

Approved: 3/31/00
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson Wagle at 9:00 a.m. on March 10, 2000, in Room 519-S of the Capitol.

All members were present except: Rep. Howell - excused
 Rep. Johnston - excused
 Rep. Osborne - 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: Representative Rocky Nichols
 Representative Tony Powell
 Bud Burke
 Bob Best of Kansas Boaters Association
 Gene Nold of Walnut Valley Sailing Club
 Andy Woodward of Cheney Lake Association
 Roy J. Schoenherr of Wichita
 Lyle Bighley of Kansas Aviation Council
 Dave Rogers of Kansas Pilots Association
 Zac Bailey of Cheney Marina
 Judy A. Moler, Kansas Assoc. of Counties
 Kelly Miller of Crestview Marine

**HB 5071 - Concurrent resolution memorializing the Unites States Congress
to repeal the telephone excise tax.**

The Chair introduced Representative Rocky Nichols who explained **HB 5071**. (Attachment 1) He said that the 3% federal tax that he is referring to is listed on telephone bills.

Next to appear before the Committee as a proponent of **HB 5071** was Representative Tony Powell who read a letter from one of his constituents that pointed out the 43% charge for various taxes to his telephone bill. (Attachment 2).

The hearing on **HB 5071** was concluded.

**SCR 1629 - Constitutional amendment classifying water craft and air craft for
property tax purposes.**

Bud Burke spoke as a proponent to **SCR 1629** and introduced Bob Best of the Kansas Boaters Assoc.

Bob Best who also represented his company, Lake Perry Yacht and Marina, Inc., spoke as a proponent to **SCR 1629**. (Attachment 3).

CONTINUATION SHEET

Others providing testimony in support of **SCR 1629** were: Gene Nold, of the Walnut Valley Sailing Club, (Attachment 4, written only); Andy Woodward of the Cheney Lake Assn., (Attachments 5 and 6); Roy J. Schoenherr, (Attachments 7); Lyle Bighley of Kansas Aviation Council, (Attachment 8); Dave Rogers, (Attachment 9); Zac Bailey, of Cheney Marina, (Attachment 10, written only); Judy A. Moler of Kansas Association of Counties, (Attach.11, written only) and Kelly Miller of Crestview Marine, (Attach.12, written only).

The hearing on **SCR 1629** was concluded

The meeting adjourned at 9:55. The next meeting is scheduled for Tuesday, March 14, 2000.

ROCKY NICHOLS
STATE REPRESENTATIVE
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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER APPROPRIATIONS COMMITTEE
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BUDGET COMMITTEE
KANSAS FILM COMMISSION

OFFICE

STATEHOUSE—284 WEST
TOPEKA, KANSAS 66612-1504
(785) 296-7651

March 10, 2000

TESTIMONY ON HCR 5071

Madam Chairperson & Members of the House Taxation Committee:

Thank you for the opportunity to testify in support of HCR 5071, a non-binding resolution memorializing Congress to repeal the federal telephone excise tax. While HCR 5071 is obviously *not* the most important tax policy initiative that this committee will deal with this session, this resolution sends an important, non-binding message to Congress about this regressive tax.

The federal telephone excise tax was enacted as part of the Spanish War Act, as an effort to fund the Spanish American War. I am asking this committee to pass this Resolution for two reasons:

1. The Spanish American War has ended, and
2. Though this was once a “luxury” tax on a luxury item in the 1890's (the telephone), it is now a very regressive tax on a basic utility that every family needs.

I would stand for any questions.

House Taxation

Date: 3/10/00

Attachment # 1

From: "Taylor" <rtaylor@kscable.com>
To: <powell@house.state.ks.us>
Date: Mon, Jan 31, 2000 5:55 PM
Subject: telephone taxes

Hi Tony,

I am writing you from 5615 Perryton. Thank you for standing firm for the issues we believe in; we'll be glad to put up a yard sign again for you.

I was writing the check for our telephone bill this month and figured up how much of the bill goes for taxes of various kinds. Our monthly service charge is \$11.65. (We don't have any of those extra enhancements.) The total amount due is \$20.39. The difference is 43% of the total and is all tax! I called the phone company and the representative I talked with said that all of these charges: Special Municipal Charge, Number Portability Service Charge, Kansas Universal Service Fund Surcharge, Interstate Access Charge, Special E911 Tax, Federal Tax, State and local Taxes were all mandated by the government. Don't you think 43% is rather excessive? I do. Can you do something to remedy this problem?

Thank you,

Jan Taylor

House Taxation

Date: 3/10/00

Attachment #: 2

PRESENTATION TO STATE SENATE TAX COMMITTEE
FEBRUARY 3, 2000

THANK YOU FOR THE OPPORTUNITY TO SPEAK WITH YOU THIS MORNING

MY NAME IS BOB BEST AND I AM HERE REPRESENTING THE KANSAS BOATERS ASSOCIATION AND MY COMPANY WHICH IS LAKE PERRY YACHT & MARINA INC.

I AM HERE TO ASK FOR YOUR ASSISTANCE WITH THE RESOLUTION OF A PROBLEM THAT IS CAUSING SIGNIFICANT DIFFICULTIES FOR THE BOATING INDUSTRY IN KANSAS INCLUDING BOAT OWNERS, MARINA OPERATORS, BOAT DEALERS AND ALL BUSINESSES THAT SALE PARTS OR PRODUCTS IN THIS INDUSTRY.

IT IS CAUSING THE STATE TO LOSE A SIGNIFICANT AMOUNT OF PERSONAL PROPERTY TAX AND SALES TAX AND IS REDUCING THE UTILIZATION OF STATE RECREATIONAL LAKES. IT IS ALSO A CONTRIBUTING FACTOR IN THE LACK OF INTEREST IN THE RECENTLY OFFERED RESORT DEVELOPMENT PLAN.

THE ISSUE, AS YOU KNOW, IS THE EXTREMELY HIGH LEVEL OF TAXES PLACED ON RECREATIONAL BOATING IN KANSAS.

THIS SITUATION HAS CREATED AN ENVIRONMENT AND AN IMPRESSION THAT KANSAS IS NOT INTERESTED IN RECREATIONAL BOATING OR ITS RELATED INDUSTRIES AND IS SENDING A LARGE PERCENTAGE OF AVAILABLE RECREATIONAL INCOME TO OUR NEIGHBORING STATES OF OKLAHOMA AND MISSOURI

WE BROUGHT THIS ISSUE TO YOU IN 1998 AND ASKED FOR YOUR CONSIDERATION IN DEVELOPING ENABLING LEGISLATION THAT WOULD CHANGE THE SYSTEM TO A MORE EQUITABLE METHOD AND REDUCE THE IMPACT OF THIS PROBLEM.

YOU RESPONDED BY ASKING US TO EVALUATE THE PROBLEM FURTHER AND TO REVIEW ALTERNATIVES. WE HAVE DONE THAT.

IN 1999 WE MET WITH A VARIETY OF INDIVIDUALS AND ORGANIZATIONS THAT ARE IMPACTED IN SOME FASHION BY THE TAX AND THE METHOD OF IMPLEMENTATION. WHAT WE FOUND WAS A VERY COMPLICATED AND LABOR INTENSIVE SYSTEM THAT IF CHANGED COULD POTENTIALLY REDUCE THE INDIVIDUAL TAXES PAID ON RECREATIONAL BOATS AND SIMPLIFY THE METHOD OF COLLECTION.

House Taxation

Date: 3/10/00

Attachment # 3-1

WE BELIEVE THAT A NEW METHOD OF COLLECTION COULD RESULT IN SIGNIFICANTLY LOWER LABOR COSTS FOR EVERY ENTITY INVOLVED AND ACTUALLY GENERATE GREATER TOTAL NET REVENUE .

THIS APPEARS TO BE A WIN - WIN SITUATION IN THAT WE HAVE AN OPPORTUNITY TO REDUCE TAXES AND NOT REDUCE REVENUE

THIS WOULD SIMULTANEOUSLY IMPROVE ALL AREAS OF THE RECREATIONAL BOATING INDUSTRY IN THE STATE FROM BOAT SALES TO RECREATIONAL DEVELOPMENT AND THE JOBS THAT THESE ORGANIZATIONS CREATE.

I THEREFORE RESPECTFULLY REQUEST THAT YOU DEVELOP AND PASS LEGISLATION THAT WILL ALLOW FOR A NEW METHOD OF TAXING RECREATIONAL BOATS AND THAT IT BE IMPLEMENTED AS SOON AS POSSIBLE

THANK YOU.

I WOULD BE HAPPY TO ADDRESS ANY QUESTIONS THAT YOU MAY HAVE AND AND I CAN BE REACHED AT 785-597-5555.

Madam Chair and Members of the Committee:

I am Gene Nold, Board Member of the Walnut Valley Sailing Club, an organization located at El Dorado Lake with a membership of nearly 150 families. The Club has invested approximately \$750,000 in sailing facilities at the lake. Club members own in excess of 150 boats having a total value of more than \$1,500,000. Walnut Valley Sailing Club and its predecessor the Wichita Sailing Club has been in existence for nearly 60 years.

I am submitting this on behalf of my fellow members in support of Senate Resolution 1629. This resolution will bring consistency and fairness to the taxation of watercraft in Kansas. The following are key points in support of this legislation:

- Kansas tax rates are significantly higher than neighboring states.
- Kansas is losing revenues through evasion of taxes by encouraging the registration of watercraft and aircraft outside of Kansas.
- Lower rates will make owning watercraft and aircraft more affordable to lower income taxpayers.
- The 30% assessed value is much higher than other, similar classes of property in Kansas.
- Lower rates will help promote resort development and tourism in Kansas.
- The assessment process will be much simpler for the Department of Revenue to administer.
- This resolution will provide consistency in valuation. Currently identical watercraft have been valued differently by the same assessor's office.

For the above reasons, we are asking the Committee to endorse this legislation. On behalf of Walnut Valley Sailing Club, I would like to thank the Committee for their consideration in this important matter.

House Taxation

Date: 3/10/00

Attachment #: 4

STATEMENT TO THE KANSAS HOUSE TAX COMMITTEE: MARCH 10, 2000

MR. & MADAME REPRESENTATIVES :

I AM ANDY WOODWARD, PRESIDENT OF THE CHENEY LAKE ASSN.

I HAVE BEEN BOATING ON KANSAS LAKES AND BEEN A BOAT OWNER FOR 32 YEARS.

I ALSO WAS A MARINE DEALER IN WICHITA FOR 21 YEARS.

I CURRENTLY OWN A 1979 SAILBOAT AND IT IS KEPT AT CHENEY LAKE. THE PROPERTY TAX ON THIS 21 YR. OLD SAILBOAT IS \$601.48.

I VISITED WITH OTHER BOAT OWNERS, OVER THE LAST 2 YEARS, AND DISCOVERED THAT 1 MAN BOUGHT A PIECE OF LAKE PROPERTY IN ARKANSAS FOR \$1,000. HE WILL USE THIS AS HIS ADDRESS. HE FEELS THAT HE WILL PAY FOR THE LAND IN 2 YEARS IN KANSAS BOAT TAXES SAVED.

ANOTHER SAILING FRIEND MOVED HIS BOAT TO TEXAS, HE WILL PAY FOR HIS SLIP RENTAL AND HIS GASOLINE ON THE DOLLARS HE WILL SAVE EVERY YEAR.

ANOTHER FRIEND WAS PREPARING TO WITHDRAW \$20,000. FROM HIS 401K TO BUY A NEW BOAT. BUT HE FOUND OUT THE AMOUNT OF PERSONAL TAX ON HIS NEW BOAT. HE DECIDED, HE WOULD HAVE BEEN WILLING TO PAY A PENALTY FOR EARLY WITHDRAWAL OF HIS 401K. BUT HE SAID HE WASN'T STUPID AND DIDN'T WANT TO PAY OVER \$800. / YR. ON PROPERTY TAXES.

I DO BELIEVE THERE ARE SOME EQUITABLE WAYS WE CAN PAY OUR SHARE FOR BOAT OWNERSHIP IN KANSAS. BUT I DON'T BELIEVE THE PRESENT FORM IS EQUITABLE, NOR DOES IT ENCOURAGE NEW OWNERSHIP OF BOATS.

I HAVE BEEN CLOSELY INVOLVED WITH THE CHENEY LAKE ASSN. & THE WILD LIFE & PARKS. FOR THE LAST 5 YEARS. I AM VERY AWARE OF THE GOOD JOB THAT SEC. STEVE WILLIAMS AND HIS STAFF DOES. BUT I AM ALSO AWARE OF THE TIGHT BUDGET THEY WORK ON. AND IT CANNOT HELP THEM WHEN WE ARE OVERTAXING THE BOAT

OWNERS IN KANSAS. WE STILL NEED THESE PEOPLE REGISTERING THEIR BOATS AND BUYING FISHING LICENSES AND PARK AUTOMOBILE PERMITS.
ANDY WOODWARD, PRES. CHENEY LAKE ASSN.

House Taxation

Date: 3/10/00

Attachment # 5

**COMPARISON
OF TAX RATES
FOR BOATS IN THE
FIVE-STATE AREA**

**(KANSAS • OKLAHOMA • MISSOURI
COLORADO • NEBRASKA)**

Bob Winkler, Pres. C L A
(316) 684-8005
2500 Claiborn Cir.
Wichita, KS 67226

House Taxation

Date: 3/10/00

Attachment #: 6-1

PREFACE

The study and report contained in the following pages concerns the very high unreasonable personal property tax in Kansas and a comparison of how tax and registration is figured in Kansas, Oklahoma, Missouri, Nebraska and Colorado.

It appears there is no set formula or rule for figuring tax and registration on personally owned boats.

In Kansas, boats are assessed at the highest rate which is 30%. This is totally unfair considering that boats are used for recreation much like R.V.s and travel trailers.

The personal property tax has been greatly reduced on R.V.s and travel trailers – what formula or reasoning is used to accomplish this for R.V.s? Let's be fair in the tax we are expected to pay – get the personal property tax on boats down-down-down-down.

Many boats are purchased by persons living in Kansas but purchase and keep them out of state to avoid the high property tax.

This study indicates the sales tax rate is about the same in various states. Most Kansas boat buyers expect to pay sales tax – however, a lot of them pay sales tax and property tax out of state.

It would appear that a much lower property tax would enable a buyer to purchase in Kansas – this would increase revenue from sales tax.

From survey records it is estimated than in 1996 about 3500 boats were purchased by Kansans; of this number, it is estimated that 20% register and keep their boats out of state. The loss of Kansas sales tax revenue is about \$400,000.

What is it going to take?

Boat owners and the boat industry in the state of Kansas must rely on local and state government officials to recognize the unfair and unreasonable tax and greatly reduce or eliminate it.

Your help is urgently requested.

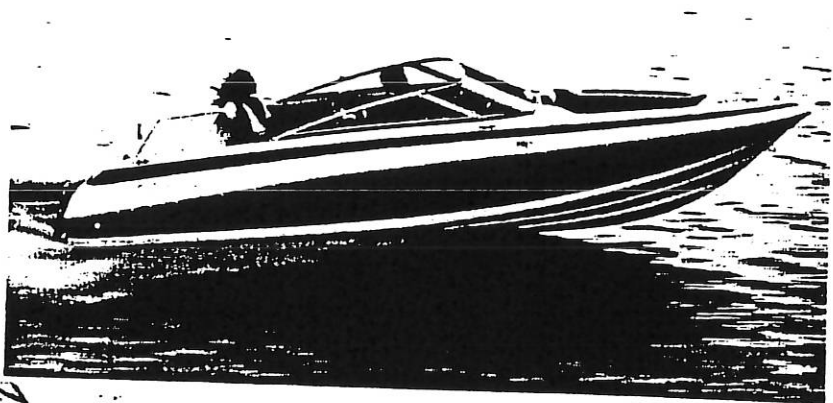
KANSAS PROPERTY TAX

In a study of the cost of registration and ownership of personally owned boats in Kansas, Missouri, Oklahoma, Nebraska and Colorado, the following is an outline for each state. For the purpose of comparison, two boats have been chosen to indicate the cost for registration and taxes in each different state.

The first boat is a 1996 Cobalt 220 Runabout and Ski boat that sells for about \$35,000.

The second boat is a 1996 Sylvan 19 ProSelect Fishing boat that sells for about \$16,000.

Boat #1



Boat #2

For Kansas...

For any boat, sales tax is 5.5% to 5.9%. The registration fee is \$18 for three years.

The appraised value is derived from the NADA small boat appraisal guide average trade-in.

The assessed value is then 30% of the appraised value.

If a person owns a boat as of January 1, then it would be subject to personal property tax for that and subsequent years. The personal property tax will then be the assessed value times the mill levy for the Kansas County where you register the boat.

It will also be subject to personal property tax of some slightly lesser amount for each following year.

Using the rules for Kansas as it applies to a:

1996 Cobalt 220, selling for \$35,000

Sales tax	\$2,065.00
3-year registration	18.50
Appraisal boat and trailer	22,630.00
Assessed value	6,789.00
Tax Rate = .11268 per 100 assessed	
First year personal tax	765.00

1996 Sylvan fishing boat, selling for \$16,000

Sales tax	\$944.00
3-year registration	18.50
Appraisal boat and trailer	12,805.00
Assessed value	3,841.00
Tax Rate = .11268 per 100 assessed	
First year personal tax	432.00

No Personal Property Tax For Oklahoma...

Boats are registered through the motor vehicle department and must be titled. There is a title fee of \$3.25 and a yearly registration fee of \$150 maximum on boats over \$15,000. There is a one-time excise tax of 3.25%. All this is uniform over the state and is collected at the time of registration. There is no requirement for trailer license.

Using the rules for Oklahoma,

A 1996 Cobalt 220 selling for \$35,000 would cost:

Title fee	\$3.25
Registration fee	150.00
One-time excise tax	1138.00
(no personal property tax)	

A 1996 Sylvan fishing boat selling for \$16,000:

Title fee	\$3.25
Registration fee	150.00
One-time excise tax	520.00

For Missouri...

All boats and motors must be titled and are appraised for tax purposes using one of three appraisal guides published in St. Louis.

The assessed value is then 33% of the appraised value.

Boats registered in Missouri are subject to the following taxes:

Example from Stone County

Sales tax	4.225% + county 1.65%
Title registration fee	\$7.50 (10' to 30')
Second year personal property tax0385 x assessed value

Personal tax decreases slightly for subsequent years.

Using the rules for Missouri (Stone County)

For a 1996 Cobalt 220 and trailer selling for \$35,000:

Sales tax	\$2,056.00
Title registration fee	7.50
Appraisal	18,780.00
Assessed value	6,260.00
Second year personal tax	241.00

For a Sylvan 1996 fishing boat selling for \$16,000:

Sales tax	\$940.00
Title registration	7.50
Appraised value	11,820.00
Assessed value	3,940.00
Second year personal tax	151.69

PLEASE NOTE: Personal tax is much less than in Kansas due to lower tax levy. – Especially around lake areas.

No Personal Property Tax

For Colorado . . .

In Colorado, boats are not titled.

Boat trailers require a license tag and are licensed by the motor vehicle department.

The sales tax on a boat purchase is 5% plus city tax for an average sales tax of 6%.

To license a boat the registration fee is:

less than 20'	\$15.25
over 20'	20.25

This is per year.

Using the rules for Colorado:

A 1996 Cobalt 220 selling for \$35,000

Sales tax	\$2,100.00
License, registration	20.25

A Sylvan fishing boat selling for \$16,000

Sales tax	\$960.00
License, registration	15.25

No personal property tax.

No Personal Property Tax

For Nebraska . . .

In Nebraska all boats are titled. Boat trailers less than 9,000 gross lbs. do not require a license.

To purchase and register a boat in Nebraska:

Sales tax 5% plus any city tax.
Total average 6%

Boats are licensed and registered by the Nebraska Motor Vehicle Department.

License and registration fees are as follows:

Boats 16' and under	\$18.75 for three years
16' - 26'	35.50
26' - 40'	52.25
40 - over	86.00
Dealer permit	35.50

For a 1996 Cobalt 220 and trailer selling for \$35,000

Sales tax	\$2,100.00
Title and registration fee	\$35.50
No personal property tax	

For a 1996 19' fishing boat and trailer selling for \$16,000

Sales tax	\$960.00
Title and registration fee	35.50
No personal property tax	

COMPARISON TO RV'S

If we look at a comparison of the personal property tax in Kansas between boats and R.V.s, there is an unreasonable difference and the tax on R.V.s is much less than boats.

In Kansas, when an R.V. or motor home is purchased, the following tax is required:

Sales tax	5.9%
License tag	
Personal property tax	
0-5 years	\$70.00 + \$0.90/100 lbs.
6-10 years	\$50.00 + \$0.70/100 lbs.
11 years and older	\$30.00 + \$0.50/100 lbs.

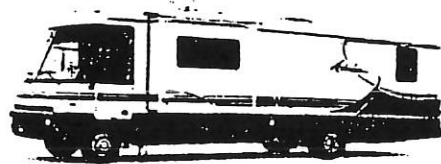
Therefore, any motor home or R.V. purchased would pay tax as follows:

A 1997 35' motor home selling for \$35,000, gross weight 16,000 lbs.

Sales tax	\$2,065.00
Tag license.....	37.00
Personal property tax	\$70 + 148.50=\$218.50

Going back to the tax information on the 220 Cobalt boat, it can be seen that the personal property tax on the boat at \$765 is three times that of an R.V., (\$218.50), selling for the same price.

About three years back, R.V.s were taxed the same way as boats. The state was losing revenue because people were going out of state to purchase R.V.s to get away from the high Kansas tax. The rules changed for taxing R.V.s and now the revenue from R.V. sales is going up.



The fact that tax is high on boats is driving people out of state to buy boats. A high percentage of expensive boats are taken to Grand Lake, Beaver Lake and Table Rock.

This state loses the sales tax because of the high property tax.

The boating community needs a tax break. How about some help from our legislature?

SUMMARY

As can be seen from the foregoing, the cost in Kansas for buying and owning a boat is very much more than Oklahoma, Missouri, Nebraska and Colorado.

The system for collecting personal tax on boats in Kansas is not good. Taking a look at the method Oklahoma uses, the tax is uniform and everyone pays because it is collected when the boat is registered.

The personal property tax on boats in Kansas is unfair and not uniform.

Look at the personal property tax on recreational vehicles (R.V.s) and compare them to boats – Following page.

NOTE: A \$100,000.00 motor home that weighs 16,000 pounds requires a personal property tax of \$214.00. The tax on a boat costing the same would be \$3384.00.

What's fair about that?

Bob Winkler

Senate Taxation Committee
Kansas State Senate

Dear Senators:

I have been a resident of the state of Kansas since 1979 and a boat owner in this state since 1984. However, I have owned and operated boats in several states for the past 40 years. I am both shocked and disturbed by the personal property tax levied by the counties on boats in Kansas. I see many of the boaters I know move their boats to Oklahoma, Arkansas, or Missouri to avoid the unfair taxes in Kansas. Then I see these same boats used on Kansas lakes during the summer months. I cannot do this because my boat is a sailboat and is not easily trailerable. I wonder if the tax rate on boats were fair and reasonable, if more people would register their boats here and tax revenues would actually increase.

The taxes I pay on my boat are considerably higher than I would pay if I owned a larger and more expensive motor home. That is why I believe that the taxation formula for boats is unfair in Kansas.

I urge you to support and vote for the Senate Concurrent Resolution #1629 in the next election.

Sailing in Kansas is a growing sport along with boating in general. Your constituents who own boats deserve a fair tax rate. We are counting on you.

Roy J. Schoenherr
649 Crest Ridge Ct.
Wichita, KS 67230

House Taxation

Date: 3/10/00

Attachment #: 7



March 10, 2000

ONE
UNITED
VOICE

TESTIMONY TO THE KANSAS HOUSE TAXATION COMMITTEE

Thank you, Madam Chair and members of the House Taxation Committee, for the opportunity to present testimony relative to the **gross inequities between personal property taxes on airplanes and comparably priced surface vehicles** in the State of Kansas.

Manhattan
Regional Airport
5500 Ft. Riley Blvd.
Suite 120
Manhattan, KS
66052

My name is Lyle Bighley and I am the immediate past president of the Kansas Aviation Council (KAC). KAC is a volunteer, non-profit organization comprised of businesses, associations and governmental agencies that are concerned with or affected by the state of aviation in Kansas. Although in existence for only a year, the organizations belonging to KAC already represent a total membership of approximately 50,000 people.

The Kansas Pilots Association, a member of KAC, conducted a survey of ten counties in central and eastern Kansas that showed huge differences in personal property taxes between airplanes and comparably priced surface vehicles. I should note this survey was taken approximately five years ago and there is a possibility that the absolute numbers have changed. However, I am sure that the differential between airplanes and other vehicles is still accurate. It should be pointed out that the 1983 Skyhawk, the 1995 Lincoln Towncar, the 1995 bass boat and 1995 Pace Arrow motor home were all valued at approximately \$40,000.00. The following are the results of that survey:

<u>County</u>	<u>Skyhawk</u>	<u>Lincoln</u>	<u>Bass Boat</u>	<u>Pace Arrow</u>
LV	\$1846	\$750	\$499	\$160
WY	2410*	1270	730	190
JO	2200	900	525	200
DG	1713	744	454	160
SN	2332	959	475	160
OS	1529	706	720	1618**
GE	1946	786	605	205
RL	1447	1017	597	207
PT	1154	705	569	284
SG	1583	842	***	178

* WY has no airport, thus no aircraft property tax. The figure cited is based on interpolation, using the current county mill levy.

** This tax seems grossly out of proportion, but it is what the OS appraiser's office quoted, even after further questioning.

*** SG was not able to provide a tax without many more details about specific type of boat and engine.

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Attachment # 8-1

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Notice the personal property tax discrepancies. Why should the **assessment of an airplane be 5 or 10 times that of a motor home of equal value?** Why should the **assessment on this airplane be 2 or 3 times that of a comparably priced Lincoln Towncar?** As a further example of this inequity, in 1999 the personal property tax on my 1973 Cessna airplane, which is a single engine, four-passenger plane, was \$1636.14 and the tax on my 25-year old Lenexa house was \$1535.46. The plane tax is \$100.68 higher than my house!

Pilots well know and agree that taxes are necessary and we expect to pay them. At the same time, we have a right to expect a fair and equitable tax. I wish someone would tell me by what logic or mathematical quirk a 1983 Cessna Skyhawk warrants a tax that is over twice that of a Lincoln Towncar or ten times the tax of a Pace Arrow motor home (all of equal fair market value)—or is equivalent to a house!!

The current personal property tax policy on airplanes is causing a revenue loss for the aviation-related industry in Kansas (the aviation capital of the world), the counties and the state. At least three important reasons for this revenue loss are:

1. Individuals, because of high personal property taxes, frequently do not purchase new or newer-used planes. Many first-time buyers are unwilling to pay the high tax and they look for a tax-exempt 30-year old antique. Similarly, current owners who would like to own a newer aircraft limit themselves to the same antique models.
2. Many owners living near the border base their planes out-of-state, while other Kansas residents incorporate their plane in another state while basing it in Kansas.
3. Some owners claim a dubious 100% business exemption for their plane. This, however, is not an implication that certain individuals do not have legitimate claims for a business exemption.

Perhaps these reasons explain the minuscule amount of money collected by the state from personal property taxes on airplanes. Information made public two years ago by the Division of Property Valuation estimated the State's share of 1997 aircraft personal property tax revenue was about \$175,000. This was based on aircraft in the state having an appraised value of about \$27 million. Since aircraft are assessed at 30% of fair market value, the tax value of the aircraft would be approximately \$8 million. Using a 21.5 mil rate, the state collected about \$175,000. It is doubtful that the revenues cover the cost of collection.

March 10, 2000

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The solution is lower personal property taxes. This would provide an incentive for individuals to buy a new, or at least newer-used, plane; it would reduce or eliminate the economic advantage to either basing a plane out-of-state or incorporating it in another state; and it would be less attractive to claim the plane exclusively for business purposes. These reasons, it seems to me, would result in a win-win situation for industry in the state, for the counties, for the state itself and for aircraft owners.

The Kansas Aviation Council requests that Bill 1629 be passed so it can be placed as an amendment on the ballot in November 2000.

I respectfully request that these remarks be made a part of the record of these proceedings. Thank you.

Lyle D. Bighley, Ph.D.
Past President, Kansas Aviation Council
P.O. Box 15209
Shawnee Mission, Kansas 66285-5209
(913) 888-6335

⋮

Dave Rogers
400 McCall Rd.
Manhattan, KS 66502
(785)539-8970 Fax (785)539-1343
derogers@kansas.net

Kansas Pilots Association

March 10, 2000

Testimony to the Kansas House Taxation Committee

The Kansas Pilots Association is very concerned about the continued gross inequity in taxation of aircraft versus other forms of transportation. Testimony has been presented to you illustrating the extent of this inequity. The point that is to be made is **not** "LOWER MY TAXES". **The point we are making is please do not let unfair, burdensome taxes hinder the growth of our state.** The state of Kansas is the General Aviation Capital of the world. We are the leader in producing General Aviation aircraft. That being said, Kansas has historically not supported General Aviation. The hope of the Kansas Pilots Association is that the State of Kansas put itself in the position for its citizens to take full advantage of the growth that is about to occur in General Aviation. Many exciting things are happening the effects of which will be as wide reaching as any technological or industrial improvement we have seen in the last 50 years. Just as the economy has gone global in many areas, so have our regional markets expanded. People still need to see people face to face. The people and business that can cover the most ground the fastest and most economical have the advantage.

The following are excerpts from an October 1999 NASA Newsletter on the Advanced General Aviation Experiments (AGATE) Program:

The goal of General Aviation is to "enable doorstep-to-destination travel at four times the speed of highways, to 25% of the nation's suburban, rural, and remote communities served by public airports in 10 years, and over 90% of those communities in 25 years," according to Dr. Bruce Holmes, manager of NASA's General Aviation Program at Langley Research Center in Hampton, VA. What this means is that every community or county outside of a 50-mile radius of a hub-spoke airport will be served by a Small Aircraft Transportation System (SATS)-compliant airport with SATS-compliant aircraft available within a 30-mile radius.

The value of human time and the related issue of quality of life also will become more important. "The new value of time makes doorstep-to-destination speed the premium commodity during this new era," according to Holmes. This desire for transportation innovations "must be satisfied while maintaining safety, affordability, and convenience for the customer," he said. "The public requirements for national airspace capacity, efficiency, cost, and environmental compatibility of operations must be met."

How the Public Benefits

"Through intelligent design, the potential exists to greatly exploit the benefits of a faster, distributed air transportation system for rural communities with minimal impact on the capacity of airspace and airports by large aircraft today," explained Holmes. The anticipated public benefits accrue from "increased mobility for citizens traveling throughout the nation, and accessibility for vastly more of

Come fly
with the best...



*A non-profit, grassroots organization of general aviation pilots
dedicated to flying safely*

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the nation's communities." In addition, benefits in the form of safety, cost, airspace efficiency and environmental effects would be recognized. "The SATS operating capabilities will also benefit and serve the needs of small cargo providers, public service aviation, law enforcement, disaster relief, and emergency medical services," said Holmes.

The benefits of the system for the public are expected in four areas: personal/business, community/airport, regional/state, and national.

- **Personal/Business.** These benefits would derive directly from the effects of the reduced cost of air travel, by enabling access to air transportation at about half the cost of current regional carrier prices for people living in remote areas. SATS would increase the individual's range of mobility, improving access to family and business opportunities.
- **Community/Airport.** SATS would enhance a community's ability to attract economic development, by providing new, competitively priced travel alternatives. Benefits would be enabled by upgrades to increase the utility of a community's existing airport, drawing new knowledge-based industrial development.
- **Regional/State.** In the next seven to ten years, SATS deployment could more than double the number of communities with air transportation, according to Holmes. Regional and state benefits derive from the increased accessibility throughout smaller travel markets that otherwise would be under-served by highways and the hub-and-spoke airport system. SATS also has the ability to increase the effectiveness and affordability of state-provided public services, including disaster relief, emergency services, and law enforcement services.
- **National.** In the longer term, SATS may increase tenfold the communities with air transportation. SATS could affect land use and land value by increasing the utility of existing small airport infrastructures.

What I'm attempting to stress with this testimony is the direction of General Aviation and the opportunities that will accompany its renewed growth. The Kansas Pilots Association asks you to please work to remove any obstacle that will hinder Kansas from being the leader, not just in the production of aircraft but also in reaping the advantage of General Aviation aircraft usage by its citizenship. Our current method of property taxation is one such hindrance.

Thank you,



Dave Rogers
President, Kansas Pilots Association

As marina owners and operators, the property taxes levied on boats in Kansas greatly affects our business. We have had numerous discussions with our friends and customers on this issue. Some of the issues We see are,

1. Many Kansas boat owners register boats out of state. Many haul them to the state line just often enough to remain legal.
2. Many Kansas boat owners keep boats out of state. This costs Kansas marine business because boating dollars are spent in another state.
3. Kansas boat owners do not own as big, as nice, or as new a boat as they would like because the taxes are to high. More than a few of my customers have indicated this has been the deciding factor in whether or not to make a new purchase.

As a boat owners, We don't mind paying our fair share, but it seems to us, and quite a few others, that it is a little unreasonable to tax boats at a level much higher than our surrounding states, and two or three times what most other Kansas vehicles are taxed at.

As small business owners whose livelihood depends on the popularity of boating by Kansans in Kansas We ask you to do all you can to help correct this situation.

Sincerely yours,
Zac Bailey



Owners, Cheney Marina

Sincerely yours



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KANSAS
ASSOCIATION OF
COUNTIES

TESTIMONY
Before the House Taxation Committee
Judy A. Moler, Legislative Services Director/General Counsel
Kansas Association of Counties
Regarding SCR 1629
March 10, 2000

Representative Wagle and members of the committee, the Kansas Association of Counties supports the concept of SCR 1629. The Kansas County Appraisers Association, affiliate member of the Kansas Association of Counties, indicates that the current system of discovery, listing and valuation of boats is a cumbersome and inefficient process. We view the constitutional amendment as an opportunity to streamline the process and allow for "one-stop shopping" for taxpayers. This system would have to be established by subsequent legislation after the passage by the voters of the constitutional amendment. The Kansas Association of Counties has met with several other interested parties in regard to this system. Among those in attendance were the Kansas Boaters Association, representatives of the Kansas County Treasurers Association, staff from Division of Vehicles and a representative of Kansas Wildlife and Parks. It is the consensus of this group that any system devised should leave county revues intact, offer boat owners fairness and a one stop payment system.

The Kansas Association of Counties urges passage of SCR 1629.

The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to the KAC by calling (785) 272-2585.

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Madame Chair and members of the House Tax Committee

My name is Kelly Miller I am President of Crestview Marine in Wichita Kansas. I am a full service marine dealer selling Cobalt, Crownline and Sylvan boats. It is a fact that every year a percentage of my retail sales to Kansas residents are lost to states surrounding us with a much more competitive personal property tax structure.

A Kansas resident is commonly attracted to take delivery of boats in other states, registering their boat , paying their registration fees, their sales tax and their personal property tax in other states. The difference in the personal property tax alone is enough to pay for storage in other state sometimes enough for the entire year.

Kansas has much to offer. There are many people such as myself trying to make the prospect of owning and using their boat in the state of Kansas attractive. We are constantly looking at ways to remain competitive in an aggressively developing market. Sometimes we must look at changing procedures and reducing our cost so that we may offer the customers more for their money.

When Kansas residents purchase boats in Kansas they pay Kansas sales tax, they will pay Kansas registration fees, they will pay any other fees associated with owning the boat in Kansas. They will store their boat in Kansas, buy fuel in the state of Kansas, buy Park permits to use Kansas lakes. The money earned in Kansas will stay in Kansas and the dollars generated from an effort to stay competitive is sure to be a win-win for Kansas in the long run.

Now is the time to allow Kansas to vote on SCR 1629 that would allow Legislature to look at a more competitive way to asses taxes on boats registered in the state of Kansas.

Kelly Miller
President
Crestview Marine
11018 E. Central
Wichita, Ks 67206

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