

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:30 a.m. on March 18, 2009, in Room 535-N of the Capitol.

All members were present except:

Senator Jeff Colyer – excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Corey Carnahan, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Virginia Fett, Office Assistant

Conferees appearing before the Committee:

Don L. McNeely, Kansas Automobile Dealers Association President
Representative Pat George
Joan Wagon, Secretary of the Department of Revenue
Mark Desetti, Kansas National Education Association, and Kansas Association of School Boards
Larry R. Baer, League of Kansas Municipalities

Others attending:

See attached list.

Chairman Donovan opened the meeting and gave a brief overview of the history of the bill. He has worked on it for several years, and feels now is the time to introduce it, because of the recent downturn in our economy. The assessment rate on vehicles would be reduced from 20% to 12% over a five year period, with a 1% decrease in year 1 and 2% decrease in the following four years. At the same time, the property tax mil levy be brought back. It would factor in 5 mils the second year, 10 mils the third year, 15 mils the fourth year, and be at 20 mils the fifth year. That money would be approximately \$40,000,000 (forty million) that would go to school finance, freeing up that same amount in the State budget for another use.

Chairman Donovan opened the hearing on **SB 242 - Computation of amount of personal property tax on motor vehicles.** He introduced Don L. McNeely, Kansas Automobile Dealers Association President, who spoke in favor of this bill. The Association believes this bill needs to be considered. It would provide stimulus to the retail auto industry in Kansas by encouraging consumers to purchase newer, safer, more fuel efficient vehicles and, at the same time, provide additional funding to the state's school districts. (Attachment 1)

Next to speak in favor of the bill was Rep. Pat George. He also pointed out the benefits of this bill: People will buy newer cars that are more fuel efficient, burning less fuel and producing less harmful emissions, and, it will contribute to the recovery of the Kansas economy. (Attachment 2)

Secretary Joan Wagon, Department of Revenue, told the committee the Department is in favor of passage of this bill.

Mark Desetti, representing both Kansas National Education Association, and Kansas Association of School Boards was next to speak, as a neutral on this bill. The associations he represents are glad it examines the possibility of broadening the tax base. At the same time, they are concerned about the bill's effect on other local units of government. The associations hope the committee considers the concept of broadening the base and applies it to every tax decision. (Attachment 3)

The final speaker was Larry R. Baer representing the League of Kansas Municipalities. The League stands in opposition to this bill. (Attachment 4)

Chairman Donovan explained an amendment to be made to this bill. It changes the bill to an eight year appreciation phase in. This year the assessment on cars from 20% to 19% and the property tax mil levy will be 4 mils (for spending this year). After the fifth year of reductions they will be reduced to 15%. If any part of the bill is not working, this process will be stopped. If the bill is working as intended, the process will be

CONTINUATION SHEET

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continued for an additional three years. Discussion was held.

The hearing was closed. The proposed amendment was distributed to the committee for review.

Sen. D. Schmidt moved the amendment be adopted. The motion was seconded by Sen. Lynn. The motion carried.

The next meeting is scheduled for Thursday, March 19, 2009. Chairman Donovan told the committee it will be a busy meeting, and requested everyone be there promptly.

The meeting was adjourned at 11:50 a.m.