

Approved: Feb. 10, 2000
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Vice-Chairman Clay Aurand at 9:00 a.m. on February 1, 2000, in Room 519-S of the Capitol.

All members were present except: Rep. Wagle - excused
Rep. Wilk - excused
Rep. Findley - excused
Rep. Howell - excused
Rep. Edmonds - excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann Deitcher, Committee Secretary
Edith Beaty, Taxation Secretary

Conferees appearing before the committee: Tom Bruno, representing the Kansas Golf Course
Owners Association
Representative Myers
Representative McCreary

The Vice-Chair recognized Tom Bruno, representing the Kansas Golf Course Owners Association who offered a resolution that would amend the Constitution. This would change the assessment rates on for profit golf courses. At this time, for profit courses are assessed at 30%. Not for profit courses are assessed at 12%. He asked introduction and that informational meetings only be held this year.

It was moved by Representative Gatewood and seconded by Representative Vickery to present this as a Committee bill. The motion carried on a voice vote.

HB 2199 - Sales tax refund authorized on certain isolated sales of motor vehicles.

Speaking in support of **HB 2199** was Representative Don Myers. (Attachment 1). He said he felt this was a tax fairness issue not a tax deduction issue. He explained how people are paying sales tax twice on the same car.

Representative Bill McCreary spoke to the Committee as a proponent of **HB 2199**. (Attachment 2). He told of his own experiences in regard to the paying of sales tax twice on the same vehicle.

Representative Patricia Lightner appeared before the Committee speaking in favor of **HB 2199** and offered written testimony of a constituent who had a similar experience when buying and selling cars. (Attachment 3). Representative Lightner said that she felt the current law strongly favors dealerships.

Representative Johnston asked to introduce a bill that would deal with the publishing of delinquent tax payer lists. He said that under current law, county treasurers have to print this list three times in a paper of record. In some counties this could cover the whole county but in a larger county it would be too expensive to cover all. Representative Johnston's bill would allow for the publishing of the bill just once by putting it on a website for a period of three weeks and then publishing this website in the newspaper.

It was moved by Representative Johnston and seconded by Representative Gregory that this bill be introduced.. The motion carried by a voice vote.

The meeting was adjourned at 9:35 a.m. The next meeting is scheduled for Wednesday, February 2, 2000.



DON MYERS

REPRESENTATIVE, 82ND DISTRICT
613 Briarwood
Derby, Kansas 67037

KANSAS HOUSE OF REPRESENTATIVES

CAPITOL LINES

Testimony - HB 2199

House Taxation Committee

February 1, 2000

Present statutes direct that sales tax will be paid only on the difference between the value of the trade-in and the replacement vehicle in the case where the consumer trades their vehicle through a licensed dealer.

Present Kansas statutes do not allow for a sales tax refund to Kansas consumers in a motor vehicle transaction if the consumer chooses to sell their own vehicle and then purchase a replacement without a trade-in.

The result is that if you, the consumer, want to sell your car to Uncle John before buying another, then you will be penalized, because you will effectively be paying sales tax on the value of the car you sold to Uncle John.

This HB 2199 will allow the consumer to apply for a refund for the amount of sales tax unjustifiably taken from them when they chose to individually sell the car.

Example:

Car A = replaced vehicle (used car) valued at \$8,000
Car B = replacement vehicle (new car) valued at \$20,000

Present Statute:

To calculate sales tax on transaction through dealer:

Car B (\$20,000) - Car A (\$8,000) X sales tax at 5.9% = \$708

To calculate sales tax on transaction if you sell your own vehicle first:

Car B (\$20,000) X 5.9% = \$1,180

The net result is that should you wish to sell your car to Uncle John, it will cost you \$472 more in sales tax. Doesn't seem fair, does it?

Proposed Statute:

When HB 2199 becomes law, if a person chooses to sell their car to another individual, the person selling the car may apply to the Director of Revenue for a refund of the excess sales tax paid. The sale must have taken place 30 days prior to or subsequent to the purchase of the replacement vehicle.

Thank you for your consideration.

For More Information

Topeka	913-296-7696
Toll free	1-800-432-3924
Derby	316-788-0014

House Taxation
Date 2/1/00
Attachment # 1

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

BILL MCCREARY

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FINANCIAL INSTITUTIONS
BUDGET COMMITTEE FOR GENERAL
GOVERNMENT AND HUMAN RESOURCES

Madam Chair & Members of the Committee

My testimony on HB 2199 relates to my personal experience.

In November 1996, I bought a new 1997 Saturn. I had a 1986 Buick to trade-in, but the dealer would only offer me \$500. Finally I talked him up to \$1,000, but I was convinced that the car was worth more, so I bought the Saturn with no trade-in. Therefore, I paid sales tax on the full purchase price of the car.

About 2 weeks later, I sold the '86 Buick for \$1500 to an individual. Of course, I did not receive a credit for the sales tax which was paid for the first \$1500 of the price of the new car.

This bill would allow that tax refund provided the car was sold within 30 days of the purchase date of the new car.

I support HB 2199 on the basis of fairness in regard to the payment of sales tax and the opportunity for some citizens to realize more money out of their old car than a dealer may be willing to give.

House Taxation
Date 2/1/00
Attachment # 2

STATE OF KANSAS

PATRICIA LIGHTNER
REPRESENTATIVE, 29TH DISTRICT
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House Taxation Committee

Testimony on HB 2199

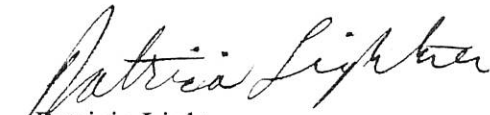
February 1, 2000

I am present to lend my support to HB 2199, which is before you today.

The present inequity in our state tax that exists when one sells their vehicle themselves versus in trading in their vehicle to a dealership needs to be corrected. The current situation does not provide a level playing field for the person who wishes to sell their vehicle themselves.

I have attached the testimony of a constituent of mine, named Lyle Winfrey, who testified before you last year on this matter. His story exemplifies how the current tax law works against the single person selling their vehicle.

Thank you for your time and attention.


Patricia Lightner

House Taxation
Date 2/1/00
Attachment # 3

February 11, 1999

Testimony for
Repeal of Double-Tax on Car Sales
HB 2199

Members of the Committee:

Thank you for the opportunity to speak to you on behalf of my State Representative and District 29.

When Representative Lightner was campaigning for her present position, I asked her to bring this matter before the legislature and to my delight she has followed through on her campaign promise to correct what I strongly believe is an unfair situation.

Presently, if someone buys a car from a dealership and trades in their present vehicle, they only pay sales tax on the amount minus the trade-in value. However, if you purchase a car from the dealership and sell your car yourself, you do not receive credit on the sale of your used vehicle.

This is not fair. Whether you trade your car to a dealer or sell it to an individual, you should receive credit for the sale of your vehicle. Otherwise, you are being overtaxed for exercising your option of selling the car directly. This creates unfair bargaining power for the dealerships and punishes those who choose to sell their car themselves.

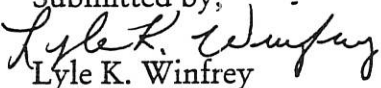
This happened to myself when I purchased a car from a dealership, and sold my old car. I paid sales tax on the full purchase price when I registered the vehicle but was not allowed any reduction in sales tax for the car I sold. If I had traded in my car to the dealer, I would have only been charged tax on the purchase price minus the trade-in value of my used car.

For example, if you buy a \$10,000 car from a dealership and trade in a car for \$1000, you pay sales tax on \$9000. But, if you buy that same \$10,000 car and sell your car outright for \$1000, you pay tax on \$10,000.

This is an unfair practice which will be fairly rectified with the passage of House Bill 2199.

Thank you for allowing me this opportunity to address this issue. I welcome any questions you have for me.

Submitted by,


Lyle K. Winfrey

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