01%	6.97%	1.57%
Gove	3,277	27.14%	2.61%	74.13%	5.86%	29.33%	2.61%	-13.78%	-1.10%	43.05%	3.99%
Graham	3,522	1.23%	0.56%	69.64%	5.74%	5.70%	0.56%	-29.53%	-3.08%	32.87%	2.93%
Grant	7,397	50.49%	4.49%	149.54%	11.18%	55.15%	4.49%	3.43%	0.72%	-17.30%	5.28%
Gray	5,367	36.70%	3.25%	105.18%	7.68%	37.72%	3.25%	-8.19%	-0.48%	115.00%	5.62%
Greeley	1,750	25.09%	2.39%	119.46%	9.12%	26.65%	2.39%	-15.57%	-1.31%	21.83%	2.46%
Greenwood	7,926	3.85%	0.50%	98.69%	7.46%	5.10%	0.50%	-29.93%	-3.13%	-41.06%	-4.98%
Hamilton	2,323	26.01%	4.76%	90.04%	7.18%	59.23%	4.76%	6.15%	0.98%	90.50%	6.62%
**Harper	7,032	29.39%	56.36%	94.81%	7.30%	51.66%	4.25%	1.10%	0.49%	61.18%	5.95%
Harvey	31,075	57.72%	4.73%	122.90%	8.65%	58.82%	4.73%	5.88%	0.95%	34.94%	3.37%
Haskell	3,936	32.80%	3.08%	100.23%	7.53%	35.42%	3.08%	-9.72%	-0.64%	13.11%	1.63%
Hodgeman	2,242	31.54%	3.11%	111.63%	8.15%	35.79%	3.11%	-9.47%	-0.62%	107.27%	7.80%
Jackson	11,534	64.44%	5.16%	84.14%	6.87%	65.44%	5.16%	10.29%	1.37%	27.26%	4.54%
Jefferson	15,982	87.47%	6.57%	117.58%	8.57%	88.88%	6.57%	25.92%	2.72%	61.33%	5.17%
Jewell	4,111	20.16%	1.90%	71.12%	5.75%	20.66%	1.90%	-19.56%	-1.78%	50.66%	4.58%
Johnson	364,788	124.35%	8.52%	115.08%	9.68%	126.58%	8.52%	51.05%	4.60%	102.45%	7.39%
Keamy	3,984	69.50%	5.58%	137.60%	9.69%	72.19%	5.58%	14.80%	1.77%	84.58%	6.39%
Kingman	8,300	41.87%	3.64%	122.35%	8.67%	43.00%	3.64%	-4.66%	-0.10%	64.97%	5.56%
Kiowa	3,583	45.26%	4.03%	160.68%	10.36%	48.39%	4.03%	-1.07%	0.27%	86.35%	7.81%
Labette	23,672	49.46%	4.15%	89.20%	6.74%	50.22%	4.15%	0.14%	0.39%	29.57%	3.59%
Lane	2,332	34.44%	3.10%	133.03%	9.27%	35.76%	3.10%	-9.49%	-0.62%	69.09%	6.21%
Leavenworth	66,938	92.35%	6.83%	108.63%	8.23%	93.56%	6.83%	29.04%	2.97%	47.03%	4.64%
Lincoln	3,529	16.00%	1.68%	1.86%	1.89%	18.08%	1.68%	-21.28%	-2.00%	28.91%	4.05%
Linn	8,402	57.93%	4.78%	118.41%	8.30%	59.57%	4.78%	6.38%	1.00%	15.57%	1.50%
Logan	3,068	31.40%	2.83%	80.50%	6.31%	32.23%	2.83%	-11.85%	-0.88%	75.73%	6.94%
Lyon	34,627	36.58%	3.25%	84.79%	6.55%	37.70%	3.25%	-8.20%	-0.48%	-6.04%	0.03%
**Marion	12,818	42.54%	8.84%	79.53%	6.19%	50.55%	4.18%	0.37%	0.41%	18.28%	2.06%
Marshall	11,519	41.11%	3.57%	70.06%	5.77%	41.96%	3.57%	-5.36%	-0.17%	34.52%	4.37%
McPherson	27,218	61.30%	5.24%	136.75%	9.28%	66.63%	5.24%	11.09%	1.44%	43.69%	4.45%
Meade	4,299	-1.55%	0.18%	102.31%	7.75%	1.85%	0.18%	-32.10%	-3.43%	-36.85%	-4.41%
Miami	23,805	87.66%	6.60%	160.95%	10.59%	89.56%	6.60%	26.38%	2.75%	-28.79%	-1.76%
Mitchell	7,212	36.42%	3.24%	68.89%	5.55%	37.61%	3.24%	-8.26%	-0.48%	16.51%	2.39%
Montgomery	38,838	38.95%	3.45%	87.07%	6.69%	40.34%	3.45%	-6.44%	-0.29%	13.84%	1.73%
Morris	6,304	62.50%	5.07%	121.25%	8.55%	64.05%	5.07%	9.37%	1.28%	28.51%	3.65%
Morton	3,390	57.77%	5.34%	145.19%	9.73%	68.27%	5.34%	12.18%	1.54%	22.28%	1.95%
Nemaha	10,469	62.38%	5.03%	89.92%	7.02%	63.41%	5.03%	8.94%	1.24%	32.39%	3.71%
Ness	17,179	29.05%	2.65%	102.39%	7.66%	29.84%	2.65%	-13.44%	-1.06%	18.74%	2.17%
Ness	4,003	9.80%	0.99%	81.14%	6.31%	10.34%	0.99%	-26.44%	-2.66%	48.66%	4.32%
Norton	5,840	29.60%	2.68%	79.59%	6.35%	30.28%	2.68%	-13.15%	-1.03%	37.27%	3.45%
Osage	15,483	63.47%	5.09%	99.19%	7.34%	64.27%	5.09%	6.427%	9.51%	41.56%	4.00%
Osborne	4,954	22.38%	2.13%	77.65%	6.09%	23.41%	2.13%	-17.73%	-1.56%	6.70%	1.53%
Ottawa	5,598	41.69%	3.72%	110.28%	7.88%	44.05%	3.72%	-3.97%	-0.03%	19.98%	2.44%
Pawnee	7,631	43.71%	3.75%	125.34%	8.84%	44.57%	3.75%	-3.62%	0.01%	100.28%	8.19%
Phillips	6,480	20.40%	1.99%	102.42%	7.43%	21.72%	1.99%	-18.85%	-1.70%	23.47%	2.36%
Pottawatomie	16,477	105.31%	7.60%	156.48%	10.05%	108.00%	7.60%	38.66%	3.71%	70.35%	6.10%
Pratt	9,626	28.18%	2.58%	100.92%	7.53%	28.95%	2.58%	-14.03%	-1.13%	2.30%	0.68%
Rawlins	3,371	14.76%	1.46%	82.18%	6.49%	15.65%	1.46%	-22.90%	-2.20%	25.82%	3.31%
Reno	62,513	21.51%	2.70%	93.33%	7.44%	30.57%	2.70%	-12.95%	-1.01%	-1.02%	0.38%
Republic	6,403	40.50%	3.52%	74.76%	5.99%	41.38%	3.52%	-5.75%	-0.22%	62.21%	5.25%
Rice	10,417	21.86%	2.06%	116.61%	8.17%	22.62%	2.06%	-18.25%	-1.63%	15.33%	1.98%
Riley	64,286	81.91%	6.22%	139.05%	9.57%	82.84%	6.22%	21.89%	2.38%	108.11%	8.51%
Rooks	6,073	12.21%	1.61%	115.14%	8.52%	17.30%	1.61%	-21.80%	-2.06%	48.27%	4.17%
Rush	3,828	15.22%	1.48%	60.71%	5.04%	15.79%	1.48%	-22.80%	-2.19%	27.07%	3.11%
**Russell	7,827	4.86%	13.92%	61.74%	5.68%	8.72%	0.84%	-27.52%	-2.80%	16.56%	1.93%
Saline	50,188	46.68%	4.01%	90.85%	7.05%	48.15%	4.01%	-1.23%	0.25%	17.14%	1.90%
Scott	5,260	39.75%	3.45%	81.63%	7.13%	40.39%	3.45%	-6.41%	-0.29%	-4.20%	0.94%

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	1993 Population	Motor Vehicle Tax History, 1983-1993				Projections for a Proposed Ten-Year Reduction to 20%					
		1983-1993		1995-2005		1995-2005		1995-2005		1995-2005	
		Assessed Value		Taxes Collected		Appraised Value		Assessed Value		Taxes Collected	
		% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate
Sedgwick	410,462	42.70%	3.71%	129.16%	9.19%	43.90%	3.71%	-4.07%	-0.04%	25.67%	2.91%
Seward	18,668	38.61%	3.55%	85.68%	7.05%	41.71%	3.55%	-5.52%	-0.19%	24.34%	2.71%
Shawnee	162,536	71.57%	5.62%	98.26%	7.68%	72.84%	5.62%	15.23%	1.81%	101.11%	7.98%
Sheridan	2,963	25.73%	2.55%	64.71%	5.88%	28.59%	2.55%	-14.27%	-1.16%	87.70%	7.43%
Sherman	6,805	30.04%	2.73%	43.31%	4.23%	30.94%	2.73%	-12.71%	-0.98%	27.22%	4.16%
Smith	4,775	20.95%	2.01%	87.02%	6.85%	22.00%	2.01%	-18.67%	-1.68%	17.80%	2.55%
Stafford	5,213	15.14%	1.73%	94.03%	7.57%	18.72%	1.73%	-20.86%	-1.94%	52.27%	4.93%
Stanton	2,398	28.84%	2.67%	120.16%	9.68%	30.13%	2.67%	-13.25%	-1.04%	-18.26%	-2.09%
Stevens	5,083	56.49%	4.76%	122.72%	8.63%	59.15%	4.76%	6.10%	0.97%	11.31%	1.01%
Sumner	26,027	46.41%	3.92%	94.17%	7.43%	46.90%	3.92%	-2.07%	0.17%	59.00%	6.43%
Thomas	8,307	25.45%	2.42%	65.56%	5.79%	27.00%	2.42%	-15.34%	-1.28%	59.19%	5.91%
Trego	3,605	26.20%	2.68%	116.57%	9.07%	30.32%	2.68%	-13.12%	-1.03%	7.27%	0.96%
Wabaunsee	6,466	71.37%	5.61%	76.64%	6.25%	72.57%	5.61%	15.05%	1.79%	124.98%	8.51%
Wallace	1,848	38.93%	3.44%	90.05%	7.15%	40.22%	3.44%	-6.52%	-0.30%	115.25%	9.60%
***Washington	6,962	414.33%	35.47%	78.25%	6.08%	17.80%	1.65%	-21.47%	-2.02%	20.56%	2.14%
***Wichita	2,736	138.57%	11.38%	148.81%	10.12%	29.19%	2.59%	-13.88%	-1.11%	92.91%	7.91%
Wilson	10,059	40.11%	3.48%	100.91%	7.35%	40.81%	3.48%	-6.13%	-0.26%	28.18%	3.22%
Woodson	4,036	11.90%	1.20%	58.46%	4.99%	12.66%	1.20%	-24.89%	-2.46%	-19.98%	-1.77%
Wyandotte	160,442	38.99%	3.49%	63.37%	5.70%	40.86%	3.49%	-6.09%	-0.25%	54.86%	5.22%

\*\*\* - the selected counties presented certain data that was believed to be in error and is not included in the information displayed above.

Source: Kansas Department of Revenue, Division of Property Valuation's Annual Statistical Reports of Property Assessment and Taxation 1984-1994

Prepared by: The League of Kansas Municipalities

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TABLE 3  
Countywide Effects of Phase-Down  
to 20% / 5 years

	1993 Population	Motor Vehicle Tax History, 1983-1993				Projections for a Proposed Five-Year Reduction to 20%					
		1983-1993		1983-1993		1995-2000		1995-2000		1995-2000	
		% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate
State of Kansas	2,494,568	60.93%	4.92%	107.65%	8.15%	27.11%	4.92%	-15.26%	-1.89%	-4.68%	0.90%
Counties:											
Allen	14,637	43.75%	3.90%	108.90%	7.78%	21.08%	3.90%	-19.28%	-2.84%	-3.20%	1.04%
Anderson	7,768	54.57%	4.56%	125.34%	8.74%	24.96%	4.56%	-16.69%	-2.23%	-9.32%	-0.55%
Beckham	16,827	50.42%	4.25%	110.05%	7.99%	23.12%	4.25%	-17.92%	-2.52%	-21.82%	-3.24%
Barber	5,757	2.01%	0.30%	55.85%	5.16%	1.52%	0.30%	-32.32%	-6.21%	-4.85%	1.15%
Barton	29,303	8.84%	1.20%	98.28%	7.73%	6.14%	1.20%	-29.24%	-5.37%	-3.33%	1.10%
Bourbon	14,906	29.13%	2.71%	82.07%	6.44%	14.29%	2.71%	-23.81%	-3.96%	-11.33%	-0.45%
Brown	11,113	46.51%	4.01%	90.56%	7.23%	21.70%	4.01%	-18.87%	-2.74%	3.55%	1.70%
Butler	51,688	63.78%	5.45%	164.83%	10.53%	30.39%	5.45%	-13.07%	-1.39%	12.93%	4.44%
Chase	2,919	33.54%	4.47%	61.97%	7.41%	24.44%	4.47%	-17.04%	-2.31%	-9.27%	-0.60%
Chautauqua	4,348	5.97%	0.64%	61.57%	5.28%	3.23%	0.64%	-31.18%	-5.89%	-19.57%	-2.12%
Cherokee	21,526	64.37%	5.25%	85.93%	6.87%	29.13%	5.25%	-13.91%	-1.58%	-18.14%	-3.54%
Cheyenne	3,280	14.98%	1.75%	70.39%	6.44%	9.04%	1.75%	-27.31%	-4.85%	-10.27%	0.58%
Clark	2,360	32.36%	2.99%	157.80%	10.18%	15.85%	2.99%	-22.77%	-3.70%	-0.69%	0.86%
Clay	9,079	58.49%	4.77%	99.90%	7.35%	26.22%	4.77%	-15.85%	-2.03%	-1.37%	1.72%
Cloud	10,867	42.54%	3.65%	126.10%	8.60%	19.64%	3.65%	-20.24%	-3.07%	-11.07%	-1.11%
Coffey	8,451	71.12%	5.77%	42.31%	3.81%	32.37%	5.77%	-11.75%	-1.09%	-10.09%	-1.44%
Comanche	2,248	43.23%	3.74%	150.60%	10.08%	20.18%	3.74%	-19.88%	-2.99%	12.29%	3.14%
Cowley	36,522	56.25%	4.73%	158.50%	10.16%	26.00%	4.73%	-16.00%	-2.06%	7.29%	2.67%
Crawford	35,563	65.13%	5.17%	73.91%	6.27%	28.67%	5.17%	-14.22%	-1.65%	-16.45%	-1.62%
Decatur	3,876	9.20%	0.93%	71.57%	6.01%	4.74%	0.93%	-30.17%	-5.62%	-15.27%	-2.89%
Dickinson	18,831	59.20%	51.87%	97.13%	7.32%	30.15%	5.41%	-13.24%	-1.43%	-7.36%	0.50%
Doniphan	8,118	28.40%	2.73%	59.37%	5.28%	14.41%	2.73%	-23.73%	-3.94%	-19.07%	-2.69%
Douglas	83,562	118.55%	8.21%	150.77%	10.39%	48.34%	8.21%	-1.11%	1.19%	23.19%	6.57%
Edwards	3,668	26.63%	2.49%	130.97%	9.48%	13.07%	2.49%	-24.62%	-4.16%	-16.42%	-1.51%
Elk	3,197	29.65%	2.76%	83.88%	6.77%	14.57%	2.76%	-23.82%	-3.91%	-24.59%	-3.75%
Ellis	25,826	46.98%	4.02%	143.24%	10.04%	21.79%	4.02%	-18.80%	-2.73%	22.56%	5.04%
Ellsworth	6,544	39.26%	3.58%	181.36%	11.08%	19.25%	3.58%	-20.50%	-3.14%	-0.00%	1.89%
Finney	33,374	69.40%	5.60%	128.11%	8.92%	31.34%	5.60%	-12.44%	-1.25%	-6.33%	2.44%
Ford	27,678	72.06%	5.81%	111.88%	8.31%	32.63%	5.81%	-11.58%	-1.05%	15.21%	3.72%
Franklin	22,162	64.41%	5.78%	98.13%	7.37%	32.46%	5.78%	-11.69%	-1.08%	-6.46%	0.37%
Geary	29,173	42.83%	3.73%	106.32%	8.22%	20.12%	3.73%	-19.92%	-3.00%	-17.22%	-1.35%
Gove	3,277	27.14%	2.61%	74.13%	5.86%	13.72%	2.61%	-24.19%	-4.05%	1.57%	1.49%
Graham	3,522	1.23%	0.56%	69.64%	5.74%	2.81%	0.56%	-31.46%	-5.97%	0.89%	0.71%
Grant	7,397	50.49%	4.49%	149.54%	11.18%	24.56%	4.49%	-16.96%	-2.29%	-40.46%	4.38%
Gray	5,367	36.70%	3.25%	105.18%	7.68%	17.35%	3.25%	-21.76%	-3.45%	51.14%	4.01%
Greeley	1,750	25.09%	2.39%	119.46%	9.12%	12.54%	2.39%	-4.27%	-4.25%	-8.33%	-0.26%
Greenwood	7,926	3.85%	0.50%	98.69%	7.46%	2.52%	0.50%	-31.65%	-6.02%	-36.33%	-7.74%
Hamilton	2,323	26.01%	4.76%	90.04%	7.18%	26.18%	4.76%	-15.88%	-2.04%	20.17%	4.16%
Harper	7,032	29.39%	56.36%	94.81%	7.30%	23.15%	4.25%	-17.90%	-2.51%	4.77%	3.54%
Harvey	31,075	57.72%	4.73%	122.90%	8.65%	25.02%	4.73%	-15.98%	-2.06%	-4.06%	0.41%
Haskell	3,936	32.80%	3.08%	100.23%	7.53%	16.37%	3.08%	-22.42%	-3.61%	-12.52%	-1.28%
Hodgeman	2,242	31.54%	3.11%	111.63%	8.15%	16.53%	3.11%	-22.31%	-3.58%	30.28%	6.19%
Jackson	11,534	64.44%	5.16%	84.14%	6.87%	28.62%	5.16%	-14.25%	-1.66%	-13.18%	1.90%
Jefferson	15,982	87.47%	6.57%	117.58%	8.57%	37.43%	6.57%	-8.38%	-0.35%	5.20%	2.16%
Jewell	4,111	20.16%	1.90%	71.12%	5.75%	9.85%	1.90%	-26.77%	-4.71%	6.12%	2.41%
Johnson	364,788	124.35%	8.52%	115.08%	9.68%	50.53%	8.52%	0.35%	1.48%	19.15%	4.34%
Keamy	3,984	69.50%	5.58%	137.60%	9.69%	31.22%	5.58%	-12.52%	-1.27%	16.00%	3.69%
Kingman	8,300	41.87%	3.64%	122.35%	8.67%	19.58%	3.64%	-20.28%	-3.08%	9.48%	3.16%
Kiowa	3,583	45.26%	4.03%	160.88%	10.36%	21.82%	4.03%	-18.79%	-2.72%	15.02%	5.98%
Labette	23,672	49.46%	4.15%	89.20%	6.74%	22.56%	4.15%	-18.29%	-2.60%	-8.14%	0.79%
Lane	2,332	34.44%	3.10%	133.03%	9.27%	16.52%	3.10%	-22.32%	-3.58%	11.02%	4.14%
Leavenworth	66,938	92.35%	6.83%	108.63%	8.23%	39.13%	6.83%	-7.25%	-0.10%	-2.04%	1.61%
Lincoln	3,529	16.00%	1.68%	1.89%	1.89%	8.67%	1.68%	-27.56%	-4.92%	-7.08%	1.92%
Linn	8,402	57.93%	4.78%	118.41%	8.30%	26.32%	4.78%	-15.79%	-2.01%	-10.69%	-1.55%
Logan	3,068	31.40%	2.83%	80.50%	6.31%	14.99%	2.83%	-23.34%	-3.84%	13.67%	5.21%
Lyon	34,627	36.58%	3.25%	84.73%	6.55%	17.35%	3.25%	-21.77%	-3.45%	-21.85%	-2.92%
Marion	12,818	42.54%	8.84%	79.53%	6.19%	22.70%	4.18%	-18.20%	-2.58%	-10.76%	-0.93%
Marshall	11,519	41.11%	3.57%	70.06%	5.77%	19.15%	3.57%	-20.57%	-3.15%	-6.66%	1.84%
McPherson	27,218	61.30%	5.24%	136.75%	9.28%	29.08%	5.24%	-13.94%	-1.59%	1.56%	1.56%
Meade	4,299	-1.55%	0.18%	102.31%	7.75%	0.92%	0.18%	-32.72%	-6.32%	-34.08%	-7.25%
Miami	23,805	87.66%	6.60%	160.95%	10.59%	37.68%	6.60%	-8.21%	-0.31%	-32.66%	-4.02%
Mitchell	7,212	36.42%	3.24%	68.89%	5.55%	17.31%	3.24%	-21.79%	-3.45%	-12.71%	-0.43%
Montgomery	38,838	38.95%	3.45%	87.07%	6.69%	18.47%	3.45%	-21.02%	-3.26%	-12.54%	-1.21%
Morris	6,304	62.50%	5.07%	121.25%	8.55%	28.08%	5.07%	-14.61%	-1.74%	-9.67%	0.76%
Morton	3,390	57.77%	5.34%	145.19%	9.73%	29.72%	5.34%	-13.52%	-1.49%	-7.58%	-1.11%
Nemaha	10,469	62.38%	5.03%	89.92%	7.02%	27.83%	5.03%	-14.78%	-1.78%	-7.28%	0.81%
Ness	17,179	29.05%	2.65%	102.39%	7.66%	13.95%	2.65%	-24.03%	-4.01%	-9.89%	-0.63%
Ness	4,003	9.80%	0.99%	81.14%	6.31%	5.04%	0.99%	-29.97%	-5.56%	7.34%	2.34%
Norton	5,840	29.60%	2.68%	79.59%	6.35%	14.14%	2.68%	-23.91%	-3.98%	-0.79%	0.83%
Osage	15,483	63.47%	5.09%	99.19%	7.34%	28.17%	5.09%	-14.56%	-1.73%	-2.18%	1.08%
Osborne	4,954	22.38%	2.13%	77.65%	6.09%	11.09%	2.13%	-25.94%	-4.50%	-16.43%	-1.22%
Ottawa	5,598	41.69%	3.72%	110.28%	7.88%	20.02%	3.72%	-19.99%	-3.01%	-10.68%	-0.46%
Pawnee	7,631	43.71%	3.75%	125.34%	8.84%	20.24%	3.75%	-19.84%	-2.98%	22.91%	6.51%
Phillips	6,480	20.40%	1.99%	102.42%	7.43%	10.33%	1.99%	-26.45%	-4.63%	-6.32%	-0.32%
Pottawatomie	16,477	105.31%	7.60%	156.48%	10.05%	44.22%	7.60%	-3.85%	0.62%	6.27%	3.09%
Pratt	9,626	28.18%	2.58%	100.92%	7.53%	13.56%	2.58%	-24.30%	-4.08%	-17.32%	-2.24%
Rawlins	3,371	14.76%	1.46%	82.18%	6.49%	7.54%	1.46%	-28.30%	-5.12%	-6.95%	1.00%
Rego	62,513	21.51%	2.70%	93.33%	7.44%	14.27%	2.70%	-23.82%	-3.96%	-18.95%	-2.56%
Republic	6,403	40.50%	3.52%	74.76%	5.99%	18.90%	3.52%	-20.73%	-3.19%	8.93%	2.80%
Rice	10,417	21.86%	2.06%	116.61%	8.17%	10.73%	2.06%	-26.18%	-4.56%	-11.29%	-0.74%
Riley	64,286	81.91%	6.22%	139.05%	9.57%	35.22%	6.22%	-9.85%	-0.67%	21.00%	6.15%
Rooks	6,073	12.21%	1.61%	115.14%	8.52%	8.30%	1.61%	-27.80%	-4.98%	6.34%	1.96%
Rush	3,828	15.22%	1.48%	60.71%	5.04%	7.61%	1.48%	-28.26%	-5.11%	-5.47%	0.72%
Russell	7,827	4.86%	13.92%	61.74%	5.68%	4.27%	0.84%	-30.49%	-5.70%	-8.88%	-0.57%
Saline	50,188	46.68%	4.01%	90.85%	7.05%	21.72%	4.01%	-18.86%	-2.74%	-10.93%	-1.09%
Scott	5,260	39.75%	3.45%	81.63%	7.13%	18.49%	3.45%	-21.01%	-3.26%	-23.41%	-1.91%

5-9



	1993 Population	Motor Vehicle Tax History, 1983-1993				Projections for a Proposed Five-Year Reduction to 20%					
		1983-1993		1995-2000		1995-2000		1995-2000		1995-2000	
		Assessed Value		Taxes Collected		Appraised Value		Assessed Value		Taxes Collected	
		% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate
Sedgwick	410,462	42.70%	3.71%	129.16%	9.19%	19.96%	3.71%	-20.03%	-3.02%	-8.24%	0.07%
Seward	18,668	38.61%	3.55%	85.68%	7.05%	19.04%	3.55%	-20.64%	-3.17%	-8.37%	-0.14%
Shawnee	162,536	71.57%	5.62%	98.26%	7.68%	31.47%	5.62%	-12.35%	-1.23%	19.94%	5.64%
Sheridan	2,963	25.73%	2.55%	64.71%	5.88%	13.40%	2.55%	-24.40%	-4.11%	20.53%	5.94%
Sherman	6,805	30.04%	2.73%	43.31%	4.23%	14.43%	2.73%	-23.71%	-3.93%	-9.92%	1.82%
Smith	4,775	20.95%	2.01%	87.02%	6.85%	10.45%	2.01%	-26.36%	-4.61%	-11.19%	-0.04%
Stafford	5,213	15.14%	1.73%	94.03%	7.57%	8.96%	1.73%	-27.36%	-4.87%	6.45%	2.92%
Stanton	2,398	28.84%	2.67%	120.16%	9.68%	14.08%	2.67%	-23.95%	-3.99%	-24.25%	-5.01%
Stevens	5,083	56.49%	4.76%	122.72%	8.63%	26.15%	4.76%	-15.90%	-2.04%	-11.93%	-2.02%
Sumner	26,027	46.41%	3.92%	94.17%	7.43%	21.20%	3.92%	-19.20%	-2.82%	2.58%	4.30%
Thomas	8,307	25.45%	2.42%	65.56%	5.79%	12.69%	2.42%	-24.87%	-4.23%	6.86%	4.01%
Trego	3,605	26.20%	2.68%	116.57%	9.07%	14.16%	2.68%	-23.90%	-3.98%	-14.40%	-1.97%
Wabaunsee	6,466	71.37%	5.61%	76.64%	6.25%	31.37%	5.61%	-12.42%	-1.24%	32.12%	6.27%
Wallace	1,848	38.93%	3.44%	90.05%	7.15%	18.42%	3.44%	-21.06%	-3.27%	28.68%	8.60%
***Washington	6,962	414.33%	35.47%	78.25%	6.08%	8.54%	1.65%	-27.64%	-4.94%	-7.45%	-0.50%
***Wichita	2,736	138.57%	11.38%	148.81%	10.12%	13.66%	2.59%	-24.23%	-4.06%	22.30%	6.59%
Wilson	10,059	40.11%	3.48%	100.91%	7.35%	18.66%	3.48%	-20.89%	-3.23%	-7.33%	0.45%
Woodson	4,036	11.90%	1.20%	58.46%	4.99%	6.14%	1.20%	-29.24%	-5.37%	-27.13%	-4.69%
Wyandotte	160,442	38.99%	3.49%	63.37%	5.70%	18.69%	3.49%	-20.88%	-3.23%	4.22%	2.80%

\*\*\* - the selected counties presented certain data that was believed to be in error and is not included in the information displayed above.

Source: Kansas Department of Revenue, Division of Property Valuation's Annual Statistical Reports of Property Assessment and Taxation 1984-1994

Prepared by: The League of Kansas Municipalities

TABLE 4  
Countywide Effects of Phase-Down  
to 15% / 10 years (SB 150)

Motor Vehicle Tax History, 1983-1993				
1993 Population	1983-1993 Assessed Value		1983-1993 Taxes Collected	
	% Change	Avg. Rate	% Change	Avg. Rate

Projections for a Proposed Ten-Year Reduction to 15%					
Appraised Value % Change	Avg. Rate	1995-2005 Assessed Value		1995-2005 Taxes Collected	
		% Change	Avg. Rate	% Change	Avg. Rate

State of Kansas	2,494,568	60.93%	4.92%	107.65%	8.15%
Counties:					
Arlen	14,637	43.75%	3.90%	108.90%	7.78%
Anderson	7,768	54.57%	4.56%	125.34%	8.74%
Atchison	16,827	50.42%	4.25%	110.05%	7.99%
Barber	5,757	2.01%	0.30%	55.85%	5.16%
Barton	29,303	8.84%	1.20%	98.28%	7.73%
Bourbon	14,906	29.13%	2.71%	82.07%	6.44%
Brown	11,113	46.51%	4.01%	90.56%	7.23%
Butler	51,688	63.78%	5.45%	164.83%	10.53%
Chase	2,919	33.54%	4.47%	61.97%	7.41%
Chautauqua	4,348	5.97%	0.64%	61.57%	5.28%
Cherokee	21,526	64.37%	5.25%	85.93%	6.87%
Cheyenne	3,280	14.98%	1.75%	70.39%	6.44%
Clark	2,360	32.36%	2.99%	157.80%	10.18%
Clay	9,079	58.49%	4.77%	99.90%	7.35%
Cloud	10,867	42.54%	3.65%	126.10%	8.60%
Coffey	8,451	71.12%	5.77%	42.31%	3.81%
Comanche	2,248	43.23%	3.74%	150.60%	10.08%
Cowley	36,522	56.25%	4.73%	158.50%	10.16%
Crawford	35,563	65.13%	5.17%	73.91%	6.27%
Decatur	3,876	9.20%	0.93%	71.57%	6.01%
***Dickinson	18,831	59.20%	51.87%	97.13%	7.32%
Doniphan	8,118	28.40%	2.73%	59.37%	5.28%
Douglas	83,562	118.55%	8.21%	150.77%	10.39%
Edwards	3,668	26.63%	2.49%	130.97%	9.48%
Elk	3,197	29.65%	2.76%	83.88%	6.77%
Ellis	25,826	46.98%	4.02%	143.24%	10.04%
Ellsworth	6,544	39.26%	3.58%	181.36%	11.08%
Finney	33,374	69.40%	5.60%	128.11%	8.92%
Ford	27,678	72.06%	5.81%	111.88%	8.31%
Franklin	22,162	64.41%	5.78%	98.13%	7.37%
Geary	29,173	42.83%	3.73%	106.32%	8.22%
Gove	3,277	27.14%	2.61%	74.13%	5.86%
Graham	3,522	1.23%	0.56%	69.64%	5.74%
Grant	7,397	50.49%	4.49%	149.54%	11.18%
Gray	5,367	36.70%	3.25%	105.18%	7.68%
Greeley	1,750	25.09%	2.39%	119.46%	9.12%
Greenwood	7,926	3.85%	0.50%	98.69%	7.46%
Hamilton	2,323	26.01%	4.76%	90.04%	7.18%
***Harper	7,032	29.39%	56.36%	94.81%	7.30%
Harvey	31,075	57.72%	4.73%	122.90%	8.65%
Haskell	3,936	32.80%	3.08%	100.23%	7.53%
Hodgeman	2,242	31.54%	3.11%	111.63%	8.15%
Jackson	11,534	64.44%	5.16%	84.14%	6.87%
Jefferson	15,982	87.47%	6.57%	117.58%	8.57%
Jewell	4,111	20.16%	1.90%	71.12%	5.75%
Johnson	364,788	124.35%	8.52%	115.08%	9.68%
Keamy	3,984	69.50%	5.58%	137.60%	9.69%
Kingman	8,300	41.87%	3.64%	122.35%	8.67%
Kiowa	3,583	45.26%	4.03%	160.68%	10.36%
Labette	23,672	49.46%	4.15%	89.20%	6.74%
Lane	2,332	34.44%	3.10%	133.03%	9.27%
Leavenworth	66,938	92.35%	6.83%	108.63%	8.23%
Lincoln	3,529	16.00%	1.68%	102.31%	7.75%
Linn	8,402	57.93%	4.78%	118.41%	8.30%
Logan	3,068	31.40%	2.83%	80.50%	6.31%
Lyon	34,627	36.58%	3.25%	84.79%	6.55%
***Marion	12,818	42.54%	8.84%	79.53%	6.19%
Marshall	11,519	41.11%	3.57%	70.06%	5.77%
McPherson	27,218	61.30%	5.24%	136.75%	9.28%
Meade	4,299	-1.55%	0.18%	102.31%	7.75%
Miami	23,805	87.66%	6.60%	160.95%	10.59%
Mitchell	7,212	36.42%	3.24%	68.89%	5.55%
Montgomery	38,838	38.95%	3.45%	87.07%	6.69%
Morris	6,304	62.50%	5.07%	121.25%	8.55%
Morton	3,390	57.77%	5.34%	145.19%	9.73%
Nemaha	10,469	62.38%	5.03%	89.92%	7.02%
Neosho	17,179	29.05%	2.65%	102.39%	7.66%
Ness	4,003	9.80%	0.99%	81.14%	6.31%
Norton	5,840	29.60%	2.68%	79.59%	6.35%
Osage	15,483	63.47%	5.09%	99.19%	7.34%
Osborne	4,954	22.38%	2.13%	77.65%	6.09%
Ottawa	5,598	41.69%	3.72%	110.28%	7.88%
Pawnee	7,631	43.71%	3.75%	125.34%	8.84%
Phillips	6,480	20.40%	1.99%	102.42%	7.43%
Pottawatomie	16,477	105.31%	7.60%	156.48%	10.05%
Pratt	9,626	28.18%	2.58%	100.92%	7.53%
Rawlins	3,371	14.76%	1.46%	82.18%	6.49%
Reno	62,513	21.51%	2.70%	93.33%	7.44%
Republic	6,403	40.50%	3.52%	74.76%	5.99%
Rice	10,417	21.86%	2.06%	116.61%	8.17%
Riley	64,286	81.91%	6.22%	139.05%	9.57%
Rooks	6,073	12.21%	1.61%	115.14%	8.52%
Rush	3,828	15.22%	1.48%	60.71%	5.04%
***Russell	7,827	4.86%	13.92%	61.74%	5.68%
Saline	50,188	46.68%	4.01%	90.85%	7.05%
Scott	5,260	39.75%	3.45%	81.63%	7.13%

61.58%	4.92%	-19.21%	-1.46%	1.35%	1.06%
46.61%	3.90%	-26.69%	-2.42%	3.17%	1.15%
56.15%	4.56%	-21.93%	-1.80%	-8.14%	-0.18%
51.59%	4.25%	-24.20%	-2.09%	-30.62%	-2.84%
3.06%	0.30%	-48.47%	-5.80%	-5.72%	0.56%
12.66%	1.20%	-43.67%	-4.95%	-2.13%	0.73%
30.62%	2.71%	-34.69%	-3.54%	-11.87%	-0.30%
48.10%	4.01%	-25.95%	-2.32%	13.05%	1.74%
70.01%	5.45%	-14.99%	-0.96%	37.11%	4.23%
54.86%	4.47%	-22.57%	-1.88%	-8.36%	-0.24%
6.57%	0.64%	-46.71%	-5.48%	-26.99%	-2.02%
66.75%	5.25%	-16.62%	-1.15%	-29.14%	-3.22%
18.90%	1.75%	-40.55%	-4.44%	-9.62%	0.39%
34.21%	2.99%	-32.89%	-3.28%	3.74%	0.88%
59.32%	4.77%	-20.34%	-1.60%	8.90%	1.85%
43.13%	3.65%	-28.44%	-2.65%	-12.65%	-0.77%
75.21%	5.77%	-12.39%	-0.66%	-12.22%	-1.00%
44.43%	3.74%	-27.78%	-2.56%	27.14%	2.88%
58.77%	4.73%	-20.62%	-1.64%	22.22%	2.67%
65.55%	5.17%	-17.23%	-1.22%	-19.40%	-1.21%
9.70%	0.93%	-45.15%	-5.21%	-24.69%	-2.62%
69.38%	5.41%	-15.31%	-1.00%	-1.50%	0.83%
30.90%	2.73%	-34.55%	-3.52%	-26.28%	-2.31%
120.05%	8.21%	10.03%	1.63%	67.26%	6.46%
27.86%	2.49%	-36.07%	-3.74%	-20.36%	-1.26%
31.27%	2.76%	-34.37%	-3.49%	-34.76%	-3.34%
48.34%	4.02%	-25.83%	-2.30%	46.39%	4.43%
42.21%	3.58%	-28.89%	-2.71%	8.82%	1.81%
72.51%	5.60%	-13.74%	-0.82%	6.35%	2.49%
75.92%	5.81%	-12.04%	-0.62%	38.19%	3.73%
75.46%	5.78%	-12.27%	-0.65%	-0.68%	0.75%
44.29%	3.73%	-27.86%	-2.57%	-19.77%	-1.03%
29.33%	2.61%	-35.34%	-3.63%	7.29%	1.33%
5.70%	0.56%	-47.15%	-5.56%	-0.35%	0.30%
55.15%	4.49%	-22.43%	-1.86%	-37.97%	2.70%
37.72%	3.25%	-31.14%	-3.03%	61.25%	2.88%
26.65%	2.39%	-36.67%	-3.83%	-8.63%	-0.16%
5.10%	0.50%	-47.45%	-5.61%	-55.79%	-7.42%
59.23%	4.76%	-20.39%	-1.61%	42.87%	3.89%
51.66%	4.25%	-24.17%	-2.09%	20.89%	3.26%
58.82%	4.73%	-20.59%	-1.63%	1.21%	0.72%
35.42%	3.08%	-32.29%	-3.19%	-15.16%	-0.97%
35.79%	3.11%	-32.11%	-3.16%	55.45%	5.05%
65.44%	5.16%	-17.28%	-1.23%	-4.55%	1.89%
88.88%	6.57%	-5.56%	0.09%	20.99%	2.47%
20.66%	1.90%	-39.67%	-4.30%	13.00%	1.91%
126.58%	8.52%	13.29%	1.93%	51.84%	4.64%
72.19%	5.58%	-13.90%	-0.83%	38.44%	3.67%
43.00%	3.64%	-28.50%	-2.66%	23.73%	2.87%
48.39%	4.03%	-25.80%	-2.30%	39.77%	5.08%
50.22%	4.15%	-24.89%	-2.18%	-2.82%	0.95%
35.76%	3.10%	-32.12%	-3.16%	26.82%	3.51%
93.56%	6.83%	-3.22%	0.33%	10.27%	1.97%
18.08%	1.68%	-40.96%	-4.51%	-3.32%	1.41%
59.57%	4.78%	-20.21%	-1.59%	-13.33%	-1.11%
32.23%	2.83%	-33.89%	-3.42%	31.80%	4.23%
37.70%	3.25%	-31.15%	-3.03%	-29.53%	-2.53%
50.55%	4.18%	-24.72%	-2.16%	-11.29%	-0.56%
41.96%	3.57%	-29.02%	-2.73%	0.89%	1.71%
66.63%	5.24%	-16.69%	-1.16%	7.76%	1.78%
1.85%	0.18%	-49.07%	-5.91%	-52.64%	-8.86%
89.56%	6.60%	-5.22%	0.12%	-46.59%	-4.22%
37.61%	3.24%	-31.19%	-3.03%	-12.62%	-0.22%
40.34%	3.45%	-29.83%	-2.84%	-14.62%	-0.87%
64.05%	5.07%	-17.98%	-1.31%	-3.62%	1.00%
68.27%	5.34%	-15.87%	-1.06%	-8.29%	-0.67%
63.41%	5.03%	-18.30%	-1.35%	-0.71%	1.06%
29.84%	2.65%	-35.08%	-3.59%	-10.95%	-0.44%
10.34%	0.99%	-44.83%	-5.15%	11.50%	1.65%
30.28%	2.68%	-34.86%	-3.56%	2.95%	0.80%
64.27%	5.09%	-17.87%	-1.30%	6.17%	1.34%
23.41%	2.13%	-38.30%	-4.08%	-19.98%	-1.06%
44.05%	3.72%	-27.98%	-2.59%	-10.02%	-0.18%
44.57%	3.75%	-27.71%	-2.55%	50.21%	5.44%
21.72%	1.99%	-39.14%	-4.22%	-7.40%	-0.26%
108.00%	7.60%	4.00%	1.06%	27.76%	3.39%
28.95%	2.58%	-35.52%	-3.66%	-23.28%	-1.89%
15.65%	1.46%	-42.17%	-4.70%	-5.63%	0.68%
30.57%	2.70%	-34.72%	-3.54%	-25.76%	-2.19%
41.38%	3.52%	-29.31%	-2.77%	21.66%	2.57%
22.62%	2.06%	-38.69%	-4.15%	-13.50%	-0.63%
82.84%	6.22%	-8.58%	-0.24%	56.08%	5.74%
17.30%	1.61%	-41.35%	-4.57%	11.20%	1.50%
15.79%	1.48%	-42.10%	-4.69%	-4.70%	0.48%
8.72%	0.84%	-45.64%	-5.29%	-12.58%	-0.67%
48.15%	4.01%	-25.92%	-2.31%	-12.14%	-0.71%
40.39%	3.45%	-29.81%	-2.84%	-28.15%	-1.63%

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	1993 Population	Motor Vehicle Tax History, 1983-1993				Projections for a Proposed Ten-Year Reduction to 15%					
		1983-1993		1995-2005		1995-2005		1995-2005		1995-2005	
		Assessed Value		Taxes Collected		Appraised Value		Assessed Value		Taxes Collected	
		% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate	% Change	Avg. Rate
Sedgwick	410,462	42.70%	3.71%	129.16%	9.19%	43.90%	3.71%	-28.05%	-2.60%	-5.75%	0.28%
Seward	18,668	38.81%	3.55%	85.68%	7.05%	41.71%	3.55%	-29.14%	-2.75%	-6.74%	0.09%
Shawnee	162,536	71.57%	5.62%	98.26%	7.68%	72.84%	5.62%	-13.58%	-0.80%	50.83%	5.23%
Sheridan	2,963	25.73%	2.55%	64.71%	5.88%	28.59%	2.55%	-35.71%	-3.69%	40.77%	4.71%
Sherman	6,805	30.04%	2.73%	43.31%	4.23%	30.94%	2.73%	-34.53%	-3.51%	-4.59%	1.52%
Smith	4,775	20.95%	2.01%	87.02%	6.85%	22.00%	2.01%	-39.00%	-4.19%	-11.65%	-0.07%
Stafford	5,213	15.14%	1.73%	94.03%	7.57%	18.72%	1.73%	-40.64%	-4.45%	14.20%	2.26%
Stanton	2,398	28.84%	2.67%	120.16%	9.68%	30.13%	2.67%	-34.93%	-3.57%	-38.70%	-4.61%
Stevens	5,083	56.49%	4.76%	122.72%	8.63%	59.15%	4.76%	-20.43%	-1.61%	-16.52%	-1.58%
Sumner	26,027	46.41%	3.92%	94.17%	7.43%	46.90%	3.92%	-26.55%	-2.40%	19.25%	3.74%
Thomas	8,307	25.45%	2.42%	65.56%	5.79%	27.00%	2.42%	-36.50%	-3.81%	19.39%	3.22%
Trego	3,605	26.20%	2.68%	116.57%	9.07%	30.32%	2.68%	-34.84%	-3.56%	-19.55%	-1.63%
Wabaunsee	6,466	71.37%	5.61%	76.64%	6.25%	72.57%	5.61%	-13.72%	-0.81%	68.74%	5.73%
Wallace	1,848	38.93%	3.44%	90.05%	7.15%	40.22%	3.44%	-29.89%	-2.85%	61.43%	6.84%
***Washington	6,962	414.33%	35.47%	78.25%	6.08%	17.80%	1.65%	-41.10%	-4.53%	-9.58%	-0.47%
***Wichita	2,736	138.57%	11.38%	148.81%	10.12%	29.19%	2.59%	-35.41%	-3.64%	44.68%	5.18%
Wilson	10,059	40.11%	3.48%	100.91%	7.35%	40.81%	3.48%	-29.60%	-2.81%	-3.87%	0.58%
Woodson	4,036	11.90%	1.20%	58.46%	4.99%	12.66%	1.20%	-43.67%	-4.95%	-39.98%	-4.29%
Wyandotte	160,442	38.99%	3.49%	63.37%	5.70%	40.86%	3.49%	-29.57%	-2.81%	16.15%	2.54%

\*\*\* - the selected counties presented certain data that was believed to be in error and is not included in the information displayed above.

Note: The model does not incorporate any reductions in the motor vehicle tax revenues to schools.

Source: Kansas Department of Revenue, Division of Property Valuation's Annual Statistical Reports of Property Assessment and Taxation 1984-1994

Prepared by: The League of Kansas Municipalities



**KANSAS  
ASSOCIATION  
OF COUNTIES**

*"Service to County Government"*

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**TO:** House Taxation Committee  
Representative Phill Kline, Chair

**FROM:** Anne Spiess  
Director of Legislation

**DATE:** February 20, 1995

**RE:** Motor Vehicle Bills

Thank you Mr. Chairman and House Taxation Committee members for the opportunity to speak to you on the issue of motor vehicle taxation.

The Kansas Association of Counties (KAC) has the following membership-approved statement on motor vehicle registration and taxation. The KAC recommends that any legislation include the following criteria:

- (a) Retain a staggered system of issuing the licenses and collecting the motor vehicle tax.
- (b) Be fair and equitable to all taxpayers, no matter what month in which their vehicle is registered.
- (c) Result in no revenue loss to local governments and preserve reasonable revenue growth in future years.

We want to remind this Committee that there have been several factors that already have caused motor vehicle taxes to be lowered in this state. Reappraisal, the school finance act and a change in the rule regarding how motor vehicle taxes are figured have all contributed to the fact that motor vehicle taxes have dropped in recent years.

We are very appreciative of Governor Graves' inclusion of our Association and its president, Anderson County Commissioner Dudley Feuerborn in the discussions regarding SB 150. We have reviewed SB 150 and we are concerned with data showing real dollar loss to some counties. However, we are ready to work with the Governor and the legislature to come to some equitable agreement on this issue.

We thank the Committee for their consideration and look forward to working with you on this issue.

House Taxation  
2-20-95  
Attachment 6