

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 10, 2005 in Room 519-S of the Capitol.

All members were present except:

Representative Paul Davis- excused
Representative Pat George- excused

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisor of Statutes
Mark Beck, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Otto, Legislator
Eileen King, Riley County Treasurer & Rep of KCTA
Charles M. Yunker, Adjutant, The American Legion Department of Kansas

Others attending:

See attached list.

The Chairman opened the floor for bill introductions.

Representative Wilk made the motion to introduce a bill regarding technical clean-up to the Angel investor tax credit act. Representative Huff seconded the motion. The motion carried.

HB 2187 - Taxation of motor vehicles; certain military exemptions

Staff stated that the bill would change language on page 2, line 29 to strike ~~regular~~ and ~~and~~ from line 30 and add *is absent from this state solely by reason of military orders on the date of such individual's application for registration and such motor vehicles are maintained by such individual outside of this state; or*, line 33 add, *a member of the military service of the United States and is*, line 34 strike ~~and~~, add *or*; line 36 add *The provisions of this subsection shall be applicable on and after December 31, 2004.*

The Chairman opened the public hearing on **HB 2187**.

Representative Otto, sponsor of the bill, explained the rationale for the bill. Last year there was a bill presented that would give Kansas National Guard troops the same break on motor vehicle taxes that was given to regular military Kansans stationed outside Kansas. The problem was that in this effort, the exemption for regular military was repealed. State officials did not collect the tax in 2004, but unless the bill is corrected, it is still the law to collect the tax from our regular military troops (Attachment 1).

Representative Goico rose in support and reviewed the history of the bill. He spoke of his personal experiences regarding those specific taxes. He stated that **HB 2187** provided the technical changes necessary to meet the intent of the original bill passed in 2004.

Eileen King, Riley County Treasurer testified in support of **HB 2187** (Attachment 2). She stated that there was misunderstanding over the language in the bill and the interpretation by several attorneys created confusion over the intent of the bill. She spoke of the two vehicle limitation and suggested that the Committee might want to consider the ramifications of that limitation to military personnel. Due to a perceived lack of clarity regarding the law there are several counties that have been enforcing what they understood to be the intent of the law.

The Chairman stated that there are very specific ways to handle interpretation differences and city, county or state officials should advise Legislative members when there are laws that need clarification. It is not the role of any entity to enforce the laws according to their individual interpretation.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 10, 2005 in Room 519-S of the Capitol.

Charles M. Yunker, rose in support of **HB 2187**. He believed the bill was a very simple proposal with minimum impact on tax revenue thus making vehicle ownership a little more affordable for Kansas citizens serving on active duty (Attachment 3).

Discussion followed regarding the intent of the original bill, distinction over terminology i.e., activation, mobilization and deployment. Representative Goico stated the reason the current language was used in the bill was to exclude Active Guard Reserves.

Mark Peck stated Lt. Col. Bruce Woolpert worked with the Department regarding the language in **HB 2187**. He also offered to return to help write an explanatory memo with the JAG corp, after it passed. He stated that under federal terms the definition of "deployed" meant being taken out of where a person normally sleeps and mobilized meant activated. He explained the two reasons for the language of *or* instead of *and* on page 2, line 34.

The Chairman closed the public hearing on **HB 2187**.

After questioning whether anyone had objections to working the bill and seeing none, the Chairman asked the Committee to consider **HB 2187**.

The Chairman questioned Mrs. King whether the bill was executable the way it was drafted. She responded that they could work with the bill, however asked for clarification on one point. Was Kansas military, stationed outside the state of Kansas, only exempt on two vehicles. Staff responded affirmatively, stating that was the way the bill was written in 2004.

After delineation of various circumstances in which the bill applied, Representative Kinzer made the motion that **HB 2187** be moved out favorably for passage. Representative Goico seconded the motion.

Representative Goico made a substitute motion that **HB 2187** be passed out favorably and be put on the consent calendar. Representative Kinzer seconded the motion. The motion carried.

A Press Release and Policy Statement regarding the grace period for military deployed for recent war effort and for returning deployed military personnel were distributed to the Committee (Attachment 4)

HB2082 - Property tax exemption for property owned by community housing development organizations

Representative Huff reviewed the intent of the bill and how it would serve the communities of Kansas.

Representative Huff made the motion that **HB 2082** be passed out favorably. Representative Treaster seconded the motion. The motion carried.

The meeting adjourned at 10:30 a.m. The next meeting is scheduled for February 11, 2005.

HOUSE TAXATION COMMITTEE GUEST LIST

DATE: Feb 10, 2005

NAME	REPRESENTING
Charles M Yunker	The American Legion
CAEWEL ALDRITT	KDOR
DIANE ALBERT	KDOR
Roger Hamm	KDOR-PUD
Marsha Swain	Geary County Treasurers office
Kathy Tremont	Geary County Treas.
Pat Wells	Douglas County Treas.
Tande Lentz	Riley County Treasurers office
April Havens	Riley County Treasurers office
Heather Delleck	Riley County Treasurers office
Eileen King	KCTA & Riley Co Treas
Brian Nye	INTERN - REP HUFF
Michelle Peterson	Ks Governmental Consulting
Deann Williams	Ks Motor Carriers ASSOC
George Peterson	Ks Taxpayers Network
SCOTT SCHNEIDER	CITY OF WICHITA
Dannille Davey	Intern - Dillmore
K. Karrie Bacon	Kansas Comm. on Disability Concerns
Rae Menck	HEIN LAW FIRM

HB 2187
Testimony
Bill Otto

Last year there was a bill presented that would give Kansas National Guard troops the same break on motor vehicle taxes that was given to regular military Kansans stationed outside our state. The problem was that in this effort, the exemption for regular military was repealed. State officials did not collect the tax in 2004, but unless the bill is corrected, it is still the law to collect the tax from our regular military troops.
HB 2187 would correct this error, and restore the tax break to our troops.



TREASURER'S OFFICE

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County Treasurer

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TO: House Taxation Committee
FROM: Eileen King, Riley County Treasurer & Rep of KCTA
DATE: February 10, 2004
RE: HB 2187 Military exemptions on motor vehicles

The Kansas County Treasurer's Association (KCTA) supports HB 2187. Last year, I attended a meeting in the former Majority Leader Oleen's office regarding the possible exemption from taxes for the Guard and Reserves that were called up because of the war in Iraq, but were lucky enough to be stationed in Kansas. Under the previous law, Kansas military stationed in Kansas were not exempt from taxation on their vehicles. Only when they were stationed outside the state of Kansas were they able to be exempt. This meeting was attended by 2 County Treasurers, 2 Appraisers, 2 Senators and the Vehicle Director. We came to the conclusion that it made sense to exempt Kansas military stationed in Kansas on 2 vehicles. The limit on vehicles was so that there wasn't potential abuse. After the meeting, Senators Oleen and Barnett had the legislation prepared and it passed.

Subsequently, there was some misunderstanding of the wording in the bill. The interpretation by some attorneys didn't reflect the intent of the bill. We are now here to clean up the language.

The Treasurer's Association supports the bill, but there is a change in policy that I would like to point out to you. Previously Kansas military stationed outside the State of Kansas were exempt from taxation on all vehicles they own (whether it be 2, 3, 4 etc.). With this bill they will only be exempt on 2 vehicles. I'm not sure how many military this will affect, but it is something that you might want to consider before passing this bill. Is this the message we want to send to our Kansas military at this point in time?

Thank you for your consideration and I would be happy to answer any questions.

Hs Taxation Committee
February 10, 2005
Attachment 2

HOUSE BILL 2187 TESTIMONY
Before the Committee on Taxation
By Charles M. Yunker, Adjutant
The American Legion Department of Kansas
February 10, 2005

Thank you for granting me the opportunity this morning to testify on behalf of House Bill 2187 as introduced and sponsored by Representative Bill Otto. My name is Charles Yunker and I am the Adjutant for the Kansas American Legion.

The purpose of HB 2187 is a very simple proposal with minimum impact on tax revenue while providing a welcome benefit for our state's citizens on active military duty. Speaking from personal experience; the ability to own any kind of transportation and to have it with you where you are stationed means a great deal to those in the service. It can be the difference between sitting around in the same environment where you work day in and day out, or enjoying bit of freedom while not on duty.

Getting away for a weekend, going for a drive or just getting around town are things you and I take for granted; but that same ability is a "life line" for those serving us in the armed forces. Especially lower ranking personnel and those who are married where every dollar counts because military pay falls far below that of the private sector.

I urge your support of HB 2187 thus making vehicle ownership a little more affordable for our Kansas citizens serving on active duty. Again thank you for the opportunity to appear before you today.



K A N S A S

JOAN WAGNON, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT OF REVENUE
OFFICE OF THE SECRETARY

For Immediate Release
February 18, 2004

Revenue Secretary Wagon announces grace period for returning deployed military personnel.

(Topeka) To express appreciation to the soldiers who were deployed out of state or country for ongoing military efforts, the Kansas Department of Revenue will begin providing a grace period of seven days for expired vehicle registration from the date they arrived back in Kansas.

Military personnel will be allowed to drive a vehicle with expired registration for a period not to exceed seven days allowing adequate time to arrange affairs and properly register the vehicle in their home county. This extension only applies to operation of a vehicle within the State of Kansas. While operating a vehicle with expired registration during this period, military personnel will need to be able to provide the following information if stopped by a Kansas law enforcement officer:

- A copy of their deployment orders or an official form from their home military installation showing the date of return to the United States and,
- current liability insurance on the vehicle they are driving.

Furthermore, any penalties on registration will be waived. If the vehicle is leased and property tax is due, the Kansas Department Revenue recommend that Kansas County Treasurers waive any penalties, but will ultimately be left up to the treasurer's discretion.

Again, this grace period only applies to respective vehicle and while operated within the state of Kansas.

END

Peggy Stalcup 785.368.8798



K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE
DIVISION OF VEHICLES

KATHLEEN SEBELIUS, GOVERNOR

Policy name: Grace period for military deployed for recent war effort

Effective date: February 17, 2004

Policy statement: Military personnel will be allowed to drive a vehicle with expired registration for a period not to exceed seven days allowing adequate time to arrange affairs and properly register the vehicle in their home county.

To express our appreciation to the soldiers who were deployed for the recent war effort, we are going to grant a grace period of seven days for expired vehicle registration from the date they arrived back in Kansas.

They must be able to provide a copy of their deployment orders and the date of return to the United States.

They must have current liability insurance on the vehicle they are driving.

This grace period extension does not apply to vehicles that are taken out of state with expired registration. We are not responsible for out of state travel.

Any penalties on registration will be waived. If the vehicle is a leased vehicle and property tax is due, we recommend that the counties waive the penalties; however, that will be left up to the discretion of the County Treasurer.

04-014