

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 22, 1995 in Room 519-S of the Capitol.

All members were present except: Rep. Goodwin - 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: None

Others attending: See attached list

Chris Courtwright of Legislative Research provided memoranda on (1) subtracting USD general fund and building fund levies from car tax levy (Attachment 1), and (2) comparison of various motor vehicle tax reduction plans (Attachment 2).

Chair called for action on

SB 150 - Motor vehicle tax reduction; assessment and tax rates

Moved by Lawrence, seconded by Powell, SB 150 be amended as set forth in Attachment 3 of these minutes. Motion carried. (Attachment 3)

Moved by Larkin, seconded by Welshimer, a hold harmless provision be added to include current funds generated through car taxes by local units of government. Motion carried - Yes 12, No 8.

Moved by Larkin, seconded by Wempe, SB 150 be amended to include a provision that the base amount of \$24 be adjusted according to consumer price index to the nearest dollar.

Moved by Edmonds, seconded by Pugh, strike the language adopted concerning the minimum tax and stipulate the minimum tax for 15 years of age is 0. Motion failed. Edmonds voted No.

Larkin closed on his motion. Motion failed - yes 9, no 12.

Moved by Donovan, seconded by Powell, amend SB 150, Sec. 3 to include new language on fraudulent intent as included in (b) of Attachment 4 of these minutes. Motion carried.

Moved by Donovan, seconded by Kirk, amend SB 150, Sec. 3 to include new language covering amnesty as include in (c) of Attachment 4 of these minutes. Motion carried. (Attachment 4)

Moved by Donovan, seconded by Wilson, amend SB 150 by changing "16%" to "15%" on line 30.

Moved by Edmonds, seconded by Shore, a substitute motion to add an amendment to use the IRS Code as a guideline in determining amount on line 30. Substitute motion withdrawn.

The committee recessed to attend House session and reconvened following close of session.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on February 22, 1995.

Donovan closed on his motion. Motion carried. Yes 12, No 8 - Recorded "no" from Edmonds, Graeber, Krehbiel, Vickery.

Moved by Vickery, seconded by Hayzlett, the Larkin motion on hold harmless be reconsidered. Motion carried, Yes 13, No. 7.

Moved by Pettey, seconded by Vickery, amend **HB 150** to include hold harmless and factor in all growth.

Due to lack of time, Chair announced continuation of action of SB 150 on February 23, 1995.

Adjournment.

The next meeting is scheduled for February 23, 1995.

TAXATION COMMITTEE GUEST LIST

DATE: FEBRUARY 22, 1995

NAME	REPRESENTING
Don Holmes	DIVISION OF Budget
Steve Stotts	KDOR
Steve Neske	KDOR
Maria Andersson	visitor
Tonye Nanette Amesen	visitor
Jacque Dales	Ks. Ind. Auto Dealers Assn.
Anne Spiess	Ks. Assoc. of Counties
MIKE BILLINGER	ELLIS CO. TREASURER
Chris McKinnin	League of Ks. Municipalities
MATTHEW MASTON	ICAR
KAREN FRANCE	KATC
Michelle Peterson	Ks. Governmental Consulting
John Kuckelman	House Majority Leader
Frances Rastner	Ks Food Dealer Assn
Lewis Yakel	Lakin KS (District) with Haystack
Christy Bailey	Senate Staff
Mary Ann Sattelman	KS Farm Bureau
Harriet Long	Ks Assn. of Broadcasters
PAM SOMERVILLE	KS AUTO DEALERS ASSN

TO: Rep Phill Kline
 FROM: Chris W. Courtwright, Principal Analyst
 RE: Subtracting USD General Fund and Building Fund Levies from Car Tax Levy

This memo is in response to your request for a fiscal note on removing from the definition of countywide average levy for purposes of motor vehicle taxes, that portion attributable to USD general funds (35 mills) and the state building funds (1.5 mills). Your plan calls for this to occur over a two-year period. In 1996, the levies and distribution formulas would be adjusted such that the assumed levy applicable to distributions to USD general funds would be 17.5 mills and distributions of receipts to the building funds would be equivalent to 0.75 mills. In 1997, distributions of motor vehicle taxes to USD general funds and state building funds would cease altogether.

In addition, the assessment rate would be reduced to 27 percent in 1996 (and would continue to decline until it reached 15 percent in 2000).

Based on some numbers I obtained from Ben Barrett and assuming that 25% of a calendar year's receipts are distributed to taxing subdivisions by each June 30, the bill would reduce receipts to USD general funds and the state building funds as follows:

(\$ in thousands)

	USD General Funds	State Building Funds	Total
FY 1996	(\$12,500)	(\$463)	(\$12,963)
FY 1997	(\$61,000)	(\$2,260)	(\$63,260)
FY 1998	(\$94,900)	(\$4,085)	(\$98,985)
FY 1999	(\$98,200)	(\$4,289)	(\$102,489)
Cumulative thru FY 99	(\$266,600)	(\$11,097)	(\$277,697)

Please remember that the fiscal notes presented above reflect only the impact on USD general funds and on state building funds. To the extent that other taxing units would see a reduction in receipts or in the rate of growth in receipts, such impacts are not included in the above table.

Attached, however, you will find the county-by-county printout from the Kansas Department of Revenue's vehicle tax model. That printout suggests that for CY 1996, the reduction in receipts to all taxing units would be about \$61.5 million. USD general funds have not been disaggregated from this estimate at this point in time.

95Baseline.27Asses-.01825Mills

COUNTY	95 BASELINE	27Asses-.01825Mills	Difference	% Change
ALLEN	\$1,341,208	\$1,040,499	(\$300,709)	(22.42%)
ANDERSON	\$714,621	\$550,174	(\$164,447)	(23.01%)
ATCHISON	\$1,281,075	\$978,122	(\$302,953)	(23.65%)
BARBER	\$627,841	\$483,501	(\$144,340)	(22.99%)
BOURBON	\$1,422,180	\$1,119,811	(\$302,369)	(21.26%)
BROWN	\$948,946	\$734,952	(\$213,994)	(22.55%)
BARTON	\$3,581,532	\$2,830,608	(\$750,924)	(20.97%)
BUTLER	\$5,827,526	\$4,531,253	(\$1,296,273)	(22.24%)
CLARK	\$301,698	\$234,046	(\$67,652)	(22.42%)
CLOUD	\$1,203,508	\$966,528	(\$236,980)	(19.69%)
COFFEY	\$591,766	\$400,908	(\$190,858)	(32.25%)
CHEROKEE	\$1,389,179	\$1,011,450	(\$377,729)	(27.19%)
COWLEY	\$3,797,755	\$3,008,343	(\$789,412)	(20.79%)
COMANCHE	\$295,743	\$230,800	(\$64,943)	(21.96%)
CHEYENNE	\$322,445	\$236,677	(\$85,768)	(26.60%)
CHAUTAUQUA	\$413,293	\$321,493	(\$91,800)	(22.21%)
CRAWFORD	\$3,100,608	\$2,373,168	(\$727,440)	(23.46%)
CHASE	\$263,766	\$201,282	(\$62,484)	(23.69%)
CLAY	\$913,056	\$714,305	(\$198,751)	(21.77%)
DECATUR	\$381,766	\$293,196	(\$88,570)	(23.20%)
DOUGLAS	\$7,482,563	\$5,700,603	(\$1,781,960)	(23.81%)
DICKINSON	\$1,599,949	\$1,211,363	(\$388,586)	(24.29%)
DONIPHAN	\$680,835	\$530,655	(\$150,180)	(22.06%)
EDWARDS	\$410,121	\$315,681	(\$94,440)	(23.03%)
ELK	\$294,253	\$229,408	(\$64,845)	(22.04%)
ELLIS	\$2,805,381	\$2,168,380	(\$637,001)	(22.71%)
ELLSWORTH	\$566,453	\$430,232	(\$136,221)	(24.05%)
FINNEY	\$2,882,185	\$2,165,161	(\$717,024)	(24.88%)
FORD	\$2,954,008	\$2,316,943	(\$637,065)	(21.57%)
FRANKLIN	\$1,977,773	\$1,516,109	(\$461,664)	(23.34%)
GEARY	\$1,648,576	\$1,264,803	(\$383,773)	(23.28%)
GRAHAM	\$403,774	\$319,344	(\$84,430)	(20.91%)
GREELEY	\$186,623	\$140,678	(\$45,945)	(24.62%)
GOVE	\$355,184	\$271,331	(\$83,853)	(23.61%)
GRANT	\$709,275	\$491,716	(\$217,559)	(30.67%)
GREENWOOD	\$754,932	\$596,626	(\$158,306)	(20.97%)
GRAY	\$650,098	\$498,985	(\$151,113)	(23.24%)
HODGEMAN	\$333,009	\$267,151	(\$65,858)	(19.78%)
HAMILTON	\$294,374	\$225,865	(\$68,509)	(23.27%)
HARPER	\$776,891	\$603,477	(\$173,414)	(22.32%)
HASKELL	\$351,824	\$241,269	(\$110,555)	(31.42%)
HARVEY	\$2,934,036	\$2,273,663	(\$660,373)	(22.51%)
JACKSON	\$940,316	\$715,993	(\$224,323)	(23.86%)
JEFFERSON	\$1,674,260	\$1,280,597	(\$393,663)	(23.51%)
JOHNSON	\$63,830,894	\$49,380,574	(\$14,450,320)	(22.64%)
JEWELL	\$435,617	\$341,556	(\$94,061)	(21.59%)
KEARNY	\$331,112	\$229,192	(\$101,920)	(30.78%)
KINGMAN	\$811,359	\$612,422	(\$198,937)	(24.52%)

95Baseline.27Asses-.01825Mills

COUNTY	95 BASELINE	27Asses-.01825Mills	Difference	% Change
KIOWA	\$380,464	\$284,971	(\$95,493)	(25.10%)
LABETTE	\$2,090,927	\$1,641,604	(\$449,423)	(21.49%)
LINCOLN	\$402,367	\$319,408	(\$82,959)	(20.62%)
LANE	\$355,626	\$283,229	(\$72,397)	(20.36%)
LOGAN	\$328,810	\$252,403	(\$76,407)	(23.24%)
LINN	\$584,921	\$411,970	(\$172,951)	(29.57%)
LEAVENWORTH	\$4,746,515	\$3,573,145	(\$1,173,370)	(24.72%)
LYON	\$3,025,397	\$2,352,309	(\$673,088)	(22.25%)
MITCHELL	\$800,479	\$626,408	(\$174,071)	(21.75%)
MEADE	\$456,706	\$340,155	(\$116,551)	(25.52%)
MONTGOMERY	\$3,626,392	\$2,868,029	(\$758,363)	(20.91%)
MIAMI	\$2,291,735	\$1,727,059	(\$564,676)	(24.64%)
MARION	\$1,084,851	\$820,696	(\$264,155)	(24.35%)
MCPHERSON	\$2,714,063	\$2,065,038	(\$649,025)	(23.91%)
MORRIS	\$553,999	\$420,010	(\$133,989)	(24.19%)
MARSHALL	\$1,053,294	\$811,574	(\$241,720)	(22.95%)
MORTON	\$330,717	\$235,238	(\$95,479)	(28.87%)
NEMAHA	\$946,801	\$715,199	(\$231,602)	(24.46%)
NEOSHO	\$1,749,944	\$1,381,706	(\$368,238)	(21.04%)
NESS	\$500,911	\$391,387	(\$109,524)	(21.86%)
NORTON	\$590,007	\$462,041	(\$127,966)	(21.69%)
OSBORNE	\$511,210	\$397,746	(\$113,464)	(22.20%)
OSAGE	\$1,368,347	\$1,029,253	(\$339,094)	(24.78%)
OTTAWA	\$587,352	\$457,038	(\$130,314)	(22.19%)
PHILLIPS	\$689,382	\$538,537	(\$150,845)	(21.88%)
PAWNEE	\$873,517	\$684,394	(\$189,123)	(21.65%)
PRATT	\$1,150,444	\$894,847	(\$255,597)	(22.22%)
POTTAWATOMIE	\$1,244,379	\$893,286	(\$351,093)	(28.21%)
RAWLINS	\$349,421	\$271,131	(\$78,290)	(22.41%)
RICE	\$1,024,741	\$789,236	(\$235,505)	(22.98%)
RUSH	\$411,800	\$323,284	(\$88,516)	(21.49%)
RILEY	\$4,088,513	\$3,157,317	(\$931,196)	(22.78%)
RENO	\$6,200,653	\$4,822,559	(\$1,378,094)	(22.22%)
ROOKS	\$702,215	\$550,426	(\$151,789)	(21.62%)
REPUBLIC	\$683,518	\$531,795	(\$151,723)	(22.20%)
RUSSELL	\$916,026	\$712,242	(\$203,784)	(22.25%)
SALINE	\$4,433,902	\$3,287,114	(\$1,146,788)	(25.86%)
SCOTT	\$553,804	\$409,599	(\$144,205)	(26.04%)
SHERIDAN	\$385,093	\$301,825	(\$83,268)	(21.62%)
STAFFORD	\$547,734	\$425,237	(\$122,497)	(22.36%)
SEDGWICK	\$39,473,883	\$29,977,787	(\$9,496,096)	(24.06%)
SHERMAN	\$709,084	\$543,830	(\$165,254)	(23.31%)
SMITH	\$482,102	\$373,092	(\$109,010)	(22.61%)
SHAWNEE	\$21,116,325	\$16,818,325	(\$4,298,000)	(20.35%)
STANTON	\$251,046	\$180,449	(\$70,597)	(28.12%)
SUMNER	\$2,719,010	\$2,154,659	(\$564,351)	(20.76%)
STEVENS	\$395,530	\$256,123	(\$139,407)	(35.25%)
SEWARD	\$1,692,568	\$1,252,738	(\$439,830)	(25.99%)

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95Baseline.27Asses-.01825Mills

COUNTY	95 BASELINE	27Asses-.01825Mills	Difference	% Change
THOMAS	\$970,018	\$753,420	(\$216,598)	(22.33%)
TREGO	\$391,311	\$303,963	(\$87,348)	(22.32%)
WALLACE	\$201,706	\$153,963	(\$47,743)	(23.67%)
WABAUNSEE	\$644,355	\$490,760	(\$153,595)	(23.84%)
WICHITA	\$356,925	\$280,426	(\$76,499)	(21.43%)
WILSON	\$961,927	\$751,933	(\$209,994)	(21.83%)
WOODSON	\$344,160	\$263,893	(\$80,267)	(23.32%)
WASHINGTON	\$625,205	\$487,295	(\$137,910)	(22.06%)
WYANDOTTE	\$16,495,221	\$13,392,717	(\$3,102,504)	(18.81%)
TOTAL	\$270,962,540	\$209,496,611	(\$61,465,929)	(22.68%)

1-4

MEMORANDUM

2/2/1995

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	Hybrid Plan
Effective		Jan 1, 96	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%	27%
Final Assessment Rate	30%	20%	15%	30%	eliminated	30%	20%	15% & 30%	15%
96 Mill Levies	co avg 94	co avg 94	co avg 94	-18.25 mills	eliminated	-10 mills	co avg 94	-9.125 mills	-18.25 mills
Final Mill Levies	co avg	cap at 1994	cap at 1998	-36.5 state	eliminated	-36.5 state	co avg	-18.25 mills	-36.5, '94 cap
Repl \$\$\$ for All Taxing Units	---	Yes	Yes	USDs only*	No*	USDs only*	No*	No*	No*
Est 96 Taxes (\$ in millions)	\$300.0	\$202.0	\$270.6	\$257.9	\$263.3	\$276.9	\$290.2	\$268.8	\$238.5
Caledar Year 1996 Fiscal Note	---	(\$98.0)	(\$29.4)	(\$42.1)	(\$36.7)	(\$23.1)	(\$9.8)	(\$31.2)	(\$61.5)
Long-Run Growth in Taxes	6-8%?	reduced	reduced	no change #	reduced	no change #	reduced	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.

SENATE BILL No. 150

By Committee on Assessment and Taxation

1-30

9 AN ACT relating to motor vehicle taxation; reducing applicable assess-
10 ment and tax rates; amending K.S.A. 79-5111 and K.S.A. 1994 Supp.
11 79-5105 and repealing the existing sections.

12
13 *Be it enacted by the Legislature of the State of Kansas*

14 Section 1. K.S.A. 1994 Supp. 79-5105 is hereby amended to read as
15 follows: 79-5105 (a) A tax is hereby levied upon every motor vehicle, as
16 the same is defined by K.S.A. 79-5101, and amendments thereto, in an
17 amount which shall be determined in the manner hereinafter prescribed,
18 except that in no case shall (1) The tax on any motorcycle be less than
19 \$6 and the tax on any other motor vehicle be less than \$12, and (2) the
20 tax on each motor vehicle the age of which is 15 years or older be more
21 than \$12.

(A) For 1995, the

shall not

(B)

shall not

22 (b) The amount of such tax on a motor vehicle shall be computed by:
23 (1) Determining the amount representing the midpoint of the values in-
24 cluded within the class in which such motor vehicle is classified under
25 K.S.A. 79-5102 or 79-5103, and amendments thereto, except that the
26 midpoint of class 20 shall be \$21,000 plus \$2,000 for each \$2,000 or
27 portion thereof by which the trade-in value of the vehicle exceeds
28 \$22,000; (2) if the model year of the motor vehicle is a year other than
29 the year for which the tax is levied, by reducing such midpoint amount
30 by an amount equal to 16% of: (A) The remaining balance for each year
31 of difference between the model year of the motor vehicle and the year
32 for which the tax is levied if the model year of the motor vehicle is 1981
33 or a later year or (B) the remaining balance for each year of difference
34 between the year 1980 and the year for which the tax is levied if the
35 model year of the motor vehicle is 1980 or any year prior thereto; (3)
36 except as provided by clause (5), by multiplying the amount determined
37 after application of clause (2) above by 30% (during calendar year 1995,
38 by 28.5% during the calendar year 1996, 27% during the calendar
39 year 1997, 25.5% during the calendar year 1998, 24% during the calendar
40 year 1999, 22.5% during the calendar year 2000, 21% during the calendar
41 year 2001, 19.5% during the calendar year 2002, 18% during the calendar
year 2003, 16.5% during the calendar year 2004, and 15% during all
calendar years thereafter, which shall constitute the taxable value of the

; and (2) for 1996, and each year thereafter: (A) The tax on any motorcycle shall not be less than \$12 and the tax on any other motor vehicle shall not be less than \$24, except as otherwise provided by clause (B) and (C); (B) the tax on any motorcycle the model year of which is 1980 or earlier shall be \$6 and the tax on any other motor vehicle the model year of which is 1980 or earlier shall be \$12; and (C) if the tax on any motorcycle in 1995 was more than \$6 but less than \$12, the tax shall be determined for 1996 and each year thereafter in the manner hereinafter prescribed but shall not be less than \$6, and if the tax on any other motor vehicle in 1995 was more than \$12 but less than \$24, the tax shall be determined for 1996 and each year thereafter in the manner hereinafter prescribed but shall not be less than \$12.

27%

by 24%

by 21%

by 18%

by

3-2

motor vehicle); and, (4) except as provided by clause (5). by multiplying the taxable value of the motor vehicle produced under clause (3) above and by the county average tax rate; and (5) notwithstanding the provisions of clauses (3) and (4), and only with regard to that portion of tax levied by a unified school district pursuant to K.S.A. 1994 Supp. 72-6431, and amendments thereto, which is not a factor in the determination of the county average tax rate, by multiplying the amount determined after application of clause (2) above by 30%, and by multiplying the product by 25.875 mills during calendar year 1996, and by 16.75 mills during calendar year 1997, and all calendar years thereafter.

(c) The "county average tax rate" means the total amount of general property taxes levied within the county by the state, county and all other taxing subdivisions levying such taxes within such county in the second calendar year before the calendar year in which the owner's full registration year begins divided by the total assessed tangible valuation of property within such county as of November 1 of such second calendar year before the calendar year in which the owner's full registration year begins as certified by the secretary of revenue, except that, as of November 1, 1994, such rate shall be computed without regard to 26.07% of the general property taxes levied by school districts pursuant to K.S.A. 1994 Supp.

72-6431, and amendments thereto, and (2) as of November 1, 1995, and such date in all years thereafter, such rate shall be computed without regard to 52.14% of the general property taxes levied by school districts pursuant to K.S.A. 1994 Supp. 72-6431, and amendments thereto.

Sec. 2. K.S.A. 79-5111 is hereby amended to read as follows: 79-5111. For the purpose of preparing budgets, the county treasurer of each county shall estimate the amount of money the state, county and each taxing subdivision in the county will receive during the ensuing budget year from taxes levied under the provisions of K.S.A. 79-5101 *et seq.* The amount estimated to be received by the state, county and each taxing subdivision shall be that portion of the total amount estimated to be received by the state, county and all taxing subdivisions which is equal to the proportion which the general ad valorem property tax levies of the state, county and each taxing subdivision in the county utilized in computing the county average tax rate for the purposes of K.S.A. 79-5105, and amendments thereto, bear to the sum of all such tax levies of the state, county and all taxing subdivisions in the county made in the preceding year for expenditure in the current year. In determining the amount estimated to be received by school districts, the county treasurer shall also take into account the provisions of clause (5) of subsection (b) of K.S.A. 79-5105, and amendments thereto. On or before May 10 of each year the county treasurer of each county shall notify the clerk and the treasurer of each taxing subdivision of the total amount in dollars which

50%

and by the state pursuant to K.S.A. 76-6b01 and 76-6b04, and amendments thereto

Notwithstanding the foregoing, the rate to be utilized for calendar year 1997 and all years thereafter, shall be the rate determined without regard to general property taxes levied by school districts pursuant to K.S.A. 1994 Supp. 72-6431, and amendments thereto, and by the state pursuant to K.S.A. 76-6b01 and 76-6b04, and amendments thereto, as of November 1, 1994, or as of November 1 of any year thereafter, whichever rate is less, except that whenever a taxing subdivision ceases to exist or comes into existence after such date, such rate shall be adjusted accordingly.

1 it is estimated such subdivision will receive during the ensuing budget
2 year from the receipts from such tax. In the case of the state, such notice
3 shall be given to the director of accounts and reports. The amount esti-
4 mated to be received by taxing subdivisions from receipts from such tax
5 shall be apportioned among the general ad valorem property tax funds of
6 such subdivisions in the proportion that the amount levied for each such
7 fund in the preceding year for expenditure in the current year bears to
8 the total amount levied for all of such funds in such year and shall be set
9 out separately as an item of income for each such fund. The director of
10 accounts and reports shall make suitable provision in the budget forms
11 to be used by such subdivisions for calculating this apportionment and
12 listing income received from taxes levied under the provisions of this act.

13 Sec. 3. K.S.A. 79-5111 and K.S.A. 1994 Supp. 79-5105 are hereby
14 repealed.

15 Sec. 4. This act shall take effect and be in force from and after its
16 publication in the statute book.

3-3

Proposed Amendment to SB 150

On page 3, after line 12, by inserting a new section to read as follows:

"Sec. 3. K.S.A. 1994 Supp. 79-5114 is hereby amended to read as follows: 79-5114. (a) All taxes levied upon motor vehicles under the provisions of this act which remain due and unpaid after the date prescribed for the payment thereof shall be subject to interest at the rate prescribed by K.S.A. 79-2004a, and amendments thereto, of the tax remaining due and unpaid from the date the same became due to the date of payment and such interest shall be credited to the county general fund and retained by the county.

(b) If any taxpayer with fraudulent intent fails to pay any tax due under the provisions of this act at the time required by or under the provisions of this act, there shall be added to the tax due a penalty equal to the amount of the tax due. The amount of any such penalty upon collection shall be forwarded to the governmental unit in this state operating the law enforcement agency whose investigation resulted in a determination that the taxpayer was in noncompliance. If the law enforcement agency conducting the investigation is a state agency, the amount shall be deposited in the state treasury and credited to the state special asset forfeiture fund created by K.S.A. 65-4173, and amendments thereto. If the law enforcement agency conducting the investigation is a county or city agency, such amount shall be deposited in the county or city treasury, as the case may be, and credited to a special law enforcement trust fund therein for use solely for law enforcement and criminal prosecution purposes.

(c) Any person who has not paid tax on a motor vehicle for any tax year or registration period commencing prior to January 1, 1996, shall not be liable for payment of tax, penalty or interest due on such vehicle for any such prior tax year or

registration period, if such person pays when due for the registration period commencing in 1996, the taxes levied on such vehicle under K.S.A. 79-5101 et seq., and amendments thereto, and thereafter registers such vehicle pursuant to the provisions of article 1 of chapter 8 of the Kansas Statutes Annotated."