

Approved: Feb 14, 1995  
Date

## MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:00 a.m. on February 9, 1995 in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Martin, Senator Bond, Senator Clark, Senator Feleciano, Jr., Senator Hardenburger, Senator Lee, Senator Ranson, and Senator Sallee.

Committee staff present: Tom Severn, Legislative Research Department  
Chris Courtwright, Legislative Research Department  
Don Hayward, Revisor of Statutes  
Elizabeth Carlson, Secretary to the Committee

Conferees appearing before the committee: Senator Robert Vancrum  
Senator Phil Martin

Others attending: See attached list

### APPROVAL OF MINUTES

Senator Sallee made a motion to approve the minutes of February 8, 1995. The motion was seconded by Senator Martin. The motion carried.

### REQUESTS FOR INTRODUCTION OF BILLS

Gordon Garrett, Commercial Property Association of Kansas, requested the introduction of a bill to amend KSA 79-503a to provide for consideration of "sell out period" or "absorption period" in the determination of the fair market value.

Senator Bond made a motion to introduce this bill. The motion was seconded by Senator Sallee. The motion carried.

Senator Lee made a motion to introduce a bill to provide for an exchange of land between the city of Ellsworth and the Department of Corrections. The motion was seconded by Senator Feleciano. The motion carried.

Senator Sallee made a motion to introduce a bill concerning the Board of Tax Appeals which would strengthen the qualifications of the members who serve on the Board, would change the length of the terms of office of the Board members and would expedite the process of tax appeals. The motion was seconded by Senator Corbin. The motion carried.

### SB 99--SALES TAX REFUND ALLOWED UPON CERTAIN SALES OF MOTOR VEHICLES

Senator Vancrum appeared before the committee to explain **SB 99**. (Attachment 1) This bill was introduced to insure fairness for consumers in the sales of motor vehicles. If a citizen purchases a car outright and sells their old vehicle at a private sale, they pay sales tax on the whole amount of the purchase price of the new vehicle. If the citizen purchases a new car and trades in the old car to the dealer, sales tax is paid only on the trade difference. This bill allows citizens to apply for a refund of tax paid on the present vehicle at a private sale.

Senator Vancrum suggested the bill needs to be amended by striking line 19 beginning with the word "the gross receipts" and continuing through line 20 to "motor vehicle less." (See attachment 1)

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:00 a.m. on February 9, 1995.

Senator Martin, also a sponsor of the bill, spoke on **SB 99**. He said this is for the individual who takes care of his motor vehicle and sells it privately. This way they can get a better price and this bill gives the consumer the opportunity to do this and come up with a little bit of extra money.

The committee asked if there is a fiscal note for this bill. At the present time it is not available, but Mark Ciardullo of the Department of Revenue, gave some preliminary estimates and said they are working on the fiscal note.

There were some questions about the limit of 30 days to apply for the refund, how the Department of Revenue would handle this, and if the time limit was adequate. It was mentioned there will probably be a 60 day window. There was concern also of how this would effect the county treasurer's office.

Senator Martin made a motion to amend **SB 99** to strike the words in line 19 and 20 "the gross receipts received from the sale of the replacement motor vehicles less." The motion was seconded by Senator Feleciano. The motion carried.

The hearing was closed on **SB 99**.

### STAFF REPORT

Tom Severn, Legislative Research Department, presented a chart in answer to a question from Senator Lee concerning the average annual growth rate for motor vehicles from 1988-1992. (Attachment 2) This chart shows the growth in valuation by county. Mr. Severn cautioned the committee to be careful in comparing the 1990 and 1991 figures. As a result of the 1991 lawsuit, a temporary Rule and Regulation by the Department of Revenue was adopted, prorating valuations. This had the affect of reducing the valuations in 1991 and succeeding years. Consequently Mr. Severn said the change in 1991 would affect the multi-year average growth rate shown in the right hand column.

The meeting adjourned at 11:40 a.m.

The next meeting is scheduled for February 10, 1995.



STATE OF KANSAS



**BOB VANCURUM**

SENATOR, ELEVENTH DISTRICT  
OVERLAND PARK, LEAWOOD,  
STANLEY, STILWELL, IN  
JOHNSON COUNTY  
9004 W. 104TH STREET  
OVERLAND PARK, KANSAS 66212  
(913) 341-2609



TOPEKA

SENATE CHAMBER  
STATE CAPITOL  
TOPEKA, KANSAS 66612-1504  
(913) 296-7361

COMMITTEE ASSIGNMENTS

VICE-CHAIRMAN: ENERGY AND NATURAL RESOURCES  
MEMBER: WAYS AND MEANS  
JUDICIARY  
MEMBER: COMMERCE, LABOR AND REGULATIONS  
COMMITTEE, NATIONAL CONFERENCE ON  
STATE LEGISLATURES  
MEMBER: ENVIRONMENTAL TASK FORCE,  
COUNCIL ON STATE GOVERNMENTS

**TESTIMONY ON SENATE BILL 99  
TO  
THE SENATE TAXATION COMMITTEE  
FROM SENATOR BOB VANCURUM**

Dear Senator Langworthy and Committee:

Senator Martin and myself have introduced Senate Bill 99 because of the continued unfairness to constituents of an existing quirk in the law concerning automobile sales. Presently if a citizen purchases a car outright and then sells their old vehicle at a private sale, they pay sales tax on the whole amount of the purchase price of the new vehicle. Conversely, if he or she purchases a new car and trades in the old car, sales taxes are paid only on the trade difference. This strikes many citizens as unfair.

This bill takes an entirely new approach from previous legislation and allows citizens to apply for a refund of tax paid on the present vehicle. In the past the automobile dealers have complained that attempts to correct this problem would put an additional burden upon them. The existing bill puts no burden on the car dealer and all the burden is on the citizen. I'm not certain however, that the language in line 19 through 21 is correctly written. What we intend to do is to permit refund of the portion of the taxes applicable to "the gross receipts received from the sale of the replaced motor vehicle". The committee may need to amend this bill according to the attach balloon.

*Senate Assess + Jax  
Feb. 9, 1995  
attach 1-1*

## SENATE BILL No. 99

By Senators Vancrum and Martin

1-24

9 AN ACT relating to sales taxation; concerning refunds of tax paid upon  
10 certain sales of motor vehicles.

11

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

13 Section 1. (a) Upon application to the director of taxation upon forms  
14 devised and provided therefor accompanied by any additional documen-  
15 tation required by the director, a portion of the sales tax paid pursuant  
16 to the purchase of a motor vehicle which replaces a motor vehicle sold at  
17 an isolated or occasional sale occurring within 30 days prior or subsequent  
18 to the date of such purchase shall be refunded. The amount of such  
19 refund shall be equal to the gross receipts received from the sale of the  
20 replacement motor vehicle less the gross receipts received from the sale  
21 of the replaced motor vehicle multiplied by the applicable sales tax rate.  
22 All refunds shall be paid from the sales tax refund fund upon warrants of  
23 the director of accounts and reports issued pursuant to vouchers approved  
24 by the director.

25 (b) The provisions of this section shall be deemed to be supplemental  
26 to the Kansas retailers' sales tax act.

27 Sec. 2. This act shall take effect and be in force from and after its  
28 publication in the statute book.

Table with columns: KANSAS COUNTY NAME, Actual CY88 Values, Actual CY89 Values, Pct Incr., Actual CY90 Values, Pct Incr., Actual CY91 Values (under Req), Pct Incr., Actual CY92 Values (under Req), Pct Incr., Actual CY93 Values (under Req), Pct Incr., Avg Annual Growth Rate 1988-93. Rows list 105 counties and a State Totals row.

Senate Assess + Tax Feb 9, 1995 attach 2-1