

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 23, 1995 in Room 519-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

Others attending: See attached list

Chair reopened action on:

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

Rep. Pettey withdrew her motion made at the February 22 meeting, with consent of Rep. Vickery who had seconded.

Moved by Aurand, seconded by Wilson, amend SB 150 to change the rate in the original balloon package to over five years with 2% reduction factor up to 20%. Motion carried. Division requested - Yes 13, No. 8.

Substitute motion by Larkin, seconded by Pettey, amend SB 150 to 2% a year over an eight year period to bring assessment rate to 14%. Motion failed. Yes 7, No 12.

Moved by Aurand, seconded by Donovan, amend SB 150 to take off the current 36.5 cap and put a 115 mill cap statewide after three years. Motion failed.

Moved by Donovan, seconded by Aurand, substitute motion to amend SB 150 to set the cap at 120 mill statewide. Motion failed.

Moved by Hayzlett, seconded by Donovan, SB 150 be passed favorably as amended. Motion carried.

Chris Courtwright of Legislative Services, provided a synopsis of the amendments made to SB 150 with note that #8 was withdrawn. (Attachment 1) He also provided additional statistics. (Attachments 2 and 3)

HB 2277 - Funding of Kansas silver haired legislature, portion of income tax on federal social security income.

HB 2278 - State income tax checkoff donation for Kansas silver haired legislation.

Hearings had been cancelled on these two bills late on February 22, but Chair made an exception to hear the testimony from Mr. Floyd Coen of Elkhart who could not be reached before he was already on the way to Topeka, about 400 miles. Mr. Coen's testimony is attached. (Attachment 4) These bills will be rescheduled for hearings.

Adjournment.

The next meeting is scheduled for February 24, 1995.

TAXATION COMMITTEE GUEST LIST

DATE: Feb. 23, 1995

NAME	REPRESENTING
ALAN STEPPAT	PETE MCGILL + Assoc.
Martin Hawver	Hawver's Capitol Report
HAROLD PITTS	Old Citizen
Chad M. [unclear]	KS. AUTO DEALERS ASSN.
Pam Somerville	KS AUTO DEALERS ASSN
Marc Farrar	City of Overland Park
TK Shively	KS LEGAL SERVICES
Christy Bailey	Senate staff
Frances Kastner	KS Food Dealers Assn
John C. Bottenberg	BOTTENBERG & Assoc
Lack Graves	Qry. WNE + P-21
Kary Clark	KS County Commissioners
BED BRADLEY	KS ASSOC of COUNTIES
Earl Mundy	Chautauque County Senior Citizens
Roger Trautso	KS gov Consulting
Mary Jane Stattelman	KS Farm Bureau
Chris McKinnis	League of Kansas Municipalities
Cheryl Haldeman	City of Wichita
Jacquie Oakes	Ks. Ind. Auto Dealers Assoc.

TAXATION COMMITTEE GUEST LIST

DATE: 2-23-99

NAME	REPRESENTING
Molly Phillips	Rep. McUre
Steve Nester	KDOR
Steve Nester	KDOR
MARK GIARDULLO	KDOR
Steve Stotts	"

Supp Note on SB 150 as Amended (Thus Far) by House Tax Committee

SB 150 would make a number of changes in the motor vehicle tax beginning in 1996:

1. The definition of the "county average tax rate" and the distribution formula would be amended such that the assumed levy applicable to distributions to school district general funds would be reduced from 35 mills to 17.5 mills in 1996 and would be eliminated altogether starting in 1997. The assumed levy applicable to distributions to state building funds would be reduced from 1.5 mills to 0.75 mills in 1996 and would be eliminated altogether starting in 1997.

2. The county average tax rate used for 1997 and all future years also would be "capped" at the lesser of: (1) the rate determined as of November 1, 1994 without regard to school district general fund or state building fund levies; or (2) the rate similarly determined as of any subsequent November 1. An adjustment to the rate determined by this cap computation would be provided whenever a taxing subdivision ceases to exist or comes into existence.

3. The motor vehicle tax assessment rate would be reduced from 30 percent to 27 percent in 1996; to 24 percent in 1997; to 21 percent in 1998; to 18 percent in 1999; and to 15 percent for 2000 and all future years.

4. Motorcycles which are model year 1981 or newer with a 1995 tax of \$12 or more and all other vehicles which are model year 1981 or newer with a 1995 tax of \$24 or more would continue to pay taxes in 1996 based on a depreciated-valuation-times-levy computation and would NOT be eligible for minimum tax levels based solely on the age of the vehicles (15 years or older). Moreover, the minimum tax levels would be raised from \$6 to \$12 for such motorcycles and from \$12 to \$24 for all other such motor vehicles.

5. The annual depreciation rate for motor vehicles would be decelerated from 16 percent to 15 percent for 1996 and all future years.

6. An amnesty clause would provide that any person who has not paid tax on a vehicle for any tax year or registration period prior to the effective date of the bill (July 1, 1995) would not be liable for back taxes, penalty, or interest due if such person pays on schedule for the appropriate registration period commencing in 1996.

7. A new penalty provision would provide that any taxpayer who with "fraudulent intent" fails to pay any tax due at the appropriate time and appropriate place would be subject to a penalty equal to the amount of tax due. Any such penalty collected would be forwarded to the governmental unit operating the law enforcement agency responsible for determining that the taxpayer was in noncompliance.

Current Amendment Proposed by Rep Pettey

8. Replacement revenues for local units without allowing any such revenues to be based on increased valuation growth attributable to impact of this bill

Background

SB 150 was introduced at the request of the Governor.

The original bill would have amended the distribution formula such that the assumed levy applicable to school district general funds would have been reduced (but not eliminated) and did not deal reduce the assumed levy applicable to state building funds. The original bill also would have reduced the assessment rate (except for school district general funds) by 1.5 percent a year for ten years. Finally, the original bill would have created a "bifurcated" assessment rate under which the assessment rate applicable for that portion of the tax earmarked for distribution to school district general funds would have remained at 30 percent.

The House Tax Committee amended the bill to change the definition of "county average tax rate" and the distribution formula as described in Number 1 above; to accelerate the assessment rate reduction to a 3 percent reduction a year for five years; to eliminate the bifurcated assessment rate feature; and to make all other amendments hereinbefore described.

TO: Rep Pat Pettey
 FROM: Chris W. Courtwright, Principal Analyst
 RE: Fiscal Note for Replacement Revenue Amendment

This memo is in response to your request for a fiscal note on SB 150 with your proposed replacement revenue for local units amendment, given that I have NOT yet been able to quantify other amendments relating to decelerating the depreciation starting with 1996 and raising the minimum tax for certain vehicles. Those amendments will, of course, change all of these numbers slightly.

(\$ in thousands)

	<u>USD General Funds</u>	<u>Replacement Revenues</u>	<u>Total</u>
FY 1996	(\$12,500)	(\$9,900)	(\$22,400)
FY 1997	(\$61,000)	(\$29,800)	(\$90,800)
FY 1998	(\$94,900)	(\$49,700)	(\$144,600)
FY 1999	(\$98,200)	(\$69,500)	(\$167,700)
FY 2000	(\$101,700)	(\$89,400)	(\$191,100)
Total for 5 Years	(\$368,300)	(\$248,300)	(\$616,600)

In addition, there would a loss of car tax receipts to state building funds which would NOT be replaced:

(\$ in thousands)

	<u>State Building Funds</u>
FY 1996	(\$463)
FY 1997	(\$2,260)
FY 1998	(\$4,085)
FY 1999	(\$4,289)
FY 2000	(\$4,503)
Cumulative thru FY 2000	(\$11,097)

1992 Mercury Grand Marquis 4D Sedan LS
 MSRP: \$20,644
 Original Kansas Car Valuation: \$17,000

Gov Plan 1st Year -9.125 Mills (28.5% & 30%)
 H Tax 1st Year -18.25 mills (27%) 15% dep
 H Tax 1st Year -18.25 mills (27%) 16% dep

Assessed Value	Current Law 1996 2,539	Gov Plan 1st Year -9.125 Mills (28.5% & 30%) 1996 "blended"	H Tax 1st Year -18.25 mills (27%) 15% dep 1996 2,312	H Tax 1st Year -18.25 mills (27%) 16% dep 1996 2,285
	Taxes	Taxes	Taxes	Taxes
ALLEN	\$317.90	\$261.27	\$247.32	\$244.41
ANDERSON	\$301.22	\$245.42	\$232.12	\$229.39
ATCHISON	\$287.58	\$232.46	\$219.70	\$217.12
BARBER	\$305.89	\$249.88	\$236.37	\$233.59
BARTON	\$364.74	\$305.76	\$289.97	\$286.56
BOURBON	\$350.06	\$291.82	\$276.61	\$273.35
BROWN	\$313.33	\$256.92	\$243.15	\$240.29
BUTLER	\$326.79	\$269.71	\$255.41	\$252.40
CHASE	\$283.18	\$228.28	\$215.69	\$213.15
CHAUTAUQUA	\$317.82	\$261.01	\$247.06	\$244.16
CHEROKEE	\$223.54	\$171.62	\$161.36	\$159.48
CHEYENNE	\$234.29	\$181.84	\$171.17	\$169.15
CLARK	\$320.33	\$263.57	\$249.53	\$246.59
CLAY	\$335.70	\$278.18	\$263.53	\$260.42
CLOUD	\$406.28	\$345.23	\$327.81	\$323.95
COFFEY	\$174.39	\$124.93	\$116.81	\$115.24
COMANCHE	\$334.50	\$277.04	\$262.43	\$259.34
COWLEY	\$367.06	\$307.97	\$292.08	\$288.65
CRAWFORD	\$293.88	\$238.45	\$225.44	\$222.78
DECATUR	\$295.42	\$239.91	\$226.84	\$224.17
DICKINSON	\$273.01	\$218.62	\$206.43	\$204.00
DONIPHAN	\$326.85	\$269.77	\$255.47	\$252.46
DOUGLAS	\$293.16	\$237.78	\$224.78	\$222.14
EDWARDS	\$302.75	\$246.87	\$233.52	\$230.77
ELK	\$319.52	\$262.81	\$248.79	\$245.86
ELLIS	\$315.68	\$259.18	\$245.29	\$242.41
ELLSWORTH	\$279.35	\$224.65	\$212.21	\$209.71
FINNEY	\$268.53	\$214.37	\$202.36	\$199.98
FORD	\$346.42	\$288.36	\$273.29	\$270.08
FRANKLIN	\$294.83	\$239.35	\$226.31	\$223.64
GEARY	\$300.84	\$245.06	\$231.78	\$229.05
GOVE	\$286.03	\$230.99	\$218.29	\$215.72
GRAHAM	\$359.54	\$300.83	\$285.24	\$281.88
GRANT	\$194.15	\$143.70	\$134.81	\$133.03
GRAY	\$301.72	\$245.90	\$232.58	\$229.84
GREELEY	\$266.48	\$212.41	\$200.48	\$198.12
GREENWOOD	\$353.04	\$294.65	\$279.32	\$276.03
HAMILTON	\$295.77	\$240.25	\$227.16	\$224.49
HARPER	\$321.06	\$264.27	\$250.19	\$247.25
HARVEY	\$317.06	\$260.47	\$246.55	\$243.85
HASKELL	\$185.32	\$135.32	\$126.58	\$125.09
HODGEMAN	\$403.36	\$342.46	\$325.15	\$321.32
JACKSON	\$280.99	\$228.20	\$213.70	\$211.18
JEFFERSON	\$292.21	\$236.86	\$223.92	\$221.29
JEWELL	\$334.56	\$277.10	\$262.49	\$259.40
JOHNSON	\$326.37	\$269.31	\$255.03	\$252.03
KEARNY	\$188.73	\$138.56	\$129.68	\$128.16
KINGMAN	\$270.61	\$218.34	\$204.25	\$201.85
KIOWA	\$263.92	\$209.98	\$198.15	\$195.82
LABETTE	\$340.83	\$283.05	\$268.20	\$265.04
LANE	\$380.88	\$320.90	\$304.49	\$300.90
LEAVENWORTH	\$272.19	\$217.85	\$205.69	\$203.27
LINCOLN	\$368.10	\$308.96	\$293.04	\$289.59
LINN	\$196.51	\$145.94	\$136.78	\$135.15
LOGAN	\$293.06	\$237.87	\$224.89	\$222.05
LYON	\$326.24	\$269.19	\$254.91	\$251.91
MARION	\$272.34	\$217.98	\$205.82	\$203.40
MARSHALL	\$302.13	\$248.28	\$232.95	\$230.21
McPHERSON	\$285.94	\$230.90	\$218.20	\$215.64
MEADE	\$255.98	\$202.44	\$190.92	\$188.68
MIAMI	\$270.72	\$216.44	\$204.34	\$201.94
MITCHELL	\$334.80	\$277.33	\$262.71	\$259.62
MONTGOMERY	\$361.04	\$302.25	\$286.81	\$283.23
MORRIS	\$276.08	\$221.54	\$209.23	\$206.77
MORTON	\$211.04	\$159.75	\$149.99	\$148.23
NEMAHA	\$274.03	\$219.59	\$207.36	\$204.92
NEOSHO	\$357.52	\$298.91	\$283.40	\$280.07
NESS	\$330.41	\$273.16	\$258.71	\$255.67
NORTON	\$336.17	\$278.63	\$263.96	\$260.85
OSAGE	\$264.71	\$210.73	\$198.67	\$196.53
OSBORNE	\$320.65	\$263.88	\$249.82	\$246.88
OTTAWA	\$319.22	\$262.52	\$248.51	\$245.59
PAWNEE	\$341.48	\$283.67	\$268.79	\$265.63
PHILLIPS	\$332.97	\$275.59	\$261.04	\$257.97
POTTAWATOMIE	\$213.41	\$162.00	\$152.15	\$150.36
PRATT	\$326.10	\$269.06	\$254.78	\$251.79
RAWLINS	\$313.51	\$257.09	\$243.31	\$240.45
RENO	\$325.55	\$268.53	\$254.28	\$251.29
REPUBLIC	\$323.68	\$266.76	\$252.58	\$249.61
RICE	\$305.13	\$249.14	\$235.68	\$232.91
RILEY	\$317.03	\$260.44	\$246.52	\$243.62
ROOKS	\$339.40	\$281.69	\$266.90	\$263.76
RUSH	\$338.72	\$281.04	\$266.27	\$263.14
RUSSELL	\$322.83	\$265.96	\$251.81	\$248.85
SALINE	\$250.17	\$196.93	\$185.63	\$183.45
SCOTT	\$247.95	\$194.81	\$183.61	\$181.45
SEDGWICK	\$286.61	\$231.55	\$218.82	\$216.25
SEWARD	\$250.33	\$197.08	\$185.78	\$183.59
SHAWNEE	\$390.56	\$330.29	\$313.49	\$309.80
SHERIDAN	\$339.29	\$281.59	\$266.79	\$263.65
SHERMAN	\$295.19	\$239.70	\$226.63	\$223.97
SMITH	\$309.51	\$253.30	\$239.68	\$236.86
STAFFORD	\$319.78	\$263.06	\$249.03	\$246.10
STANTON	\$219.03	\$167.35	\$157.28	\$155.43
STEVENS	\$157.09	\$108.50	\$100.66	\$99.67
SUMNER	\$365.64	\$306.62	\$290.79	\$287.37
THOMAS	\$322.84	\$265.96	\$251.81	\$248.85
TREGO	\$314.35	\$257.89	\$244.08	\$241.21
WABAUNSEE	\$283.47	\$228.58	\$215.96	\$213.42
WALLACE	\$283.51	\$228.60	\$215.99	\$213.45
WASHINGTON	\$323.55	\$266.64	\$252.46	\$249.49
WICHITA	\$349.80	\$291.57	\$276.37	\$273.11
WILSON	\$329.74	\$272.51	\$258.09	\$255.06
WOODSON	\$291.17	\$235.88	\$222.97	\$220.35
WYANDOTTE	\$455.79	\$392.26	\$372.69	\$368.50

Kansas Silver-Haired Legislature

Floyd O. Coen
Route 1, Box 41
Elkhart, KS 67950

Telephone 316-697-4707

Chairman Kline, Committee Members:

My name is Floyd Coen, I am presently the Speaker of the Silver Haired Legislature. My home is near Elkhart, 400 miles southwest of here. I would like to mention that 30 years ago I was setting as a member of the Taxation Committee here in the house, so I understand somewhat your responsibility and dedication , and you have my appreciation and respect.

I will be attempting to make you more aware of the Silver Haired Legislature's need for a sound, predictable source of income so that its members can make the fullest use of their time and service as they volunteer to serve to the best of their ability. I defer to my fellow S.H.L. members to be more specific to House Bill 2277 & 2278.

I have been a member of the S.H.L. for the past 6 years, our by-laws limit us to 3-2 year terms. As my experience in this organization is nearly over, my thoughts are increasingly and much more acutely aware of the need to have monitory funds to draw from.

I believe it to be very important that every S.H.L. member have the same opportunity to serve in leadership responsibilities, in the more recent past this has not been possible, because of the added expense of phone calls, writing letters and cost of travel. These expenses fell to the personal responsibility of individual offices. This expense has in some cases been in the area of \$2000.00 to \$3000.00, and these figures can be substantial.

In closing I would like to call your attention to Headlines in the Hutchinson News, "Graves: Older Americans are an Asset". He is reported to have said "I think the country often times tends to under value the contributions that older Americans, seniors can make". also "make sure you emphasize how valuable seniors are as a resource", "I think it would be terribly wrong to diminish the importance of people who have spent so many years of their lives contributing to the quality of life we have in our state and our Country".

Thank you