

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:30 A.M. on January 12, 2005 in Room 519-S of the Capitol.

Committee members absent:

Committee staff present: Chris Courtwright, Kansas Legislative Research  
Martha Dorsey, Kansas Legislative Research  
Gordon Self, Revisor of Statutes Office  
Nancy Kirkwood, Secretary

Conferees appearing before the committee: Laurel Murdie, Legislative Post Audit

Others attending: See attached list.

Chairperson Allen welcomed everyone to Committee. The Chair stated the Committee is reduced from eleven members to nine members this session, of which five are newly elected to the Senate or are new to the Senate Assessment & Taxation Committee. The Committee has a new Chair and two vice-chairs, one of whom is new also.

Chairperson Allen informed the Committee it would have a full agenda tomorrow, as it would start hearing the car sales tax bill.

The Chair asked the Committee to introduce themselves and the district they represent. Chairperson Allen introduced the Committee secretary, Revisor Gordon Self, and Chris Courtwright and Martha Dorsey, from Legislative Research.

The Chair informed the Committee it would not be meeting Wednesday, January 19, due to personal reasons. **SB 23**, sales tax calculation for isolated or occasional sale of motor vehicles; refunds; verification of selling price, would be the subject of the meeting tomorrow. Next Tuesday, the Committee would be working the bill, and sending it out of Committee.

Chairperson Allen recognized Chris Courtwright, Legislative Research, to give the Committee an overview on Kansas Tax Facts, Seventh Edition, (on file in Legislative Research). Part I is devoted to highlights; discussion of state-imposed taxes, including disposition of state tax revenue and formulas for distribution of state-shared taxes with local units; comments on locally-imposed taxes and on combined state and local taxes; and tables showing state and local tax revenue and other data for selected fiscal years from 1930 to 2000. Part II presents the details on each of the state and local taxes. Information presented for each source includes the date of enactment, current and historical rates, base of the tax and disposition of revenue.

Chris handed out to the Committee the 2004 Supplement to the Seventh Edition of Kansas Tax Facts (on file in Legislative Research). This document was designed to supplement and update the original publication by providing data from FY 2001 through FY 2004, and by summarizing significant tax legislation enacted in 2001 through 2004.

Chris stated a Special Committee on Assessment and Taxation was assigned during the interim to study nine topics. One of those topics, the tax on the isolated sales of motor vehicles, resulted in **SB 23**, sales tax calculation for isolated or occasional sale of motor vehicles; refunds; verification of selling price. In addition, the Interim Committee strongly encouraged the 2005 Legislature to review the vehicle valuation schedules used for property tax purposes, and enact whatever recommendations are deemed appropriate to provide for a more equitable tax system.

Laurel Murdie, Legislative Division of Post Audit gave the Committee a review of the Performance Audit Report (on file with Legislative Division of Post Audit). This report contains the findings, conclusions and recommendations from the completed performance audit, *Taxes on Motor Vehicle Sales; Reviewing the Department of Revenue's Procedures To Ensure That Correct Amounts of Sales and Compensating Use Taxes Are Paid*. The report includes several recommendations for strengthening the

## CONTINUATION SHEET

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Department's procedures for identifying vehicle dealers that aren't remitting all the tax they collect from their customers, and for taking prompt enforcement actions against those dealers. In addition, the Post Audit Report made recommendations for ensuring that privately sold vehicles are taxed at fair market value, that sales tax exemption certificates for vehicles are claimed and allowed appropriately, and that county treasurers collect the correct amount of compensating use tax on vehicles purchased out-of-State.

Chairperson Allen asked for bill introductions. There being none, the Chair adjourned the meeting at 11:55 a.m.

The next meeting is scheduled for tomorrow January 13, 2005.