

Approved: April 29, 1999
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson David Adkins at 9:00 a.m. on March 17, 1999 in Room 519-S of the Capitol.

All members were present except: All present

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Representative Galen Weiland
Stan Boos, Stan Boos Auto Sales, Inc.
Don McNeely, President, Kansas Automobile Dealers Association
Representative Cliff Franklin
Don Siefert, City of Olathe (written)
Eric Wade, City Administrator, City of Merriam
Senator Janice Hardenburger
Sonia DeRuseau, Administrator, Linn Community Nursing Home
Robert Vancrum, Govt. Affairs Specialist, Kansas Association of Homes & Serv. for the Aging

Others attending: See attached list

The Chairman recognized Representative Kirk who made a motion, and seconded by Representative Gilbert, to introduce a bill that would buy down the mill levy for Washburn University in the county-wide sales tax in Shawnee county. Motion carried.

The Chairman recognized Representative Minor who made a motion, and seconded by Representative Gatewood, to introduce a concurrent resolution concerning the reduction of the income tax on social security benefits. Motion carried.

The Chairman opened the public hearing on:

HB 2160 - Local compensating use tax on motor vehicles

Proponents:

The Chairman introduced Representative Galen Weiland, Chief Proponent of the measure (Attachment 1).

The Chairman introduced Stan Boos, Proponent, Hiawatha, Stan Boos Auto Sales, Inc. (Attachment 2).

The Chairman introduced Dan McNeely, Proponent, President, Kansas Automobile Dealers Association (Attachment 3).

Opponents:

The Chairman introduced Representative Cliff Franklin, Opponent (Attachment 4).

The Chairman introduced Eric Wade, Opponent, City Administrator of the City of Merriam (Attachment 5).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on March 17, 1999.

Donald R. Seaforth, Opponent, Management Director, City of Olathe, submitted written testimony (Attachment 6).

Questions and discussion followed conferee testimony.

The Chairman closed the public hearing on **HB 2160**.

The Chairman opened the public hearing on:

SB 124 - Adult care home property tax exemption, day care centers

Proponents:

The Chairman introduced Senator Janice Hardenburger, sponsor of the bill, no written testimony submitted. Senator Hardenburger mentioned that she served on a Task Force for long-term care last fall, and in the task force they recognized with the statistics available to them, that the turnover for the lower level of health providers in the nursing home facilities was very high, as high as 117% turnover especially in the certified nurses aid positions. She mentioned that she feels the ability should be extended for nursing homes to incorporate daycare centers within their homes, and when children are brought in, there is a special inter-generational relationship exchange for both the children and the elderly. She also noted that on the plus side is the subsidizing for certified nurses aids to be able to bring the children right there on the premise, and hopefully it will stabilize some of that workforce. Senator Hardenburger urged the committee to seriously consider this bill and that they made it retroactive to the tax year 1995 which would cover five existing nursing home facilities in Kansas who do have daycare available to them. She also noted that the bill includes Representative Morrison's provision on property tax exemption for certain student unions and dormitories.

The Chairman introduced Sonia DeRusseau, Proponent, Administrator, Linn Community Nursing Home (Attachment 7).

The Chairman introduced Robert Vancrum, Proponent, Government Affairs Specialist, Kansas Association of Homes and Services for the Aging (Attachment 8). Mr. Vancrum, on behalf of the Kansas Association of Homes and Services for the Aging, is requesting an amendment be inserted into the statute to clarify the law.

The Chairman closed the public hearing on **SB 124**.

The meeting was adjourned at 10:30 a.m.

HOUSE TAXATION COMMITTEE
GUEST LIST

DATE: March 17, 1999

George Welch	Barbee + Assoc.
John Drou	RNRSA
DTZgh	KAHSA
Donia De Russion	Linn Community Nursing Home
George P. Hoo	Ks Taxpayers Network
Ashley Sherard	Overland Park Chamber
Bill O'Brien	Johnson County Treasurer
Whitney Cameron	Ks Automobile Dealers Assn.
Don McNeely	" " " "
Eric Wade	City of Merriam
Don Seifert	City of Olathe
Erik Sartorius	Johnson Co. Board of Realtors
Kyley Huotala	City of Overland Park
Larry Klamman	League of KS Municipalities
Stanley Booz	Stan Boos Auto Sales
John Wilson	Bendure, Ks
Wicky Bopling	Columbus, KS
Ann Durkas	DOB
John Kell	A
Anne Spiess	Peterson Public Affairs Group

GALEN WEILAND
REPRESENTATIVE, FORTY-NINTH DISTRICT
DONIPHAN AND BROWN COUNTIES
P.O. BOX 146
BENDENA, KS 66008
RM. 284-W
PHONE—296-7688
HOME—988-4425
HOT LINE 1-800-432-3924



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING MINORITY MEMBER:
AGRICULTURE
MEMBER: FEDERAL & STATE AFFAIRS
ECONOMIC DEVELOPMENT
JOINT COMMITTEE ON GAMING COMPACTS

MR CHAIRMAN AND MEMBERS OF THE TAXATION COMMITTEE

Thank you for this hearing on HB 2160. I am Representative Galen Weiland. I represent the 49th District - all of Brown and Doniphan County.

This is a fairness issue, as you know cities and counties across Kansas sometimes have a disparity in the amount of local tax they collect. This bill would allow the local sales tax to be collected where the vehicle is registered and the state tax collected at point of sale.

A vehicle is a major purchase and very competitive ie., one percent could make a difference where you would buy your vehicle. This bill would give all dealerships a level playing field. In my county the tax is 5.9%; Hiawatha, 6.9%; Atchison, 7.4%. These are in my bordering counties, along with the state of Nebraska on the north and Missouri to the east. I can buy out of state and pay the tax in Doniphan County, which is an advantage to me, but unfair to Brown and Atchison Counties, because they lose the sale.

This bill would let the customers pay the tax in their county and city where they had the opportunity to vote on the levy. It would also mean the residents of a county with a high tax rate, pay the tax on their vehicle where they reside and could not escape the tax by buying in another county with a lower taxing rate.

It also has been brought to my attention that when you lease a vehicle from Ford Motor Company, in my district, the sales tax for Johnson County is collected each time you make a lease payment. This would also change that unfairness.

Thank you for this opportunity to testify before you today. I will stand for questions, Mr. Chairman, when you want me to.

House Taxation
3-17-99
Attachment 1



Stan Boos Auto Sales, Inc.

Hwy 36 West Phone 742-7128
HIAWATHA, KANSAS 66434



3-11-99

Mr. Chairman and Members of the House Taxation Committee

Subject: HB2160

I want to testify today on the merits of HB2160.

As you are aware, local governments (city and county) are using sales tax as a method of paying for local projects (ie: streets, swimming pools, jails, etc.).

Car dealers are required by the State of Kansas to collect, at the time of sale, the State and local tax according to where the dealership is located and not where the consumer resides.

Marshall County and Pottawatomie County in Northeast Kansas have no local sales tax. So, a sale of an identical vehicle at a \$20,000 trade difference would cost \$400 more at my dealership than at a dealership in one of those counties.

HB2160 will allow all car dealerships to be on a level playing field by collecting only the State sales tax at the time of sale and have the local County Treasurers collect the local tax according to where the customer resides instead of where he purchased the vehicle.

This would also help counties which have a local sales tax but do not have any New car dealers to collect the local tax from the residents at the time of registration.

As car dealerships in rural Kansas struggle for survival, we all need to be placed on a level playing field by collecting only the State Sales Tax and having the local County Treasurers collect the local tax which would get the local tax where it belongs.

Another issue for counties which border other states such as Missouri, and using Doniphan County as an example, is that a Doniphan County resident can purchase a vehicle in Missouri and go back to the County Treasurer and pay 5.9%. If they choose to purchase from my dealership, it would cost them 6.9%, or an additional \$200 on a \$20,000 trade difference. Under this scenario, you loose income tax on my corporation profits along with income tax on employee's that I don't have due to lost volumn.

Sincerely,

Stanley Boos, President
Stan Boos Auto Sales

House Taxation
3-17-99
Attachment 2



KANSAS AUTOMOBILE DEALERS ASSOCIATION

March 17, 1999

To: The Honorable David Adkins, Chairman
And the Members of the House Taxation Committee

From: Don McNeely, KADA President

Re: HB 2160 – Local Compensating Use Tax on Motor Vehicles

Good morning Chairman Adkins and Members of the House Taxation Committee. My name is Don McNeely, President of the Kansas Automobile Dealers Association (KADA), a state trade association representing the retail franchised new car and truck industry in the state of Kansas.

On behalf of the 289 franchised new car and truck dealers in Kansas, I would like to thank the Committee for the opportunity to offer a few comments in regard to HB 2160. It is no secret that motor vehicles in Kansas carry a heavy taxation burden. They are the only pieces of tangible personal property that are subject to both state and local option sales tax, personal property tax, in addition to being subject to registration fees and tire excise taxes. While there were earlier discussions this session about eliminating or reducing the regressive motor vehicle personal property tax, the reliance of local units of government upon the sales tax generated by the sale of motor vehicles to help fund local projects continues grow.

KADA over the years has expressed an interest in a full situs bill, such as HB 2160. Due to the opposition expressed by some of the larger local units of government, KADA developed an alternative proposal which would impose a local compensating use tax on the difference in local option sales tax paid on a motor vehicle which is purchased in a taxing jurisdiction other than where the vehicle is to be domiciled. The difference would then be collected by the local unit of government where the vehicle is to be registered or garaged. We believe this alternative proposal would protect revenues currently going to the local units and at the same time level the playing field statewide for the purchase of motor vehicles. This proposal was discussed in the 1997 Legislative Session in the form of HB 2270.

Presently, a resident in a local taxing jurisdiction can vote to approve a local option sales tax or an increase in their current local tax rate to pay for a new municipal

800 S.W. Jackson, Suite 1110 • Topeka, KS 66612

Telephone (785) 233-6456 • Fax (785) 233-1462

House Taxation
3-17-99
Attachment 3

swimming pool or some other local project, and then that same resident can drive ten or twenty miles and avoid paying it on a purchase of a motor vehicle. When you consider the average price of a new vehicle is over \$21,000, the savings can be quite significant in some cases, in addition to creating a competitive marketing disadvantage to the motor vehicle dealer which is located in taxing jurisdiction where that resident resides. I have included a listing of sales tax levies by county and city with my testimony for your review.

The Kansas franchised new car and truck dealers represent only 2.2% of the total retail business in this state, but are responsible for 22.1% of the total retail sales. In 1997, we generated over \$5 billion in total retail sales. We are a driving factor in the amount of sales tax that is collect by the state of Kansas and the various local units of government. But, it is no secret the number of new car dealerships are declining due to consolidation and manufacturer point closings, and when a dealership closes in a small rural community, the impact can be quite devastating to community's tax base.

On behalf of the Kansas Automobile Dealers Association, I thank the Members of the Committee for allowing me to appear before you today, and I would be happy to answer any questions you may have.

KANSAS DEPARTMENT OF REVENUE

Division of Taxation

LOCAL SALES TAX RATES FOR COUNTIES AND CITIES IN KANSAS

COUNTIES

COUNTY	COUNTY NO.	LOCAL CODE	COUNTY TAX RATE	EFFECTIVE DATE	TOTAL TAX RATE (including 4.9% state tax rate)
ALLEN	024	C-024	1.00%	10/01/94	5.90%
ANDERSON	052	C-052	1.00%	01/01/83	5.90%
ATCHISON	015	C-015	1.50%	07/01/98	6.40%
BARBER	067	C-067	1.00%	02/01/83	5.90%
BARTON	033	C-033	1.00%	11/01/82	5.90%
BROWN	025	C-025	1.00%	11/01/82	5.90%
CHAUTAUQUA	063	C-063	1.00%	02/01/83	5.90%
CHEROKEE	010	C-010	1.00%	11/01/82	5.90%
CHEYENNE	082	C-082	2.00%	07/01/96	6.90%
CLAY	041	C-041	0.50%	11/01/82	5.40%
CRAWFORD	004	C-004	1.50%	07/01/95	6.40%
DECATUR	074	C-074	1.00%	11/01/84	5.90%
DICKINSON	018	C-018	1.00%	07/01/97	5.90%
DONIPHAN	045	C-045	1.00%	10/01/94	5.90%
DOUGLAS	016	C-016	1.00%	01/01/95	5.90%
EDWARDS	079	C-079	1.00%	11/01/83	5.90%
ELK	068	C-068	1.00%	11/01/82	5.90%
ELLSWORTH	064	C-064	0.50%	01/01/97	5.40%
FINNEY	071	C-071	0.75%	07/01/95	5.65%
FORD	035	C-035	1.00%	10/01/97	5.90%
FRANKLIN	021	C-021	1.50%	01/01/93	6.40%
GEARY	047	C-047	1.25%	04/01/93	6.15%
GOVE	088	C-088	1.00%	11/01/84	5.90%
GRAY	089	C-089	1.00%	02/01/83	5.90%
GREELEY	105	C-105	1.00%	11/01/82	5.90%
GREENWOOD	032	C-032	1.00%	07/01/95	5.90%
HAMILTON	100	C-100	0.50%	01/01/93	5.40%
HARVEY	028	C-028	1.00%	07/01/86	5.90%
HASKELL	101	C-101	0.50%	01/01/83	5.40%
JACKSON	042	C-042	1.00%	07/01/94	5.90%
JEFFERSON	046	C-046	2.00%	01/01/94	6.90%
JEWELL	043	C-043	1.00%	02/01/83	5.90%
JOHNSON	019	C-019	0.975%	04/01/97	5.875%
KIOWA	085	C-085	1.00%	11/01/82	5.90%
LABETTE	011	C-011	1.00%	09/01/81	5.90%
LEAVENWORTH	007	C-007	1.00%	01/01/97	5.90%
LINCOLN	066	C-066	1.00%	02/01/83	5.90%
LOGAN	095	C-095	1.00%	11/01/82	5.90%
MARION	023	C-023	1.00%	07/01/87	5.90%
MCPHERSON	026	C-026	1.00%	07/01/82	5.90%
MEADE	086	C-086	1.00%	11/01/84	5.90%
MIAMI	031	C-031	1.00%	07/01/83	5.90%
MITCHELL	055	C-055	1.00%	11/01/82	5.90%
MONTGOMERY	005	C-005	1.00%	01/01/95	5.90%
MORRIS	054	C-054	1.00%	11/01/82	5.90%
NEMAHA	034	C-034	1.00%	11/01/82	5.90%
NEOSHO	022	C-022	0.50%	10/01/94	5.40%
OSAGE	029	C-029	1.00%	11/01/82	5.90%
OSBORNE	056	C-056	0.50%	01/01/83	5.40%
OTTAWA	065	C-065	2.00%	07/01/95	6.90%

COUNTY	COUNTY NO.	LOCAL CODE	COUNTY TAX RATE	EFFECTIVE DATE	TOTAL TAX RATE (including state tax rate)
PAWNEE	069	C-069	1.00%	07/01/83	5.90%
PRATT	053	C-053	1.00%	07/01/82	5.90%
RAWLINS	077	C-077	1.00%	02/01/83	5.90%
RENO	006	C-006	1.00%	07/01/86	5.90%
REPUBLIC	040	C-040	1.00%	11/01/82	5.90%
RICE	048	C-048	1.00%	11/01/82	5.90%
RILEY	030	C-030	0.50%	02/01/83	5.40%
RUSSELL	060	C-060	1.00%	04/01/88	5.90%
SALINE	014	C-014	1.00%	06/01/95	5.90%
SCOTT	096	C-096	1.00%	05/01/82	5.90%
SEDGWICK	002	C-002	1.00%	10/01/85	5.90%
SEWARD	084	C-084	1.50%	01/01/96	6.40%
SHAWNEE	003	C-003	0.25%	01/01/95	5.15%
SHERMAN	080	C-080	1.25%	10/01/92	6.15%
STAFFORD	059	C-059	1.00%	11/01/84	5.90%
STANTON	104	C-104	1.00%	11/01/84	5.90%
THOMAS	078	C-078	1.00%	11/01/82	5.90%
WABAUNSEE	062	C-062	1.00%	02/01/83	5.90%
WASHINGTON	037	C-037	1.00%	02/01/83	5.90%
WICHITA	102	C-102	2.00%	01/01/96	6.90%
WYANDOTTE	001	C-001	1.00%	01/01/84	5.90%

CITIES

CITY	LOCAL CODE	CITY TAX RATE	EFFECTIVE DATE	COUNTY LOCATION	COUNTY NO.	COUNTY TAX RATE	TOTAL TAX RATE (including 4.9% state tax rate)
ABILENE	T-180	0.50%	05/01/83	Dickinson	018	1.00%	6.40%
AMERICUS	T-213	0.50%	04/01/87	Lyon	013		5.40%
ANDOVER	T-251	0.50%	07/01/96	Butler	009		5.40%
ANTHONY	T-195	0.50%	11/01/84	Harper	051		5.40%
ARGONIA	T-223	1.00%	01/01/91	Sumner	012		5.90%
ARKANSAS CITY	T-108	1.00%	04/01/85	Cowley	008		5.90%
ARMA	T-161	0.50%	11/01/82	Crawford	004	1.50%	6.90%
ATCHISON	T-109	1.00%	08/01/83	Atchison	015	1.50%	7.40%
AUBURN	T-192	1.00%	07/01/84	Shawnee	003	0.25%	6.15%
AUGUSTA	T-231	0.50%	10/01/91	Butler	009		5.40%
BALDWIN CITY	T-136	1.00%	07/01/91	Douglas	016	1.00%	6.90%
BASEHOR	T-158	1.00%	10/01/95	Leavenworth	007	1.00%	6.90%
BAXTER SPRINGS	T-150	1.00%	07/01/85	Cherokee	010	1.00%	6.90%
BELLE PLAINE	T-219	1.00%	10/01/89	Sumner	012		5.90%
BONNER SPRINGS*	T-143	1.00%	01/01/86	Wyandotte	001	1.00%	6.90%
BONNER SPRINGS*	T-143	1.00%	01/01/86	Johnson	019	0.975%	6.875%
BRONSON	T-255	1.00%	01/01/97	Bourbon	017		
BURDEN	T-249	1.00%	01/01/96	Cowley	008		5.90%
CALDWELL	T-122	1.00%	11/01/82	Sumner	012		5.90%
CANEY	T-123	1.75%	01/01/93	Montgomery	005	1.00%	7.65%
CEDAR VALE	T-259	1.00%	10/01/97	Chautauqua	063	1.00%	6.90%
CHANUTE	T-117	1.00%	11/01/87	Neosho	022	0.50%	6.40%
CHERRYVALE	T-133	1.00%	11/01/82	Montgomery	005	1.00%	6.90%
CHETOPA	T-203	1.00%	07/01/85	Labette	011	1.00%	6.90%
CLAY CENTER	T-124	1.00%	11/01/84	Clay	041	0.50%	6.40%
COFFEYVILLE	T-125	1.00%	05/01/84	Montgomery	005	1.00%	6.90%
COLBY	T-254	0.50%	01/01/97	Thomas	078	1.00%	6.40%
COLDWATER	T-261	1.00%	07/01/98	Comanche	090	1.50%	7.40%
COLUMBUS	T-151	1.00%	07/01/97	Cherokee	010	1.00%	6.90%
CONCORDIA	T-142	1.00%	02/01/83	Cloud	036		5.90%
CONWAY SPRINGS	T-220	1.00%	10/01/89	Sumner	012		5.90%
COTTONWOOD FALLS	T-224	1.00%	01/01/91	Chase	081		5.90%

*City which is located in two counties.

CITY	LOCAL CODE	CITY TAX RATE	EFFECTIVE DATE	COUNTY LOCATION	COUNTY NO.	COUNTY TAX RATE	TOTAL TAX (including state tax)
DEERFIELD	T-239	1.00%	10/01/94	Kearny	098		5.90%
DELPHOS	T-196	1.00%	11/01/84	Ottawa	065	2.00%	7.90%
DE SOTO	T-152	1.00%	01/01/91	Johnson	019	0.975%	6.875%
DIGHTON	T-181	1.00%	07/01/83	Lane	097		5.90%
DODGE CITY	T-148	1.00%	10/01/97	Ford	035	1.00%	6.90%
DOUGLASS	T-241	1.00%	01/01/95	Butler	009		5.90%
EASTON	T-204	1.00%	07/01/85	Leavenworth	007	1.00%	6.90%
EDGERTON	T-153	1.00%	07/01/85	Johnson	019	0.975%	6.875%
EDNA	T-217	1.00%	01/01/89	Labette	011	1.00%	6.90%
EDWARDSVILLE	T-207	1.00%	01/01/86	Wyandotte	001	1.00%	6.90%
EFFINGHAM	T-190	1.00%	11/01/83	Atchison	015	1.50%	7.40%
EL DORADO	T-221	1.00%	10/01/89	Butler	009		5.90%
ELKHART	T-147	1.00%	01/01/95	Morton	094		5.90%
ELLIS	T-187	1.00%	11/01/83	Ellis	038		5.90%
ELLSWORTH	T-182	1.00%	07/01/83	Ellsworth	064	0.50%	6.40%
ELWOOD	T-197	1.00%	11/01/84	Doniphan	045	1.00%	6.90%
EMPORIA	T-194	1.00%	01/01/95	Lyon	013		5.90%
ERIE	T-162	1.00%	01/01/88	Neosho	022	0.50%	6.40%
EUDORA	T-163	0.50%	11/01/82	Douglas	016	1.00%	6.40%
FAIRWAY	T-183	1.00%	07/01/86	Johnson	019	0.975%	6.875%
FONTANA	T-258	0.50%	07/01/97	Miami	031	1.00%	6.40%
FORT SCOTT	T-189	1.00%	01/01/84	Bourbon	017		5.90%
FREDONIA	T-208	1.00%	01/01/86	Wilson	027		5.90%
FRONTENAC	T-164	1.00%	01/01/95	Crawford	004	1.50%	7.40%
GALENA	T-050	1.00%	07/01/84	Cherokee	010	1.00%	6.90%
GARDEN CITY	T-177	1.00%	07/01/94	Finney	071	0.75%	6.65%
GARDNER	T-165	1.00%	01/01/89	Johnson	019	0.975%	6.875%
GAS	T-226	1.00%	01/01/91	Allen	024	1.00%	6.90%
GIRARD	T-166	0.50%	11/01/82	Crawford	004	1.50%	6.90%
GLASCO	T-184	1.00%	07/01/83	Cloud	036		5.90%
HAYS	T-167	1.00%	07/01/92	Ellis	038		5.90%
HERINGTON*	T-119	0.50%	07/01/80	Dickinson	018	1.00%	6.40%
HERINGTON*	T-119	0.50%	07/01/80	Morris	054	1.00%	6.40%
HLAWATHA	T-126	1.00%	01/01/97	Brown	025	1.00%	6.90%
HILL CITY	T-205	1.00%	07/01/85	Graham	076		5.90%
HILLSBORO	T-202	0.50%	05/01/85	Marion	023	1.00%	6.40%
HOLTON	T-242	0.25%	01/01/95	Jackson	042	1.00%	6.15%
HORTON	T-127	1.00%	07/01/87	Brown	025	1.00%	6.90%
HUGOTON	T-128	1.00%	01/01/94	Stevens	092		5.90%
HUMBOLDT	T-149	0.50%	01/01/82	Allen	024	1.00%	6.40%
HUTCHINSON	T-209	0.75%	04/01/94	Reno	006	1.00%	6.65%
INDEPENDENCE	T-134	1.00%	04/01/86	Montgomery	005	1.00%	6.90%
IOLA	T-144	1.00%	01/01/90	Allen	024	1.00%	6.90%
JUNCTION CITY	T-168	1.00%	11/01/82	Geary	047	1.25%	7.15%
KANOPOLIS	T-206	1.00%	07/01/85	Ellsworth	064	0.50%	6.40%
KANSAS CITY	T-129	1.00%	01/01/84	Wyandotte	001	1.00%	6.90%
LACROSSE	T-250	1.00%	01/01/96	Rush	073		5.90%
LACYGNE	T-216	1.00%	10/01/88	Linn	049		5.90%
LAKIN	T-185	1.00%	07/01/83	Kearny	098		5.90%
LANSING	T-154	1.00%	01/01/89	Leavenworth	007	1.00%	6.90%
LAWRENCE	T-160	1.00%	10/01/90	Douglas	016	1.00%	6.90%
LEAVENWORTH	T-051	1.00%	03/01/85	Leavenworth	007	1.00%	6.90%
LEAWOOD	T-111	1.00%	01/01/84	Johnson	019	0.975%	6.875%
LENEXA	T-118	1.00%	02/01/84	Johnson	019	0.975%	6.875%
LIBERAL	T-240	1.00%	10/01/94	Seward	084	1.50%	7.40%
LINDSBORG	T-228	0.50%	07/01/91	McPherson	026	1.00%	6.40%
LONGFORD	T-218	1.00%	01/01/89	Clay	041	0.50%	6.40%
LOUISBURG	T-155	1.00%	01/01/97	Miami	031	1.00%	6.90%
MANHATTAN*	T-300	1.50%	01/01/95	Riley	030	0.50%	6.90%

*City which is located in two counties.

CITY	LOCAL CODE	CITY TAX RATE	EFFECTIVE DATE	COUNTY LOCATION	COUNTY NO.	COUNTY TAX RATE	TOTAL TAX (including 4. state tax rate)
MANHATTAN*	T-300	1.50%	01/01/95	Pottawatomie	039		6.40%
MAYFIELD	T-169	0.50%	11/01/82	Sumner	012		5.40%
MEDICINE LODGE	T-229	0.50%	07/01/91	Barber	067	1.00%	6.40%
MERRIAM	T-116	1.00%	02/01/84	Johnson	019	0.975%	6.875%
MILTONVALE	T-214	1.00%	07/01/87	Cloud	036		5.90%
MISSION	T-115	1.00%	07/01/85	Johnson	019	0.975%	6.875%
MORAN	T-193	0.50%	07/01/84	Allen	024	1.00%	6.40%
MORLAND	T-252	1.00%	10/01/96	Graham	076		5.90%
MOUND CITY	T-237	1.00%	07/01/93	Linn	049		5.90%
NEODESHA	T-130	2.00%	10/01/92	Wilson	027		6.90%
NORTON	T-236	0.50%	04/01/93	Norton	061		5.40%
OGDEN	T-107	1.00%	11/01/82	Riley	030	0.50%	6.40%
OLATHE	T-120	1.00%	02/01/84	Johnson	019	0.975%	6.875%
ONAGA	T-170	1.00%	11/01/82	Pottawatomie	039		5.90%
OSAWATOMIE	T-137	0.50%	07/01/81	Miami	031	1.00%	6.40%
OSWEGO	T-244	1.00%	07/01/95	Labette	011	1.00%	6.90%
OTTAWA	T-114	0.50%	02/01/79	Franklin	021	1.50%	6.90%
OVERLAND PARK	T-106	1.00%	02/01/84	Johnson	019	0.975%	6.875%
OXFORD	T-198	1.00%	11/01/84	Sumner	012		5.90%
PAOLA	T-138	1.00%	10/01/96	Miami	031	1.00%	6.90%
PARSONS	T-233	1.00%	01/01/97	Labette	011	1.00%	6.90%
PAXICO	T-253	1.00%	10/01/96	Wabaunsee	62	1.00%	6.90%
PERRY	T-139	0.50%	07/01/81	Jefferson	046	2.00%	7.40%
PHILLIPSBURG	T-257	0.50%	07/01/97	Phillips	058		5.40%
PITTSBURG	T-135	1.00%	10/01/94	Crawford	004	1.50%	7.40%
PLAINVILLE	T-201	1.00%	04/01/97	Rooks	070		5.90%
PLEASANTON	T-248	1.00%	10/01/95	Linn	049		5.90%
POMONA	T-140	0.50%	07/01/81	Franklin	021	1.50%	6.90%
PRAIRIE VILLAGE	T-110	1.00%	02/01/84	Johnson	019	0.975%	6.875%
PRINCETON	T-245	0.50%	07/01/95	Franklin	021	1.50%	6.90%
RANSOM	T-238	0.50%	10/01/93	Ness	075		5.40%
RILEY	T-232	1.00%	07/01/92	Riley	030	0.50%	6.40%
ROELAND PARK	T-159	1.00%	03/01/84	Johnson	019	0.975%	6.875%
ROLLA	T-256	1.00%	01/01/97	Morton	094		5.90%
ROSSVILLE	T-211	1.00%	10/01/86	Shawnee	003	0.25%	6.15%
SABETHA*	T-230	0.50%	07/01/91	Nemaha	034	1.00%	6.40%
SABETHA*	T-230	0.50%	07/01/91	Brown	025	1.00%	6.40%
ST. MARYS*	T-172	1.00%	11/01/84	Pottawatomie	039		5.90%
ST. MARYS*	T-172	1.00%	11/01/84	Wabaunsee	062	1.00%	6.90%
ST. PAUL	T-260	1.00%	04/01/98	Neosho	022	0.50%	6.40%
SALINA	T-227	0.50%	01/01/91	Saline	014	1.00%	6.40%
SATANTA	T-212	0.50%	01/01/87	Haskell	101	0.50%	5.90%
SCAMMON	T-215	1.00%	04/01/88	Cherokee	010	1.00%	6.90%
SEDAN	T-146	0.50%	11/01/81	Chautauqua	063	1.00%	6.40%
SHAWNEE	T-131	1.00%	07/01/85	Johnson	019	0.975%	6.875%
SOUTH HUTCHINSON	T-234	0.50%	01/01/93	Reno	006	1.00%	6.40%
SPIVEY	T-112	0.50%	01/01/79	Kingman	057		5.40%
SPRING HILL*	T-156	1.00%	02/01/84	Johnson	019	0.975%	6.875%
SPRING HILL*	T-156	1.00%	02/01/84	Miami	031	1.00%	6.90%
STOCKTON	T-243	0.50%	01/01/95	Rooks	070		5.40%
STRONG CITY	T-222	1.00%	01/01/90	Chase	081		5.90%
SUBLETTE	T-173	0.50%	01/01/83	Haskell	101	0.50%	5.90%
SYRACUSE	T-191	1.00%	06/01/84	Hamilton	100	0.50%	6.40%
THAYER	T-247	1.00%	07/01/95	Neosho	022	0.50%	6.40%
TONGANOXIE	T-199	1.00%	07/01/89	Leavenworth	007	1.00%	6.90%
TOPEKA	T-030	1.00%	11/01/82	Shawnee	003	0.25%	6.15%
TORONTO	T-174	0.50%	11/01/82	Woodson	072		5.40%
TOWANDA	T-246	1.00%	07/01/95	Butler	009		5.90%
ULYSSES	T-188	1.00%	11/01/83	Grant	103		5.90%
WAKEENEY	T-178	1.00%	02/01/83	Trego	083		5.90%

*City which is located in two counties.

CITY	LOCAL CODE	CITY TAX RATE	EFFECTIVE DATE	COUNTY LOCATION	COUNTY NO.	COUNTY TAX RATE	TOTAL TAX RATE (including 4.9% state tax rate)
WAKEFIELD	T-132	1.00%	11/01/82	Clay	041	0.50%	6.40%
WAMEGO	T-175	1.75%	01/01/93	Pottawatomie	039		6.65%
WEIR	T-200	1.00%	11/01/84	Cherokee	010	1.00%	6.90%
WELLINGTON	T-113	1.25%	01/01/94	Sumner	012		6.15%
WELLSVILLE	T-235	0.50%	01/01/93	Franklin	021	1.50%	6.90%
WESTMORELAND	T-179	1.00%	01/01/93	Pottawatomie	039		5.90%
WESTWOOD	T-141	1.00%	02/01/84	Johnson	019	0.975%	6.875%
WESTWOOD HILLS	T-121	1.00%	02/01/84	Johnson	019	0.975%	6.875%
WILLIAMSBURG	T-157	1.00%	10/01/96	Franklin	021	1.50%	7.40%
WILSON	T-186	1.00%	09/01/83	Ellsworth	064	0.50%	6.40%
WINFIELD	T-145	1.00%	11/01/84	Cowley	008		5.90%
YATES CENTER	T-176	1.00%	01/01/86	Woodson	072		5.90%

*City which is located in two counties.

Effective October 1, 1998, the following city and counties will change the local retailers' sales tax rates currently in effect:

CITY/COUNTY	LOCAL CODE	TAX RATE
City of Hays	T-167	Increased from 1% to 1.5%
Jefferson County	C-046	Decreased from 2% to 1%
Sherman County	C-080	Increased from 1.25% to 1.5%

Effective January 1, 1999, the following cities and counties will either impose a local retailers' sales tax on all retail sales or change the local retailers' sales tax rate currently in effect:

CITY/COUNTY	LOCAL CODE	TAX RATE
* City of Coffeyville	T-125	Increased from 1% to 1.5%
* City of Colby	T-254	Decreased from 0.5% to 0%
* City of Garnett	T-262	0.5%
* City of Lyndon	T-263	1%
* City of Manhattan	T-300	Decreased from 1.5% to 1%
* City of Overbrook	T-264	1%
City of Protection	T-265	1%
* City of Salina	T-227	Increased from 0.5% to 0.75%
City of Stockton	T-243	Increased from 0.5% to 1.5%
Chase County	C-081	1%
Riley County	C-030	Increased from 0.5% to 1%
Sheridan County	C-087	1%

* City located within a county which also imposes a local retailers' sales tax.

The additional one-half of one percent (0.5%) local tax for Riley County will require a special distribution pursuant to K.S.A. 12-187(b)(2). The additional one-half of one percent (0.5%) Riley County local retailers' sales tax is to finance the new Riley County law enforcement center.

Certified copies of the ordinances and resolutions have either been received or requested from the respective taxing jurisdictions.

CLIFF FRANKLIN

REPRESENTATIVE, TWENTY-THIRD DISTRICT
JOHNSON COUNTY
HOME ADDRESS: 10215 W. 51ST STREET
MERRIAM, KANSAS 66203
(913) 677-6672

OFFICE: ROOM 426-S STATEHOUSE
TOPEKA, KANSAS 66612-1504
(785) 296-7639

e-mail
franklin@house.state.ks.us

website
<http://skyways.lib.ks.us/kansas/government/franklin>



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: FEDERAL & STATE AFFAIRS
VICE-CHAIRMAN
UTILITIES

**Sales Tax Situs
For
Automobiles
3-17-99**

Mr. Chairman and House Tax Committee members, thank you for this opportunity to testify in opposition to HB 2160. This proposed legislation changes the collection of sales tax on automobile sales from the car dealership to the County License Bureau.

Sales tax situs is a win/lose proposal. Those communities with large car dealerships lose sales tax revenue and those without dealerships gain revenue. If one assumes cities and counties will need to replace the lost revenue, many communities will be increasing taxes because of this bill. This includes Topeka, Lawrence, Shawnee Mission Area, Kansas City, Fort Scott, Wichita, Hutchinson, Leavenworth/Lansing, Manhattan, Olathe, Louisburg, Great Bend, Garden City, Dodge City, Hays, Independence, Liberal, Junction City, McPherson, Ottawa, Paola, Scott City, Pratt, Bonner Springs, Columbus, Beloit, Emporia, El Dorado and a host of other cities. On the flip side counties and cities that have no dealerships would be able to reduce taxes. The attached table shows existing new car dealerships in Kansas. You will be able to see there are many communities with large car dealerships.

It is not good for the tax committee to take local revenues away from half of the cities/counties and give those revenues to the other half. On the contrary, the tax committee has the opportunity to make tax policy that is win/win and help every Kansas taxpayer. The question you ultimately must ask yourself is; is it good policy to take the revenues of all the previously mentioned communities so that other communities can benefit?

House Taxation
3-17-99
Attachment 4

The sales tax on automobiles should stay with the dealership for other reasons as well. Typically cities with big dealerships have to make road/entrance improvements to accommodate dealerships. These improvements are typically done with taxpayer dollars in the areas that host the dealership. Likewise, dealerships have more crime problems than most other property. This requires additional police, fire, and ambulance protection. Once again, these services are paid for by the taxpayers that reside where the dealerships are located.

In conclusion, you must ask yourself if it is good policy to take tax revenue away from half the Kansas communities that provide services and infrastructure for the dealerships and give it to communities which has contributed nothing to attracting and maintaining the dealership making the sale? I respectfully urge you to let the communities that have worked hard to attract and provide a home for the dealerships to continue reaping the sales tax revenue from those dealerships. It is the Kansas way that those who market, attract, service and maintain economic development should get the tax revenue from the economic develop.

NEW CAR SALES

Revenues

NAME	CITY	SALES
Green Chrysler-Plymouth-Dodge	Abilene	\$5 - \$10 Million
Holm Automotive Ctr Inc	Abilene	\$10 - \$20 Million
Reedy Mazda	Arkansas City	\$5 - \$10 Million
Scott's Auto Body & Motor CO	Arkansas City	\$500,000 - \$1 Million
Steven Chevrolet Cadillac	Arkansas City	\$10 - \$20 Million
Zeller Motor CO	Arkansas City	\$10 - \$20 Million
Culver Auto & Truck	Ashland	\$1 - \$2.5 Million
Fellers Ford-Mercury	Ashland	\$1 - \$2.5 Million
Phalen Motors Inc	Atchison	\$5 - \$10 Million
C W Beamgard CO	Atwood	\$1 - \$2.5 Million
Fikan Motor CO	Atwood	\$1 - \$2.5 Million
Frye Chevrolet Inc	Augusta	\$20 - \$50 Million
Parks Inc	Augusta	\$10 - \$20 Million
Steven Ford-Mercury Of Augusta	Augusta	\$5 - \$10 Million
Don Sankey Motors	Belleville	\$1 - \$2.5 Million
Melton Motor CO	Belleville	\$10 - \$20 Million
Beloit Auto & Truck Plaza	Beloit	\$5 - \$10 Million
Beloit Motor CO	Beloit	\$5 - \$10 Million
Fuller Chevrolet CO	Beloit	\$5 - \$10 Million
Moritz Implement CO	Beloit	\$5 - \$10 Million
Bonner Springs Ford	Bonner Springs	\$10 - \$20 Million
Randy Allen Chevrolet Geo Inc	Bonner Springs	\$5 - \$10 Million
Crow-Moddie Ford	Burlington	\$2.5 - \$5 Million
Zscheile Motor CO	Burlington	\$2.5 - \$5 Million
Merle Kelly Ford Inc	Chanute	\$10 - \$20 Million
Ranz Motor CO	Chanute	\$5 - \$10 Million
Shields Motor CO	Chanute	\$5 - \$10 Million
Lubbers Brothers Ford-Mercury	Cheney	\$10 - \$20 Million
Lubbers Chevrolet Inc	Cheney	\$10 - \$20 Million
Hanson Ford-Mercury Inc	Clay Center	\$2.5 - \$5 Million
Skinner Motor CO	Clay Center	\$5 - \$10 Million
Stenberg Motors	Clyde	\$1 - \$2.5 Million
Perl Chevrolet-Buick-Geo-Mazda	Coffeyville	\$5 - \$10 Million
Frontier Auto Plex Inc	Colby	\$2.5 - \$5 Million
Tubbs & Sons Ford Sales	Colby	\$2.5 - \$5 Million
Coldwater Motor CO	Coldwater	\$1 - \$2.5 Million
Columbus Ford Mercury Inc	Columbus	\$5 - \$10 Million
Hatfield-Vance Chevrolet Buick	Columbus	\$5 - \$10 Million
Babe Houser Motor CO	Concordia	\$5 - \$10 Million
Bill Summers Ford Mercury Inc	Concordia	\$5 - \$10 Million
Bolton Plymouth-Chrysler Inc	Council Grove	\$2.5 - \$5 Million
Wilson Sales CO	Council Grove	\$5 - \$10 Million
George-Nielsen Motor CO	Dodge City	\$5 - \$10 Million
Goff Motors Inc	Dodge City	\$10 - \$20 Million
Lopp Motors Inc	Dodge City	\$1 - \$2.5 Million
Magouirk Chevrolet & Olds Inc	Dodge City	\$20 - \$50 Million
Skaggs Motors Inc	Dodge City	\$10 - \$20 Million
Toyota Dodge City	Dodge City	\$10 - \$20 Million
B & W Svc	Downs	\$1 - \$2.5 Million

Situs
Information

Cliff Frankli
Cliff Frankli

#23

John K Fisher Inc	El Dorado	\$10 - \$20 Million
Madden Motors	El Dorado	\$1 - \$2.5 Million
Vantage Ford Lincoln Mercury	El Dorado	\$10 - \$20 Million
Elkhart Ford-Mercury	Elkhart	\$2.5 - \$5 Million
Cunningham Motors Inc	Ellsworth	\$2.5 - \$5 Million
Holm Motor CO	Ellsworth	\$2.5 - \$5 Million
Emporia Toyota Chrysler Dodge	Emporia	\$10 - \$20 Million
John North Ford Inc	Emporia	\$10 - \$20 Million
Rich Longbine Chevrolet Inc	Emporia	\$10 - \$20 Million
Ewen Motor CO	Erie	\$2.5 - \$5 Million
Downing's Inc	Eureka	\$2.5 - \$5 Million
Team Motors	Fort Scott	\$20 - \$50 Million
Huebner Motors Inc	Frontenac	\$10 - \$20 Million
Molle Baker Automotive	Frontenac	\$10 - \$20 Million
Burtis Motor CO	Garden City	\$20 - \$50 Million
Garden City Auto Plaza Inc	Garden City	\$5 - \$10 Million
Lewis Motors	Garden City	\$10 - \$20 Million
USA Auto Sales & Rentals	Garden City	\$500,000 - \$1 Million
Western Motor	Garden City	\$10 - \$20 Million
Beckman Motors	Garnett	\$5 - \$10 Million
M & M Motors	Girard	\$5 - \$10 Million
P & H Trucking Inc	Goff	\$500,000 - \$1 Million
Ernie Schmidt Ford Sales Inc	Goodland	\$2.5 - \$5 Million
Finley Motors	Goodland	\$5 - \$10 Million
Herl Chevrolet-Buick CO	Goodland	\$5 - \$10 Million
Gagnon Motors	Grainfield	\$1 - \$2.5 Million
Shaw Motor CO	Grainfield	\$2.5 - \$5 Million
Doonan Truck & Equipment Inc	Great Bend	\$10 - \$20 Million
Dove Buick Olds Cadillac Inc	Great Bend	\$10 - \$20 Million
John Elliott Inc	Great Bend	\$5 - \$10 Million
Marmie Ford Inc	Great Bend	\$10 - \$20 Million
Marmie Motors Inc	Great Bend	\$20 - \$50 Million
Dwane Shank Motors Inc	Greensburg	\$2.5 - \$5 Million
Beyer Motor CO	Gridley	\$2.5 - \$5 Million
Hofmeier Chevrolet Olds	Harper	\$2.5 - \$5 Million
Wedman Ford Inc	Harper	\$1 - \$2.5 Million
Haven Ford Sales Inc	Haven	\$5 - \$10 Million
Shep Chevrolet Geo	Haven	\$5 - \$10 Million
Hays Ford Toyota	Hays	\$10 - \$20 Million
James Motor CO	Hays	\$10 - \$20 Million
Kobler Jeep-Eagle	Hays	\$1 - \$2.5 Million
Paul Mac Donald Chevrolet Inc	Hays	\$10 - \$20 Million
Stan Boos Auto Sales	Hiawatha	\$5 - \$10 Million
Irv Schroeder County Motors	Hillsboro	\$5 - \$10 Million
Wright's Chrysler	Hillsboro	\$2.5 - \$5 Million
Manweiler Chevrolet CO	Hoisington	\$2.5 - \$5 Million
Clark Chevrolet-Oldsmobile	Holton	\$5 - \$10 Million
Foster Ford-Mercury	Holton	\$5 - \$10 Million
Don Trentham Ford Inc	Hugoton	\$2.5 - \$5 Million
Riley Chevrolet Buick Inc	Hugoton	\$2.5 - \$5 Million
Conklin Cars Hutchinson	Hutchinson	\$20 - \$50 Million

Hambelton LA Greca Chevrolet	Hutchinson	\$20 - \$50 Million
Jeff O'Neal Ford Lincoln Mrcry	Hutchinson	\$20 - \$50 Million
Laird Noller Of Hutchinson	Hutchinson	\$10 - \$20 Million
Quality Motors	Independence	\$10 - \$20 Million
Quality Toyota	Independence	\$10 - \$20 Million
Romans Motor CO	Independence	\$5 - \$10 Million
Lassman Motors Inc	Iola	\$5 - \$10 Million
Nusser Chevrolet	Jetmore	\$2.5 - \$5 Million
Dick Edwards Auto Plaza	Junction City	\$20 - \$50 Million
Jim Clark Auto Ctr	Junction City	\$20 - \$50 Million
Bob Hoss Dodge Inc	Kansas City	\$10 - \$20 Million
Laird Noller Ford	Kansas City	\$20 - \$50 Million
Roberts Curnow Auto Plz	Kansas City	\$10 - \$20 Million
Jay Wolfe Chevrolet Olds Inc	Kansas City	\$20 - \$50 Million
Jay Wolfe Chrysler Plymouth	Kansas City	\$10 - \$20 Million
Roger Smith & Sons Toyota Inc	Kansas City	\$10 - \$20 Million
Vanlandingham Motors Inc	Kingman	\$2.5 - \$5 Million
M & R Ford Inc	Kinsley	\$1 - \$2.5 Million
Bogner Inc Chevrolet Buick	Kiowa	\$2.5 - \$5 Million
Dechant Motor CO	LA Crosse	\$1 - \$2.5 Million
Henry Marten's Chevrolet-Geo	Lansing	\$5 - \$10 Million
AL Hanken Motors	Larned	\$2.5 - \$5 Million
Dwight Shank Chevrolet Inc	Larned	\$2.5 - \$5 Million
Ralph Baird Motors Inc	Larned	\$2.5 - \$5 Million
Crown Chevrolet-Geo-Oldsmobile	Lawrence	\$5 - \$10 Million
Crown Toyota Inc	Lawrence	\$20 - \$50 Million
Dale Willey Pontiac Parts Dept	Lawrence	\$10 - \$20 Million
Laird Noller Automotive Inc	Lawrence	\$20 - \$50 Million
Laird Noller Motors Inc	Lawrence	\$1 - \$2.5 Million
Dale Martens Nissan Subaru	Lawrence	\$10 - \$20 Million
Ellena Honda	Lawrence	\$5 - \$10 Million
Jim Clark Motors	Lawrence	\$20 - \$50 Million
Kincaid Motors Inc	Leavenworth	\$10 - \$20 Million
Rusty Eck Ford	Leavenworth	\$20 - \$50 Million
Tom Martens Inc	Leavenworth	\$5 - \$10 Million
Western Motor CO	Leoti	\$2.5 - \$5 Million
Whalen Ford Mercury Inc	Leoti	\$1 - \$2.5 Million
Chrysler Corner Inc	Liberal	\$2.5 - \$5 Million
Foss Motor CO	Liberal	\$10 - \$20 Million
Richard Rose Pontiac-Olds-Gmc	Liberal	\$2.5 - \$5 Million
Chrysler Corner Inc	Liberal	\$2.5 - \$5 Million
Foss Motor CO	Liberal	\$10 - \$20 Million
Richard Rose Pontiac-Olds-Gmc	Liberal	\$2.5 - \$5 Million
Stu Emmert's Automotive Ctr	Liberal	\$10 - \$20 Million
Bill Yager Ford-Mercury	Lincoln	\$1 - \$2.5 Million
Chard Motor CO	Lincoln	\$1 - \$2.5 Million
Louisburg Ford Sales Inc	Louisburg	\$2.5 - \$5 Million
Lucas Motor CO Ford Sales	Lucas	\$2.5 - \$5 Million
Yarnell Chevrolet CO	Lucas	\$500,000 - \$1 Million
Rickabaugh Motors	Lyons	\$5 - \$10 Million
Young Motor CO	Lyons	\$2.5 - \$5 Million

Briggs Jeep Eagle	Manhattan	\$20 - \$50 Million
Briggs Pontiac Buick Gmc Truck	Manhattan	\$10 - \$20 Million
Dick Edwards Ford Lincoln	Manhattan	\$20 - \$50 Million
Dick Edwards Hyundai	Manhattan	\$2.5 - \$5 Million
Goetsch-Irvine Motor CO	Manhattan	\$10 - \$20 Million
Jon Murdock's Auto Mall	Manhattan	\$10 - \$20 Million
Little Apple Toyota Honda	Manhattan	\$10 - \$20 Million
Briggs Auto Group	Manhattan	\$20 - \$50 Million
Ed Schram Dodge Sales & Svc	Manhattan	\$2.5 - \$5 Million
Boss Motors Ford Mercury	Marysville	\$2.5 - \$5 Million
Nordhus Motor CO	Marysville	\$5 - \$10 Million
Nordhus Motors	Marysville	\$2.5 - \$5 Million
Pony Express Dodge Inc	Marysville	\$2.5 - \$5 Million
Lacy-Regehr Motors Inc	Mc Pherson	\$20 - \$50 Million
Midway Motors	Mc Pherson	\$10 - \$20 Million
Wallace Chevrolet-Olds Geo Inc	Mc Pherson	\$10 - \$20 Million
DE Lissa Ford Mercury Inc	Meade	\$2.5 - \$5 Million
Mc Pheter Pontiac-Gmc	Meade	\$1 - \$2.5 Million
Bowe Chevrolet-Olds-Buick Inc	Medicine Lodge	\$2.5 - \$5 Million
Superior Toyota Used Cars	Merriam	\$2.5 - \$5 Million
VT Inc	Merriam	\$10 - \$20 Million
Town & Country Chevrolet	Minneapolis	\$2.5 - \$5 Million
Buxman Motors Inc	Newton	\$5 - \$10 Million
Resnik Motors Inc	Newton	\$5 - \$10 Million
City Motors	Norton	\$2.5 - \$5 Million
Scheetz Motor CO	Norton	\$1 - \$2.5 Million
Swart-Park Motors Inc	Oakley	\$2.5 - \$5 Million
Anne Zaricky's Olathe Chrysler	Olathe	\$5 - \$10 Million
Jack Miller Subaru Of Olathe	Olathe	\$2.5 - \$5 Million
Nissan Of Olathe	Olathe	\$1 - \$2.5 Million
Olathe Ford Outlet	Olathe	\$10 - \$20 Million
Olathe Toyota	Olathe	\$20 - \$50 Million
Quality Auto Plaza	Olathe	\$50 - \$100 Million
Robert Brogden Pontiac Buick	Olathe	\$20 - \$50 Million
Saturn	Olathe	\$20 - \$50 Million
Frank Ancona Honda	Olathe	\$20 - \$50 Million
Lincoln Mercury	Olathe	\$10 - \$20 Million
Olathe Ford	Olathe	\$50 - \$100 Million
Sunflower Dodge Inc	Olathe	\$50 - \$100 Million
Holthaus Motors Inc	Osage City	\$10 - \$20 Million
Nordling Motors	Osage City	\$1 - \$2.5 Million
Swank-Standley Motors	Osborne	\$5 - \$10 Million
Creason-Tawney Chevrolet Olds	Ottawa	\$2.5 - \$5 Million
Ottawa Ford Lincoln Mercury	Ottawa	\$5 - \$10 Million
South Star Chrysler Inc	Ottawa	\$1 - \$2.5 Million
Underwood Equipment Inc	Ottawa	\$10 - \$20 Million
Don Stein Buick Isuzu	Overland Park	\$20 - \$50 Million
Superior Acura	Overland Park	\$10 - \$20 Million
Steve Oliver Dodge Inc	Overland Park	\$50 - \$100 Million
Bud Brown Chrysler Plymouth	Overland Park	\$20 - \$50 Million
Paola Auto Ctr	Paola	\$5 - \$10 Million

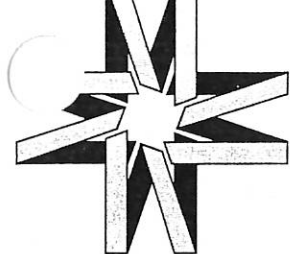
Ron Olson Chevrolet Buick Olds	Paola	\$10 - \$20 Million
Breedlove Automotive Group	Parsons	\$10 - \$20 Million
Larry Allen Motor Car CO	Parsons	\$5 - \$10 Million
Parsons Motors Inc	Parsons	\$5 - \$10 Million
Leonard Ford Motors Inc	Phillipsburg	\$2.5 - \$5 Million
Matteson Motor Inc	Phillipsburg	\$2.5 - \$5 Million
Pittsburg Ford-Mercury-Lincoln	Pittsburg	\$5 - \$10 Million
Cox Motor CO	Pleasanton	\$2.5 - \$5 Million
Lanterman Motors Inc	Pratt	\$5 - \$10 Million
Lesh Motors Inc	Pratt	\$10 - \$20 Million
Pratt Chrysler	Pratt	\$5 - \$10 Million
Unruh Chevrolet & Buick	Quinter	\$2.5 - \$5 Million
Bill Hopper Ford Inc	Russell	\$2.5 - \$5 Million
Aberle Ford Inc	Sabetha	\$2.5 - \$5 Million
Leman Motors	Sabetha	\$2.5 - \$5 Million
Bennett Autoplex	Salina	\$10 - \$20 Million
Bennett-Warta Inc	Salina	Less than \$500,000
Conklin Cars Of Salina	Salina	\$20 - \$50 Million
Conklin Cars Salina	Salina	\$10 - \$20 Million
Long-Mc Arthur	Salina	\$20 - \$50 Million
Marshall Motor CO	Salina	\$10 - \$20 Million
Warta Buick Subaru	Salina	\$10 - \$20 Million
Helmerts Motors Inc	Scott City	\$2.5 - \$5 Million
Henderson Inc	Scott City	\$5 - \$10 Million
Helmerts Motors Inc	Scott City	\$2.5 - \$5 Million
Henderson Inc	Scott City	\$5 - \$10 Million
Gleason Chevrolet	Seneca	\$1 - \$2.5 Million
H & H Motor CO	Seneca	\$1 - \$2.5 Million
Nemaha Valley Motors	Seneca	\$2.5 - \$5 Million
Rick Honeyman Ford & Mercury	Seneca	\$2.5 - \$5 Million
Cowles Motor CO	Sharon Springs	\$1 - \$2.5 Million
Heyl Motor CO	Sharon Springs	\$1 - \$2.5 Million
Baron Bmw	Shawnee Mission	\$20 - \$50 Million
Bierwirth Chrysler-Plymouth	Shawnee Mission	\$20 - \$50 Million
International Auto Sport Inc	Shawnee Mission	\$5 - \$10 Million
Superior Chevrolet-Geo	Shawnee Mission	\$50 - \$100 Million
Superior Toyota	Shawnee Mission	\$20 - \$50 Million
Aristocrat Motor CO	Shawnee Mission	\$20 - \$50 Million
Shawnee Mission Ford Inc	Shawnee Mission	\$50 - \$100 Million
Andy Klein Pontiac Gmc Truck	Shawnee Mission	\$20 - \$50 Million
Bob Sight Lincoln Mercury Inc	Shawnee Mission	\$20 - \$50 Million
Nissan-O'Neill Automotive Plz	Shawnee Mission	\$20 - \$50 Million
O'Neill Automotive Plaza	Shawnee Mission	\$50 - \$100 Million
O'Neill Honda Inc	Shawnee Mission	\$50 - \$100 Million
Bob Allen Ford	Shawnee Mission	\$20 - \$50 Million
Morse Chevrolet Geo	Shawnee Mission	\$20 - \$50 Million
Overland Park Jeep Eagle Inc	Shawnee Mission	\$20 - \$50 Million
Duntz-Olds-Pontiac-Gmc	Smith Center	\$1 - \$2.5 Million
Heartland Motors Inc	Smith Center	\$2.5 - \$5 Million
Wiehl Ford Inc	Smith Center	\$1 - \$2.5 Million
Yost Ford Mercury	St Francis	\$5 - \$10 Million

Waller Motor CO	Stockton	\$1 - \$2.5 Million
Davis Motors Inc	Syracuse	\$1 - \$2.5 Million
Sutton-Kolman Ford Sales	Tonganoxie	\$2.5 - \$5 Million
Figgs Subaru	Topeka	\$5 - \$10 Million
Ed Bozarth Chevrolet Geo	Topeka	\$50 - \$100 Million
Gary Hardy Dodge Mazda	Topeka	\$20 - \$50 Million
John Hoffer Chrysler-Plymouth	Topeka	\$10 - \$20 Million
Laird Noller Ford	Topeka	\$50 - \$100 Million
Noller Lincoln Mercury	Topeka	\$10 - \$20 Million
Sunflower Motors Inc	Topeka	\$5 - \$10 Million
Yarrington Oldsmobile	Topeka	\$10 - \$20 Million
Bill Kobach Buick Gmc Isuzu	Topeka	\$20 - \$50 Million
Dale Sharp Honda Inc	Topeka	\$20 - \$50 Million
Dale Sharp Inc	Topeka	\$10 - \$20 Million
Lewis Toyota Inc	Topeka	\$10 - \$20 Million
Riley Chevrolet-Oldsmobile Inc	Ulysses	\$5 - \$10 Million
Riley Ford-Mercury	Ulysses	\$2.5 - \$5 Million
Harries Motor CO	WA Keeney	\$5 - \$10 Million
Morton Motor CO	Wamego	\$2.5 - \$5 Million
Countryside Motors	Wellington	\$10 - \$20 Million
Koehn Motors	Wellington	\$2.5 - \$5 Million
Lubbers Brothers Ford Mercury	Wichita	\$10 - \$20 Million
Davis Moore Infiniti Store	Wichita	\$2.5 - \$5 Million
Eddy's Toyota	Wichita	\$20 - \$50 Million
Joe Self Chevrolet Geo Bmw	Wichita	\$20 - \$50 Million
Rusty Eck Ford Inc	Wichita	\$50 - \$100 Million
Saturn	Wichita	\$20 - \$50 Million
Scholfield Acura	Wichita	\$50 - \$100 Million
Scholfield Brothers Inc	Wichita	\$20 - \$50 Million
Scholfield Honda	Wichita	\$20 - \$50 Million
Scholfield Lexus	Wichita	\$50 - \$100 Million
Steven Buick Inc	Wichita	\$20 - \$50 Million
Steven Chrysler-Plymouth Inc	Wichita	\$10 - \$20 Million
Steven Mitsubishi	Wichita	\$10 - \$20 Million
Steven Motors	Wichita	\$5 - \$10 Million
Stevens Fleet CO	Wichita	\$10 - \$20 Million
Wait Jim	Wichita	\$1 - \$2.5 Million
Donovan Pontiac-Cadillac-Vw	Wichita	\$20 - \$50 Million
Gorges & CO	Wichita	\$20 - \$50 Million
B G Distributors Of Kansas Inc	Wichita	\$1 - \$2.5 Million
Saturn	Wichita	\$5 - \$10 Million
Scholfield Honda Parts & Svc	Wichita	\$500,000 - \$1 Million
Bulger Cadillac Oldsmobile	Wichita	\$10 - \$20 Million
Hoffmeyer Chevrolet	Wichita	Less than \$500,000
Quality Chevrolet	Wichita	\$20 - \$50 Million
Auto Outlet	Wichita	\$500,000 - \$1 Million
Don Schmid Dodge	Wichita	\$10 - \$20 Million
Davis-Moore Jeep Eagle	Wichita	\$2.5 - \$5 Million
Davis-Moore Mazda	Wichita	\$20 - \$50 Million
Davis-Moore Nissan	Wichita	\$10 - \$20 Million
Don Hattan Chevrolet-Geo	Wichita	\$20 - \$50 Million

Mel Hambelton Ford Inc
Kline Motors
Merle Snider Motors Inc
Winfield Motor CO

Wichita
Winfield
Winfield
Winfield

\$50 - \$100 Million
\$5 - \$10 Million
\$10 - \$20 Million
Less than \$500,000



THE CITY OF MERRIAM

9000 West 62nd Terrace
Merriam, Kansas 66202-2815

FAX (913) 722-0238
Email Address - cityofmerriam@merriam.org
Internet Address - <http://www.merriam.org/>

House Committee on Taxation
Testimony Opposing HB 2160 – Automobile Sales Tax Situs

March 17, 1999

Mr. Chairman, members of the Committee, I am Eric Wade, City Administrator of the City of Merriam. I appreciate this opportunity to testify in opposition to HB 2160. The issues addressed in this bill are not new to this committee. This bill is very similar to bills introduced, considered, and wisely rejected in past legislative sessions.

On a variety occasions, the Kansas Motor Car Dealers Association have asked this committee to pass similar legislation, which they perceive would be of favorable consequence to some of their members. This bill however would be of significant negative consequence to many of the cities and counties who have worked aggressively and cooperatively with car dealers to create a favorable business climate in which to host many car dealerships.

Essentially HB 2160 would exempt local car dealers from the responsibility of collecting county and city sales tax. This would *represent a* tremendous loss of dollars for many municipalities and counties. (Attached is a list of some of the cities in Kansas with dealerships that stand to lose if this legislation is passed.) The same communities who, while faced with a significant loss of revenue, would still be expected to provide safe and well maintained roads, storm drainage, police and fire protection, and a variety of other costly services to car dealerships. These are the

Administrative Offices
722-7700

Police Department
722-7760

Public Works Department
722-7770

Community Development
722-7720

Municipal Court
722-7740

Fire Department
722-7730

Community Center
722-7750

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very services we now fund with our sales tax revenues.

The provisions of HB 2160 would instead award local sales tax revenue to the local jurisdiction of the purchaser of the vehicle. This change of situs regarding local sales tax revenue would represent a dramatic shift in tax policy. Local municipalities with a limited business climate might soon rush to enact their own local sales tax to cash in on this new source of local revenue.

The City of Merriam would suffer significant harm from the implementation of this bill. Our city is the home of four large car dealerships. Revenue generated from our local sales tax (1%), on automobile sales constitutes close to 25% of our city's total sales tax revenue. The loss of this revenue could result in a significant disruption of city services. This possible loss of revenue would come at a particularly difficult time for all cities who are attempting to deal with keeping their mill levies low. As you well know, cities are severely limited in their ability to generate new revenue to replace lost sales tax revenue. For Merriam, we estimate that this legislation if passed would result in a loss of close to \$1,000,000 annually or the equivalent of approximately 10 mills. I don't know how things are in your communities back home, but I would not want to be talking about a 10 mill increase in Merriam.

Additionally, HB 2160 would create another burden upon the purchaser of an automobile. If this bill is enacted, the purchaser would be required to pay a portion of his/her sales tax to the county treasurer at the time of registration. Currently, most car purchasers will include the State and local sales tax in the amount of the loan, thus simplifying the purchase process for the

consumer. This bill would require the purchaser to come up with the extra cash to pay the sales tax in one lump sum, in cash, at the time of registration. For individuals of moderate and limited income, this would represent a significant hardship in addition to the dollars that they must come up with to pay their personal property tax, license, and insurance.

Looking further down the line, HB 2160 is simply bad tax policy. Where shall we draw the line in determining future situs questions? Should we next consider other large ticket items such as washing machines, refrigerators, computers, etc., which also represent large expenditures of money? I believe that this bill truly represents a special interest bill. The primary proponents of this legislation, The Kansas Motor Car Dealers Association, support it for one primary reason: the desire to assist individual car dealers in conveying the illusion to the purchaser that they are getting "a better deal."

Last, I'd like to point out that the Committee received a Fiscal Note on this legislation from the State's Budget Director. This fiscal impact for the state is shown to be \$ 168,710 for computer programming. I would like to suggest that this committee request a fiscal impact study of all counties and cities across the state to see how dramatically this would impact them. As noted earlier, this change from paying sales tax where automobiles are purchased to a registration tax will cost my city over a million dollars a year.

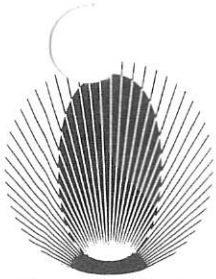
Thank you for your time and consideration. I sincerely encourage you to vote against this bill.

Eric Wade
City Administrator
9000 W. 62nd Terrace
Merriam, Kansas 66202
(913) 722-3330
email: ericw@merriam.org

NEW CAR DEALERSHIPS

<u>CITY</u>	<u>CITY</u>	<u>CITY</u>
Abilene	Independence	Sabetha
Arkansas City	Iola	Salina
Ashland	Jetmore	Scott City
Atchison	Junction City	Seneca
Atwood	Kansas City	Sharon Springs
Augusta	Kingman	Shawnee
Belleville	Kinsley	Smith Center
Beloit	Kiowa	St Francis
Bonner Springs	LA Crosse	Stockton
Burlington	Lansing	Syracuse
Chanute	Larned	Tonganoxie
Cheney	Lawrence	Topeka
Clay Center	Leavenworth	Ulysses
Clyde	Leoti	Wakeeney
Coffeyville	Liberal	Wamego
Colby	Lincoln	Wellington
Coldwater	Lincoln	Wichita
Columbus	Louisburg	Winfield
Concordia	Lucas	
Council Grove	Lucas	
Dodge City	Lyons	
Downs	Manhattan	
El Dorado	Marysville	
Elkhart	Marysville	
Ellsworth	Mc Pherson	
Emporia	Meade	
Erie	Medicine Lodge	
Eureka	Merriam	
Fort Scott	Mission	
Frontenac	Minneapolis	
Garden City	Newton	
Garnett	Norton	
Girard	Oakley	
Goff	Olathe	
Goodland	Osage City	
Grainfield	Osborne	
Great Bend	Ottawa	
Greensburg	Overland Park	
Gridley	Paola	
Harper	Parsons	
Haven	Phillipsburg	
Hays	Pittsburg	
Hiawatha	Pleasanton	
Hillsboro	Pratt	
Hoisington	Quinter	
Holton	Russell	
Hugoton		
Hutchinson		

Source: Dun & Bradstreet



City of Olathe

MEMORANDUM

TO: Members of the House Taxation Committee
FROM: Donald R. Seifert, Management Services Director *DRS*
SUBJECT: **HB 2160** – Sales Tax; Situs of Motor Vehicles
DATE: March 17, 1999

On behalf of the city of Olathe, thank you for the opportunity to submit written testimony in opposition to **HB 2160**. This bill would have the effect of changing the collection of local sales tax on motor vehicles from the point of sale to the point of registration. The Olathe governing body has a longstanding policy position in opposition to this type of legislation. The city's opposition to this bill is both philosophical and practical.

Philosophically, taxation at the point of sale has always been a fundamental principle of the retailers sales tax. We are aware of no reason why the sale of motor vehicles should now be treated differently. Local sales taxes help cities provide basic services to local retailers and their customers, no matter where they live.

On the practical side, the city is greatly concerned about the potential revenue loss from this bill. Auto sales are a very important part of our retail base, accounting for nearly one-third of total retail sales in 1998. Local sales taxes contribute more than \$21 million, or 55% of the city's general fund revenue. Since a majority of Olathe new car sales are made to non-Olathe residents, we anticipate a significant revenue loss if this bill becomes law. The city recognizes that some of these sales are made to Missouri consumers, and that **HB 2160** would recapture some sales tax from Olathe residents who purchase their cars elsewhere. However, on balance, we believe the fiscal impact of this bill would be extremely negative. This bill would redistribute revenue from cities with auto dealerships to those without.

Olathe has long been an attractive location for automobile dealers. The city has consciously zoned land for dealerships and invested millions of dollars in public improvements, particularly roads and interchanges, to maintain this position. Providing services to auto dealers and all retailers costs money. Loss of sales tax revenue would have to be made up elsewhere through cuts in service or increases in other taxes.

The city urges the committee not to pass this bill, and preserve the resources needed to operate local government.

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Attachment 6

Linn Community Nursing Home

Linn, Kansas 66953

Telephone 785-348-5551

TESTIMONY IN SUPPORT OF SENATE BILL 124

To: Representative David Adkins, Chair, and Members,
House Taxation Committee
From: Sonia DeRusseau, Administrator, Linn Community Nursing Home
Date: Wednesday, March 17, 1999

Thank You, Mr. Chairman, and Members of the Committee, for this opportunity to offer support for Senate Bill 124. I am Sonia DeRusseau, administrator of Linn Community Nursing Home in Linn, Kansas. We are a not-for-profit organization founded in 1971, owned by the City of Linn, and supported by several churches and community organizations. We are dedicated to meeting the needs of the elderly in our area. We have 77 nursing facility beds and 8 small apartments. We believe that having onsite childcare should not threaten our facility's property tax exempt status.

Linn Community Nursing Home provides high quality of care for our residents. Over the years our nursing home has received a number of awards and zero deficiency surveys. Consistent staffing is the foundation of high quality care. Unfortunately, Linn is like a lot of good nursing homes, in that we have a significant problem with retaining staff. To help address this problem and maintain good resident care, we recently converted one of our apartments into a small childcare center licensed to care for twelve children. We believed that having a nurturing environment on-site for our staff to leave their children while they work would decrease turnover and also improve the quality of life for our residents.

Onsite childcare supports our mission of providing high quality care and life for our residents. It helps us achieve the original purpose for which we were given our property tax exemption. Because this is not how it is seen by our county appraiser, we are in jeopardy of losing our tax exemption.

Senate Bill 124 will make it clear that onsite childcare does not contradict our tax exempt status. I respectfully ask that you pass this bill. Thank you.

I would be pleased to answer questions.

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Testimony of Bob Vancrum, Government Affairs Specialist

House Taxation Committee

March 17, 1999

Chairman Adkins and members of the Committee:

I am here on behalf of the Kansas Association of Homes and Services for the Aging (KAHSA), which represents 160 not-for-profit nursing homes and retirement communities throughout the state. In particular, I am representing one of KAHSA's members, Lakeview Village, Inc. of Lenexa, Kansas.

We support Senate Bill 124 because we believe it will make it clear that merely operating a daycare center for children on the campus for a not-for-profit adult care home or housing for the elderly does not jeopardize the property tax exempt status of the organization. We believe onsite daycare provides another opportunity to serve our employees' needs and assist us with recruitment and retention of quality employees, which translates into better care for residents.

We are also here to ask for an additional amendment for clarification of existing statute.

Recent decisions of the Board of Tax Appeals (BOTA) that were reversed by the District Court, but reinstated by the Court of Appeals, could have a devastating impact on Lakeview Village, and set a terrible precedent for other not-for-profit retirement homes in Kansas. In the Court of Appeals decision, the Court stated,

K.S.A. 79-201b does not define the term "lowest feasible cost" nor has this Court conclusively interpreted its meaning. Case law indicates that the phrase is to be interpreted in accordance with revenue ruling 72-124. See Presbyterian Manor, 16 Kansas Appeals 2d 710. **There is nothing in the statute however that limits BOTA or this Court to consider only the criteria outlined in that ruling.**

The Court of Appeals decision opens the door for BOTA to consider a wide array of undefined factors outside the criteria considered over the past 20 years, as they did in this case. The thought of BOTA with a carte blanche right to consider factors outside the statutory language is very disturbing. Therefore, we are asking that an amendment be inserted into the statute to clarify the law.

The intent of the Legislature was clearly expressed in 1977, on the floor of the Senate, by Senator John Simpson, Chair of the Senate Assessment and Taxation Committee. He stated,

It is the understanding of the Senate Committee on Assessment and Taxation that the phrase "lowest feasible cost" in House Bill 2292 was drawn from a similar phrase in Internal Revenue Service Ruling 72-124 and, it is the intent of the Committee, as reflected in it's minutes for the meeting of March 31, 1977, that such term be interpreted as the term is used and defined in Internal Revenue Service Ruling 72-124.

Attached is a copy of Senator Simpson's 1977 Senate Journal entry and Internal Revenue Service Ruling 72-124 to which he was referring.

Lakeview Village and other not-for-profit retirement communities provide a valuable public service by relieving the burden on government and by providing housing for the elderly and other health and social support services. Were it not for these facilities, government would have to be involved in the financing and provision of services to an increasing number of older persons.

We respectfully ask for the Committee's adoption of this amendment of clarification. I will be happy to stand for questions.

Mulich, Norvell, Parrish, Pomeroy, Rehorn, Reilly, Rogers, Simpson, Smith, Sowers, Steineger, Talkington, Vermillion, Warren, Winter.

The bill passed, as amended.

HB 2209, An act concerning community junior colleges; definition of credit hour; credit hour state aid; amending K. S. A. 1976 Supp. 71-601 and 71-602, and repealing the existing sections, was considered for final action.

On roll call, the vote was: Yeas 31, nays 9; present and passing 0; absent or not voting 0.

Yeas: Allegrucci, Angell, Berman, Burke, Chandler, Chaney, Feleciano, Francisco, Gaar, Gaines, Gannon, Hayden, Hein, Janssen, Johnston, Kerr, McCray, Meyers, Morris, Mulich, Norvell, Pomeroy, Rehorn, Reilly, Rogers, Simpson, Smith, Steineger, Talkington, Vermillion, Warren.

Nays: Arasmith, Crofoot, Doyen, Everett, Harder, Hess, Parrish, Sowers, Winter.

The bill passed, as amended.

HB 2292, An act concerning certain property exempt from ad valorem taxation; amending K. S. A. 1976 Supp. 79-201b and repealing the existing section, was considered for final action.

On roll call, the vote was: Yeas 37, nays 3; present and passing 0; absent or not voting 0.

Yeas: Allegrucci, Angell, Arasmith, Berman, Burke, Chandler, Crofoot, Doyen, Everett, Feleciano, Gaar, Gaines, Gannon, Harder, Hayden, Hein, Hess, Johnston, Kerr, McCray, Meyers, Morris, Mulich, Norvell, Parrish, Pomeroy, Rehorn, Reilly, Rogers, Simpson, Smith, Sowers, Steineger, Talkington, Vermillion, Warren, Winter.

Nays: Chaney, Francisco, Janssen.

The bill passed.

EXPLANATION OF VOTE

MR. PRESIDENT: I desire to explain my vote on **HB 2292**. It is the understanding of the Senate Committee on Assessment and Taxation that the phrase "lowest feasible cost" in **HB 2292** was drawn from a similar phrase in Internal Revenue Service Ruling 72-124, and it is the intent of the committee, as reflected in its minutes for the meeting of March 31, 1977, that such term be interpreted as the term is used and defined in Internal Revenue Service Ruling 72-124.—**JOHN M. SIMPSON**.

HB 2320, An act authorizing the board of education of unified school district No. 512, Johnson county, Kansas, to close certain attendance facilities; certain conditions, was considered for final action.

On roll call, the vote was: Yeas 39, nays 1; present and passing 0; absent or not voting 0.

Yeas: Allegrucci, Arasmith, Berman, Burke, Chandler, Chaney, Crofoot, Doyen, Everett, Feleciano, Francisco, Gaar, Gaines, Gannon, Harder, Hayden, Hein, Hess, Janssen, Johnston, Kerr, McCray, Meyers, Morris, Mulich, Norvell, Parrish, Pomeroy, Rehorn, Reilly, Rogers, Simpson, Smith, Sowers, Steineger, Talkington, Vermillion, Warren, Winter.

Nays: Angell.

The bill passed, as amended.

Sub. **HB 2325**, An act concerning professional negotiation over terms and conditions of professional service in school districts, area vocational-technical schools and community junior colleges; amending K. S. A. 72-5415, 72-5417 to 72-5420, inclusive, and 72-5423 and K. S. A. 1976 Supp. 72-5413, and repealing the existing sections, was considered for final action.

On roll call, the vote was: Yeas 31, nays 7; present and passing 2; absent or not voting 0.

Yeas: Allegrucci, Berman, Burke, Chandler, Chaney, Everett, Feleciano, Francisco, Gaar, Gaines, Gannon, Hayden, Hein, Hess, Janssen, Johnston, McCray, Meyers, Morris, Mulich, Norvell, Parrish, Pomeroy, Rehorn, Reilly,

Rogers, Simpson, Smith, Steineger, Vermillion, Warren.

Nays: Angell, Arasmith, Doyen, Harder, Kerr, Talkington, Winter.

Present and passing: Crofoot, Sowers.

The bill passed, as amended.

HB 2643, An act relating to the taxation of legacies, successions and estates; amending K. S. A. 79-1501 and repealing the existing section, was considered for final action.

On roll call, the vote was: Yeas 39, nays 1; present and passing 0; absent or not voting 0.

Yeas: Allegrucci, Angell, Arasmith, Berman, Burke, Chandler, Chaney, Crofoot, Doyen, Feleciano, Francisco, Gaar, Gaines, Gannon, Harder, Hayden, Hein, Hess, Janssen, Johnston, Kerr, McCray, Meyers, Morris, Mulich, Norvell, Parrish, Pomeroy, Rehorn, Reilly, Rogers, Simpson, Smith, Sowers, Steineger, Talkington, Vermillion, Warren, Winter.

Nays: Everett.

The bill passed.

HCR 5027, A concurrent resolution requesting cooperation between owners or occupants of lands in this state, persons hunting and fishing upon such lands and the forestry, fish and game commission relating to the use of lands by the public for hunting and fishing purposes, was considered for final action.

On roll call, the vote was: Yeas 39, nays 1; present and passing 0; absent or not voting 0.

Yeas: Allegrucci, Angell, Arasmith, Berman, Burke, Chandler, Crofoot, Doyen, Everett, Feleciano, Francisco, Gaar, Gaines, Gannon, Harder, Hayden, Hein, Hess, Janssen, Johnston, Kerr, McCray, Meyers, Morris, Mulich, Norvell, Parrish, Pomeroy, Rehorn, Reilly, Rogers, Simpson, Smith, Sowers, Steineger, Talkington, Vermillion, Warren, Winter.

Nays: Chaney.

The resolution was adopted as amended.

ORIGINAL MOTION

On motion of Senator Gaar the Senate proceeded to reconsider **SB 156**.

The Governor's objections to **SB 156** having been read, the question was, Shall the bill pass notwithstanding the Governor's veto?

On roll call, the vote was: Yeas 18, nays 22; present and passing 0; absent or not voting 0.

Yeas: Allegrucci, Berman, Chaney, Feleciano, Gaar, Gaines, Hein, Hess, Janssen, Johnston, McCray, Mulich, Norvell, Parrish, Rogers, Simpson, Smith, Winter.

Nays: Angell, Arasmith, Burke, Chandler, Crofoot, Doyen, Everett, Francisco, Gannon, Harder, Hayden, Kerr, Meyers, Morris, Pomeroy, Rehorn, Reilly, Sowers, Steineger, Talkington, Vermillion, Warren.

A two-thirds majority of the members elected to the Senate having failed to vote in favor of the passage of the bill over the Governor's veto, the veto was sustained and the bill did not pass.

EXPLANATION OF VOTE

MR. PRESIDENT: I vote to override the Governor's veto of **SB 156**. There is still time to consider a death penalty bill this session, but the effect of this veto will be to reduce the minimum sentence for persons convicted of heinous murders from 25 years to 15 years.—**RONALD R. HEIN**.

On motion of Senator Gaar the Senate proceeded to reconsider **SB 174**.

The Governor's objections to **SB 174** having been read, the question was, Shall the bill pass notwithstanding the Governor's veto?

On roll call, the vote was: Yeas 24, nays 16; present and passing 0; absent or not voting 0.

Yeas: Allegrucci, Berman, Chaney, Feleciano, Francisco, Gaar, Gannon, Hayden, Hein, Janssen, Johnston, Kerr, McCray, Mulich, Parrish, Pomeroy, Rehorn, Rogers, Simpson, Smith, Steineger.

**Revenue Ruling 72-124,
1972-1 CB 145**

Section 501.--Exemption From Tax on Corporations, Certain Trusts, etc.

26 CFR 1.501(C)(3)-I: Organizations organized and operated for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals. Requirements that "homes for the aged" must meet to qualify for exemption under section 501(c)(3) of the Code are explained; Revenue Ruling 57-467 superseded.

Advice has been requested whether an organization that otherwise qualifies for exemption from Federal income tax under section 501 (c)(3) of the Internal Revenue Code of 1954 is operated for charitable purposes by reason of the activities described below.

The organization was formed under the sponsorship of leaders of a church congregation in a particular community for the purpose of establishing and operating a home for the aged. Its board of trustees is composed of leaders of the congregation, as well as other civic leaders in the community. It provides housing, limited nursing care, and other services and facilities needed to enable its elderly residents to live safe, useful, and independent lives. Admission to the home is generally limited to persons who are at least 65 years of age.

The organization is self-supporting in that its operating funds are derived principally from fees charged for residence in the home. An entrance fee is charged upon admission, with monthly fees charged thereafter for the life of each resident. Fees vary according to the size of the accommodations furnished.

Because of the necessity of retiring its indebtedness, the organization ordinarily admits only those who are able to pay its established rates. However, once persons are admitted to the home, the organization is committed by established policy to maintaining them as residents, even if they subsequently become unable to pay its monthly charges. It does this by maintaining such individuals out of its own reserves to the extent available, by seeking whatever support is available under local and Federal welfare programs, by soliciting members of the church congregation and the general public, or by some combination of these means.

The organization's receipts are used exclusively in furtherance of its stated purposes. Its charges are set at an amount sufficient to amortize indebtedness, maintain reserves adequate to provide for the life care of its residents, and set aside enough for a limited amount of expansion sufficient to meet the community's needs. Net earnings are thus generally used to improve the care provided, retire indebtedness, subsidize any resident unable to continue making his monthly payments, or expand the facilities of the home where the needs of the community warrant such expansion, No part of the organization's net earnings inures, directly or indirectly, to the benefit of any private shareholder or individual, All employees receive no more than reasonable compensation for services rendered.

Section 501(c)(3) of the Code provides for exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-I(d)(2) of the Income Tax Regulations states that the term "charitable" is used in section 501 (c)(3) of the Code in its generally accepted legal sense, Such term includes the relief of the poor and distressed or of the underprivileged.

Providing for the special needs of the aged has long been recognized as a charitable purpose for Federal tax purposes where the requisite elements of relief of distress and community benefit have been found to be present.

Of principal importance are three rulings in which the Internal Revenue Service has given consideration to the tax exempt status of homes for the aged as charitable organizations described in section 501(c)(3) of the Code: Revenue Ruling 57-467, C. B. 1957-2, 313; Revenue Ruling 61-72, C. B. 1961-1, 188; and Revenue Ruling 64-23 1, C.B. 1964-2, 139.

Revenue Ruling 57-467 holds that a home for aged people that does not accept charity guests and that requires the discharge of guests who fail to make certain required monthly payments is not organized and operated exclusively for charitable purposes and is, therefore, not entitled to exemption from Federal income tax under section 501(c)(3) of the Code,

Revenue Ruling 61-72 holds that, if otherwise qualified, a home for the aged is exempt under section 501(c)(3) of the Code if , "(1) the organization is dedicated to providing, and in fact furnishes, care and housing to aged individuals who would otherwise be unable to provide for themselves without hardship, (2) such services are rendered to all or a reasonable proportion of its residents at substantially below the actual cost thereof, to the extent of the organization's financial ability, and (3) the services are of the type which minister to the needs and the relief of hardship or distress of aged individuals." Revenue Ruling 64-231 holds that an entrance fee paid in addition to a required lump sum life-care payment as a prerequisite to obtaining direct personal services and residence in a home for the aged must be included along with the required lump sum life-care payment to the home in determining whether the home meets the "below cost" requirement of Revenue Ruling 61-72.

Under the Revenue Rulings referred to above, exemption from Federal income tax under section 501(c)(3) of the Code is conditioned, in effect, upon whether an organization relieves the financial distress of aged persons by providing care and housing for them on a gratuitous, or below cost, basis.

However, it is now generally recognized that the aged, apart from considerations of financial distress alone, are also, as a class, highly susceptible to other forms of distress in the sense that they have special needs because of their advanced years. For example, it is recognized in the Congressional declaration of objectives, older Americans Act of 1965, Public Law 89-73, 89th Congress, 42 U.S.C. 3001, that such needs include suitable housing, physical and mental health care, civic, cultural, and recreational activities, and an overall environment conducive to dignity

special needs contributes to the prevention and elimination of the causes of the unique forms of "distress" to which the aged,, as a class, are highly susceptible and may in the proper context constitute charitable purposes or functions even though direct financial assistance in the sense of relief of poverty may not be involved.

Thus, an organization, otherwise qualified for charitable status under section 501(c)(3) of the Code, which devotes its resources to the operation of a home for the aged will qualify for charitable status for purposes of Federal tax law if it operates in a manner designed to satisfy the three primary needs of aged persons, These are the need for housing, the need for health care, and the need for financial security.

The need for housing will generally be satisfied if the organization provides residential facilities that are specifically designed to meet some combination of the physical, emotional, recreational, social, religious, and similar needs of aged persons.

The need for health care will generally be satisfied if the organization either directly provides some form of health care, or in the alternative, maintains some continuing arrangement with other organizations, facilities, or health personnel, designed to maintain the physical, and if necessary, mental well-being of its residents.

The need for financial security, i.e., the aged person's need for protection against the financial risks associated with later years of life, will generally be satisfied if two conditions exist. First, the organization must be committed to an established policy, whether written or in actual practice, of maintaining in residence any persons who become unable to pay their regular charges. This may be done by utilizing the organizations own reserves, seeking funds from local and Federal welfare units, soliciting funds from its sponsoring organization, its members, or the general public, or by some combination thereof. However, an organization that is required by reason of Federal or state conditions imposed with respect to the terms of its financing agreements to devote its facilities to housing only aged persons of low or moderate income not exceeding specified levels and to recover operating costs from such residents may satisfy this condition even though it may not be committed to continue care of individuals who are no longer able to pay the established rates for residency because of a change in their financial circumstances. See, for example, section 236 of the National Housing Act, P,L. 90-448, 82 Stat. 476, 498 (12 U.S.C. 1715 z-1).

As to the second condition respecting the provision of financial security, the organization must operate so as to provide its services to the aged at the lowest feasible cost, taking into consideration such expenses as the payment of indebtedness, maintenance of adequate reserves sufficient to insure the life care of each resident, and reserves for physical expansion commensurate with the needs of the community and the existing resources of the organization. In case of doubt as to whether the organization is operating at the lowest feasible cost, the fact that an organization makes some part of its facilities available at rates below its customary charges for such facilities to persons of more limited means than its regular residents will constitute additional evidence that the organization is attempting to satisfy the need for financial security, provided the organization fulfills the first condition regarding the provision of financial

security. The amount of any entrance life care, founders, or monthly fee charged is not, per se, determinative of whether an organization is operating at the lowest feasible cost, but must be considered in relation to all items of expense, including indebtedness and reserves,

The organization described in the instant case is relieving the distress of aged persons by providing for the primary needs of such individuals for housing, health care, and financial security in conformity with the criteria specified above. Accordingly, it is held that the organization is exempt from Federal income tax under section 501(c)(3) of the Code as an organization organized and operated exclusively for charitable purposes.

Revenue Ruling 57-467 is hereby superseded. Revenue Rulings 61-72 and 64-231 provide alternative criteria for charitable qualification of homes for the aged which are primarily concerned with providing care and housing for financially distressed aged persons. To the extent that a home for the aged can satisfy those criteria, those Revenue Rulings continue to remain in effect. However, Revenue Rulings 61-72 and 64-231 do not constitute the exclusive criteria for exemption from Federal income tax under section 501(c)(3) of the Code and any organization which meets the criteria set forth in this Revenue Ruling may also qualify for exemption under section 501(c)(3),

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Exemption Application, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organization. See section 1.501 (a)-1 of the Income Tax Regulations.