

Approved: 1/27/83
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Keith Roe at 9:00 a.m. on January 26, 1993 in Room 519-S of the Capitol.

All members were present except:
Representative Lowther, excused

Committee staff present: Tom Severn, Legislative Research Department
Chris Courtwright, Legislative Research Department
Bill Edds, Revisor of Statutes
Lenore Olson, Committee Secretary

Conferees appearing before the committee:
Terry Humphrey, Executive Director, Recreational Vehicle Council
Don Christman, Wilcox R.V. Center, Topeka
Mel Adams, Recreation Vehicle Products, Inc., Wichita
Mike Nebel, Peterson Industries, Inc., Smith Center
Bill Hawley, Hawley Bros., Dodge City
Dick Dilsaver, The Coleman Company, Inc., Wichita
John Dillingham, Topeka

Others attending: See attached list

The Committee minutes of January 12, 13, 14, 19, 20, 21, 1993, were approved as printed.

Chairperson Roe opened the hearing on HB 2088.

HB 2088 - Taxation of recreational vehicles.

Terry Humphrey, Executive Director, Recreational Vehicle Council, testified in support of HB 2088, stating that the Kansas personal property taxes on R. V.'s are excessive, are damaging the Kansas R. V. industry, and are causing Kansans to violate the law by registering their R. V.'s out of state or leaving the state entirely. Ms. Humphrey recommended the Texas taxing system as shown on (Attachment 1).

Don Christman, Wilcox R. V. Center, testified in support of HB 2088, stating that he regularly has customers tell him they cannot afford his product because of the taxes. Mr. Wilcox recommended adopting the taxing system for R. V.'s used in Texas (Attachment 2).

Mel Adams, Recreation Vehicle Products, Inc., testified in support of HB 2088, and said that Kansas' share of R. V. retail sales is down substantially over the past ten years, mainly due to the way R. V.'s are taxed in Kansas (Attachment 3).

Mike Nebel, Peterson Industries, Inc., testified in support of HB 2088 and said that Kansas is losing a vast majority of their recreational vehicle business to surrounding states due to the excessive vehicle property taxes levied against recreational vehicles (Attachment 4).

Bill Hawley, Hawley Bros., testified in support of HB 2088 and said that passage of this bill will put Kansas in an excellent position to increase jobs and revenue while reducing the excessive tax burden on recreational vehicles (Attachment 5).

Dick Dilsaver, The Coleman Company, testified in support of HB 2088, stating that present law discourages Kansans from buying R.V.'s or encourages them to buy and register them in nearby states, particularly Texas (Attachment 6).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on January 26, 1993.

John Dillingham, Topeka, testified in support of HB 2088. He said that Kansans will continue purchasing and licensing their R.V. equipment in other states as long as the taxes remain as they are (Attachment 7).

Written testimony on HB 2088 was submitted by:

Chanute Area Chamber of Commerce (Attachment 8)

Nu Wa Industries, Inc., Chanute (Attachment 9)

The meeting adjourned at 10:20 a.m.

The next meeting is scheduled for January 27, 1993.

Date: 1-26-83

GUEST REGISTER

HOUSE COMMITTEE ON
ASSESSMENT AND TAXATION

NAME	ORGANIZATION	ADDRESS	PHONE
HAROLD PITTS	AARP-CCTF	Topeka	
Alan Steppat	PETE McGill & Assoc.	Topeka	
Rochelle Wiser	AP	Topeka	
Don CHRISTMAN	Ks. R.V. Council	TOPEKA	
BILL HAWLEY	KS RV COUNCIL	DUDGE CITY	
Mike Adams	Ks RV Council	Wichita	
DICK THYSSE	The Coleman Co.	Wichita	
Gene Kiser		Topeka	
Bob Corkins	KCCI	Topeka	357-6321
Mary E. Turington	Ks. Motor Carriers Assn.	Topeka	267-1641
Don Lindsey	UTU	OSAWATOMIE	
John Dillingham		Topeka KS	
Carol Dillingham		" "	
Anne Smith	Ks. Assoc. of Counties	Topeka	233-9971
Harry Herington	League of KS Municipalities		
Steve Stotts	Revenue	Topeka	
Steve Neske	KDOR	Topeka	X4014
Bill Waters	KDOR	Topeka	X4035
Mike Nehel	KMHA RV Council	Smith Center	282-6825
Tommy Homyk	KMHA & RV Council	Topeka	357-5296

Recreational Vehicle Council

Member of Kansas Manufactured Housing Association

112 SW 6th Street * Suite 204 * Topeka * Kansas * 66603 * 913-357-5256

TESTIMONY BEFORE THE HOUSE COMMITTEE ON TAXATION

TO: Representative Keith Roe, Chairman and
Members of the Taxation Committee

FROM: Terry Humphrey, Executive Director

RE: HB 2088

DATE: January 26, 1993

Mr. Chairman and members of the Committee, I am Terry Humphrey, Executive Director of the Kansas R.V. Council which represents Kansas R.V. manufacturers, suppliers and retailers.

The Kansas R.V. Council supports HB 2088 because it creates a new taxing program for both motorized and towable R.V.'s that replaces the current personal property tax system. Presently, motorized R.V.'s and towable R.V.'s fall under different taxing systems. Towable R.V.'s are taxed under Ad Valorem property tax and motorized R.V.'s under Tax and Tag.

In Kansas personal property taxes on R.V.'s are excessive and approximately the highest in the country. This excessive tax is damaging the Kansas R.V. Industry and causing our citizens to violate the law by registering their R.V.s out of state or leave the state entirely.

With the passage of the Classification Amendment the Kansas Legislature now has the authority and opportunity to change the current personal property tax system for R.V.'s. Therefore, the R.V. Council recommends that Kansas become competitive with surrounding states particularly Texas. The Texas R.V. taxing system which has a base fee of \$35 per vehicle and an additional .60 cents per hundred weight, calculated on shipping weight, should be adopted.

1/26/93

House Taxation Cmte

Attachment 1

Example:

15,000 lb. R.V.

150
x .60 cents

\$ 90.00
+ 35.00

\$125.00 Total Tax

25,000 lb. R.V.

250
x .60 cents

\$150.00
+ 35.00

\$185.00 Total Tax

HB 2088 duplicates the Texas vehicle tax formula, however, it utilizes the current collection and distribution procedures under the Kansas Tax and Tag Law.

There are several advantages to the "Texas R.V. Tax Plan" that I would like to highlight for you.

First, the "Texas R.V. Tax Plan" is easy to administer, because it is uniform statewide and the tax is based on shipping weight which appears on the title. Also, the tax is not tied to value which means R.V. taxes never change as long as the R.V. is in service creating a consistent tax base for local governments. Under the Kansas system, the property tax reduces every year and bottoms out at year 15 to \$12.

Secondly, HB 2088 will keep tax dollars in Kansas and provide enough incentive for Kansans illegally registered in other states to come home. The R.V. Council estimates that more than 50% of Kansas residents, that own R.V.'s, register out of state and that percentage increases for Kansans owning R.V.'s with a value greater than \$40,000. Most Kansans who register out of state, register in Texas. Nationally Texas is the #3 destination for R.V. campers.

In addition, when Kansas motor home owners tag and register out of state, Kansas sales tax is lost.

Thirdly, the R.V. Council predicts that by adopting the "Texas R.V. Tax Plan" the Legislature will stimulate growth in the Kansas R.V. Industry. In Kansas there are six R.V. manufacturing plants and many suppliers and retailers. Since 1989 Kansas R.V. sales have declined with customers reporting the excessive personal property tax as the major reason not to buy.

Finally the adoption of HB 2088 may have a small fiscal note in the first year. However, in subsequent years this tax plan should maintain current revenues or possibly enhance them because there is no longer any reason to register out of state.

In closing, the R.V. Council hopes you will support HB 2088. Due to the passage of the Classification Amendment you have an important opportunity to create a fair and competitive tax structure for R.V.s. For years the Legislature has discussed the value of a uniform property tax program. Consequently HB 2088 would allow you to implement such a program on a small scale to see if it is in fact beneficial. Thank you.

Who is the RV Traveler?

- * Approximately one out of every 10 vehicle-owning families owns an R.V.
- * RV owners are closely divided among empty nesters aged 55 and up and 35-54 year old couples raising families.
- * The average RV owner is 49 years old, owns his own home, has a household income just under \$40,000.
- * Average RVer purchases 4 units during his camping life, indicating three of those units are trade-ups.



HOMES & RV CENTER, INC.

835 Northeast Highway 24 • Topeka, Kansas 66608 • 913 357-5111

To: Rep. Keith Roe and Members of The Committee

From: Don Christman, President
Wilcox Homes & RV Center, Inc.

Date: January 26, 1993

RE: HB 2088

I appreciate the opportunity to appear this morning on behalf of the recreational vehicle industry in Kansas. My name is Don Christman. I own Wilcox R.V. & Boat Center in Topeka and am immediate past president and co-founder of the Recreational Vehicle Council which is affiliated with the Kansas Manufactured Housing Association.

I applaud this committees early attention to the personal property tax crisis in Kansas as it relates to recreational vehicles. With the passage of the classification ammendment, the 1993 legislature now has the power to act on this special class of vehicles. The authority stems from your constituents. They passed the classification ammendment in November which allows this legislature to create a new and different taxing system that is uniform, competitive with other states and proportionate to the use and value that this class of property has. I have customers, you have constituents, who voted for passage of the classification ammendment on the above basis only!

My duty over the past two years has been to define the problem with recreational vehicle taxation in Kansas. Those of you who have sat on this committee know the issue well but for those who might be a committee member for the first time let me briefly restate the problem. First, R.V. taxes in Kansas are excessive and significantly higher than in surrounding states. Secondly, this excessive tax is causing our citizens to violate the law to avoid these taxes by registering out of state or leaving Kansas, simply moving out, to one of our neighboring states. Examples of both scenairo's are available from KMHA staff if you would like to hear "the rest of the story" as Paul Harvey would say. Even after factoring in school finance reductions of 25%, tax on an average motorhome in the \$50,000.00 range would be \$1,400.00. That is still not even close to competitive.

1/26/93

House Taxation Cmte
Attachment 2

What is the solution? After extensive discussion and a statewide meeting with industry leaders in Kansas we believe that we must not only be competitive with but equal to the state that is receiving the benefit of our citizens violating the law. That state is Texas, and our proposal and recommendation is to adopt a system that duplicates the fees our citizens are paying in Texas.

I realize the consequences of the above proposal. I realize my proposal is a significant reduction in the personal property tax on **individual** units. I realize the school districts, cities and counties will vehemently oppose our initiative. However, I also believe approximately 50% of the recreational vehicles owned by Kansans are now registered out of the state generating **NO** personal property tax revenue that would register in Kansas if the fees were the same. I also believe that when the value of a vehicle reaches \$40,000.00 that 70% are registered out of the state of Kansas. Just getting all of the out of state vehicles re-registered would have, at minimum, an offsetting effect on whatever fiscal note that results from our proposal. Realistically, re-registration of vehicles now titled in other states could be offsetting to any fiscal note created by adopting the system used in Texas. Additionally, on any motorized R.V. sold in Kansas, but intended for registration in Texas, the R.V. is sold sales tax exempt! The result of the exemption is a loss of sales tax as well as the personal property taxes.

How high are the personal property taxes in Kansas? High enough that I regularly have customers tell me they cannot afford my product because of the taxes. High enough that our citizens are willing to defy the law, risk prosecution, risk a possible \$2,500.00 fine, for the savings that accompany registering in Texas or any number of other states.

How high are the personal property taxes in Kansas? High enough that my company is making do with 2 salespeople (myself included) as opposed to 3 to 4 just a few years ago. One parts person instead of two, one shop employee in addition to the foreman instead of two or three, one office employee instead of one plus a 20 to 30 hour per week part timer. High enough that in 1989 my motorhome business ground to a virtual halt dropping from 16 to 18 units a year to 2 or 3, a devastating loss of nearly \$750,000.00 in revenue to our small company. Jobs lost, reserves decimated, a 40 year old second generation Kansas company nearly lost because of the intense focus reappraisal brought to the entire tax issue in about the 89-90 time frame.

My message today is one of urgency! My business and the thousands of other people employed by the Kansas recreational vehicle industry are depending on you to correct a very serious situation. You have been empowered to act. I have provided a possible solution, I think the best one. All that we lack is discussion, refinement and bold action. With your permission the R.V. industry would like to participate in and expedite that process.

Thank you for your attention.

Respectfully Submitted,



Don Christman, President
Wilcox Homes & R.V. Center, Inc.

COMMITTEE ON TAXATION
HOUSE OF REPRESENTATIVES
TESTIMONY FROM
MEL ADAMS
1-26-93

Mr. Chairman and members of the Committee, my name is Mel Adams, President and CEO of Recreation Vehicle Products, Inc. (RVP), Wichita, Kansas. RVP is a manufacturer of recreation vehicle air conditioners and awnings with its headquarters in Wichita. RV air conditioners are produced in Wichita and awnings are produced in Malden, Massachusetts. The company was formed in 1991 when it acquired two former Coleman companies. A significant percentage of the company ownership is held by Kansas residents.

The company employs 185 people at its Wichita facility with an annual payroll of \$5.5 million.

Both RV air conditioners and awnings are sold to original equipment manufacturers of recreation vehicles, several of which are based in Kansas, and to aftermarket distributors who in turn sell to retailing RV dealers.

Our business and its employment is dependent on the successful continuation of the RV industry.

The U.S. RV industry will exceed \$9 billion in retail sales for 1992 with 1993 projected to be up 10% by industry analysts.

4/26/93
House Taxation Cmte
Attachment 3

Industry statistics show that Kansas manufacturers produce 1.25% of all RV's produced in the U.S. and that of the total RV's produced nationwide only .72% are shipped to Kansas RV dealers for retail. Kansas share of RV retail sales is down substantially over the past 10 years. It is believed that one of the major reasons for loss of share is due to the way RV's are taxed in Kansas. It is also believed that a substantial number of RV's are purchased and registered outside of the state by Kansas residents who establish second residences for more favorable taxation.

It is anticipated that the R. V. industry will grow at or near double digits during the next 5 years. This is due to the expectation of the huge number of baby boomers reaching the average age of the RV buyer which is currently 49. As a state we should be doing those things necessary to insure our competitiveness as well as promoting industries which have substantial growth opportunities.

You have the power to put Kansas on an even playing field with other states and to see our great state improve its image and position in the RV industry.

Thank you.

Michael Nebel, President

Peterson Industries, Inc.

Manufacturers of Quality Recreational Vehicles

R.R. 2 ★ Box 95 ★ Smith Center, KS 66967 ★ (913) 282-6825
1-800-368-3759

Peterson Industries, Inc. is a Kansas corporation based in Smith Center. We have been in the recreational vehicle manufacturing business for 27 years with an estimated sales of \$10,000,000.00 in fifth wheels and travel trailers for our 1993 fiscal year. We currently employ 150 people with an estimated payroll of \$2,225,00.00 in 1993, from the Smith Center and surrounding area. We spend between \$4,000,000.00 to \$5,000,000.00 annually on raw materials in Smith Center and among numerous vendors across Kansas.

Smith Center is a busy, thriving community located in North-Central Kansas, which has a rapidly declining population and per capita income. We are the strongest recreational vehicle manufacturer in the state of Kansas for two and one half years running, as per Statistical Surveys. It is our opinion that Kansas is losing a vast majority of their recreational vehicle business to surrounding states due to our excessive personal property taxes levied against recreational vehicles. People cross the border to buy recreational vehicles in an adjoining state and then register it there or in Texas.

Peterson Industries, Inc. is getting their market share in Kansas now, but if legislation was to be passed to tax recreational vehicles similarly to surrounding states and Texas, we emphatically feel it would improve our Kansas market share along with improving all Kansas businesses relying on the recreational vehicles industry.

*1/26/93
House Taxation Cmte
Attachment 4*

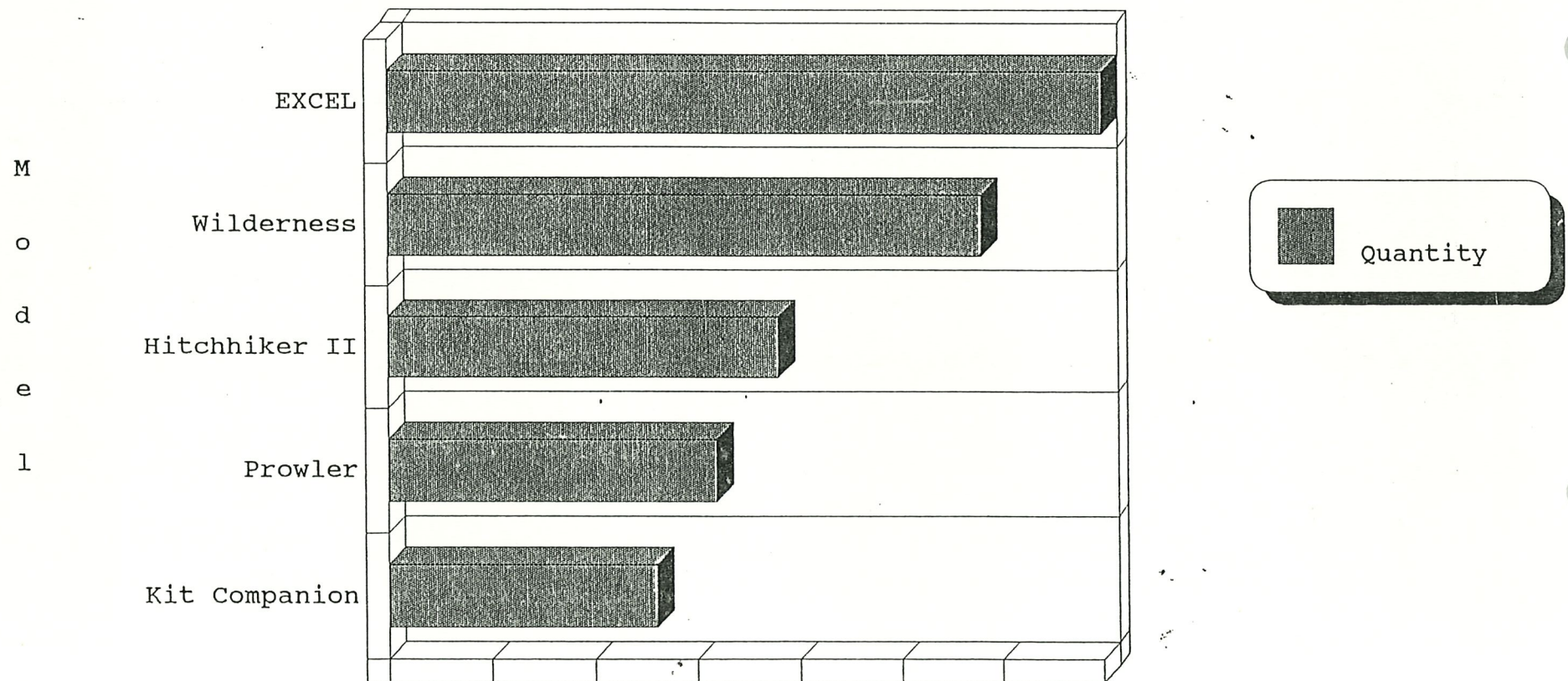
Knoble Esquire



Legacy

Kansas Retail 5th Wheel Sales

Top 5 Models Sold YTD as of April, 1992



4-8

Kansas had 4 Dealers to achieve #1

SECTION: (1-1) [KANSAS - Fifth Wheel] TOP 45 MODELS RANKED by YTD RETAIL SALES as of: APR 1992

RANK	MODEL NAME	MANUFACTURER NAME	APR	APR-%ST	QTR	QTR-%ST	YTD	YTD-%ST	YTD-1992			YTD-1992	
									1991 YTD	1991 YTD-%ST	% of CHANGE	MKT SHARE	% of CHANGE
1	EXCEL	PETERSON IND IC	6	11.1			35	13.2	18	14.8	94.4		-10.8
2	WILDERNESS	FLEETWOOD ENTRP	10	18.5			29	10.9	7	5.7	314.3		91.2
3	HITCHHIKER II	NU-WA IND INC	3	5.6			19	7.1	9	7.4	111.1		-4.1
4	PROWLER	FLEETWOOD ENTRP	3	5.6			16	6.0	6	4.9	166.7		22.4
5	COMPANION	KIT MFG CO	1	1.9			13	4.9	4	3.3	225.0		48.5
5	ROAD RANGER	KIT MFG CO	1	1.9			13	4.9	5	4.1	160.0		19.5
7	DUTCHMEN CLASSIC	THOR INDUSTRIES INC	1	1.9			11	4.1	4	3.3	175.0		24.2
7	EAGLE	JAYCO INC	2	3.7			11	4.1	2	1.6	450.0		156.3
9	CARDINAL	COBRA INDUSTRIES INC	1	1.9			8	3.0	0	0.0	N/A		N/A
9	CHAMPAGNE	NU-WA IND INC	2	3.7			8	3.0	5	4.1	60.0		-26.8
11	SANDPIPER	COBRA INDUSTRIES INC	3	5.6			7	2.6	0	0.0	N/A		N/A
12	CARRI-LITE	CARRIAGE INC	1	1.9			6	2.3	1	0.8	500.0		187.5
12	COACHMEN	COACHMEN IND	1	1.9			6	2.3	7	5.7	-14.3		-59.6
12	JAY SERIES	JAYCO INC	1	1.9			6	2.3	2	1.6	200.0		43.8
15	HITCHHIKER	NU-WA IND INC	0	0.0			5	1.9	4	3.3	25.0		-42.4
→15	NOMAD	SKYLINE CORP	1	1.9			5	1.9	3	2.5	66.7		-24.0
15	TRAVEL SUPREME	TRAVEL SUPREME INC	0	0.0			5	1.9	3	2.5	66.7		-24.0
18	AVION	FLEETWOOD ENTRP	0	0.0			4	1.5	3	2.5	33.3		-40.0
18	SNOWBIRD	NU-WA IND INC	0	0.0			4	1.5	4	3.3	0.0		-54.5
20	NEW HORIZON	HORIZONS INC	1	1.9			3	1.1	4	3.3	-25.0		-66.7
20	PLAY MOR	PLAY MOR TR INC	1	1.9			3	1.1	2	1.6	50.0		-31.3
20	PRAIRIE SCHOONER	MALLARD COACH	1	1.9			3	1.1	2	1.6	50.0		-31.3
20	TETON	TETON HOMES	1	1.9			3	1.1	1	0.8	200.0		37.5
20	WILDWOOD SERIES	ROCKWOOD INC	1	1.9			3	1.1	0	0.0	N/A		N/A
25	AMERICAN STAR	NEWMAR CORP	1	1.9			2	0.8	0	0.0	N/A		N/A
25	IDLE TIME	ALLEN CAMPER CO	0	0.0			2	0.8	0	0.0	N/A		N/A
25	KOUNTRY STAR	NEWMAR CORP	1	1.9			2	0.8	3	2.5	-33.3		-68.0
25	MARATHON	MARATHON HOMES CORP	1	1.9			2	0.8	0	0.0	N/A		N/A
25	PREMIER	NU-WA IND INC	1	1.9			2	0.8	0	0.0	N/A		N/A
25	PRESTIGE SERIES	ROCKWOOD INC	1	1.9			2	0.8	0	0.0	N/A		N/A
25	SKAMPER	SKAMPER CORP	1	1.9			2	0.8	2	1.6	0.0		-50.0
25	SPORTSMEN	K-Z INC	1	1.9			2	0.8	0	0.0	N/A		N/A
33	ALPENLITE	WESTERN REC VEH	0	0.0			1	0.4	0	0.0	N/A		N/A
33	ALUMA-LITE XL	HOLIDAY RAMBLER CORP	0	0.0			1	0.4	2	1.6	-50.0		-75.0
33	CARRIAGE	CARRIAGE INC	0	0.0			1	0.4	0	0.0	N/A		N/A
33	CAVALIER	COBRA INDUSTRIES INC	0	0.0			1	0.4	0	0.0	N/A		N/A
33	CHALLENGER	DAMON CORPORATION	0	0.0			1	0.4	0	0.0	N/A		N/A
33	CORSICA	COBRA INDUSTRIES INC	1	1.9			1	0.4	0	0.0	N/A		N/A
33	EMPIRE	EMPIRE RV'S	1	1.9			1	0.4	1	0.8	0.0		-50.0
33	FREE SPIRIT	HOLIDAY RAMBLER CORP	0	0.0			1	0.4	1	0.8	0.0		-50.0
33	HORNET	DAMON CORPORATION	0	0.0			1	0.4	0	0.0	N/A		N/A
33	JAY CRANE	JAYCO INC	0	0.0			1	0.4	3	2.5	-66.7		-84.0
33	KING OF THE RD	CHIEF IND INC	0	0.0			1	0.4	3	2.5	-66.7		-84.0
33	KNIGHT SERIES	CHIEF IND INC	0	0.0			1	0.4	0	0.0	N/A		N/A
33	KNOBLE	PETERSON IND IC	1	1.9			1	0.4	0	0.0	N/A		N/A

[KANSAS]	Total Retail Sales for: APR-1992:	54	1st-1992:	212	2nd-1992:	3rd-1992:	4th-1992:	YTD-1992:	266
[KANSAS]	Total Retail Sales for: APR-1991:	44	1st-1991:	78	2nd-1991:	3rd-1991:	4th-1991:	YTD-1991:	122
Unit % of Change 1992 vs. 1991:			22.7		171.8					118.0

Peterson Industries Inc. Vendors in Kansas

Ammax Building - McPherson KS
Arlwin Manufacturing - Smith Center KS
Athol Coop Association - Athol KS
Barton Solvents - Great Bend KS
Bristol Products Corp - Newton KS
Big A Auto Parts - Smith Center KS
Brown Welding Supply - Salina KS
Buckly Industries - Wichita KS
Can Do Company - Eureka KS
Carlson Systems - Wichita KS
Case Supply - Wichita KS
Center Glass and Supply - Smith Center KS
Central Plastics - Mc Pherson KS
Coast to Coast - Smith Center KS
RV Product (Coleman) - Wichita KS
Cliff Keyes MFG & Supply Co. Inc. - Newton KS
Cummins Mid America, Inc. - Wichita KS
DSD, Inc. - Smith Center KS
Exide Factory Outlet - Salina KS
HB Fuller Inc. - Kansas City KS
Future Foam Inc. - Newton KS
Goodyear Tire and Rubber Co, Inc. - Lenexa KS
Hi Lo Table Mfg Co. Inc. - Chanute KS
Hi Lo Upholstery - Chanute KS
IBT, Inc. - Salina KS
Franklin Industries, Inc. - Newton KS
Kansas Janitorial Supply Co. - Hutchinson KS
Kansas Oxygen, Inc. - Hutchinson KS
Kasa Industrial Controls - Salina KS
Kevco, Inc. - Newton KS
LaSalle - Deitch Co., Inc. - Newton KS
Lea J. Allen Enterprises - Newton KS
Light Bulbs, Etc. - Lenexa KS
Mid Continent Fire & Safety - Wichita KS
Midwest Spray Equipment - Olathe KS
Omega Design - Newton KS
Patrick Industries, Inc. - Halstead KS
Pioneer Music - Chanute KS
Pluswood of Kansas - Chanute KS
RC Sports, Inc. - Lenexa KS
RISI - Wichita KS
Sage Products - Lyon KS
Salina Steel Supply Inc. - Salina KS
Shelter Components - Newton KS
Shelter Converting - Wichita KS
Stanion Wholesale Electric Co. - Hays KS
Steel and Pipe Supply - Manhattan KS
TCM Holman - Newton KS
Thunander Corporation - Newton KS
Timberbox - Salina KS
TMR Materials, Inc. - Lenexa KS
Tredit Tire and Wheel Co. - Shawnee KS
Universal Companies, Inc. - Wichita KS
Village Furniture - Belleville KS
Wayne Repair Co., Inc. - Kansas City KS
Wichita Sheet Metal Supply, Inc. - Wichita KS
Wesco - Newton KS
Weyerhaeuser Company - Newton KS
Wilko Paint - Wichita KS
Wilson's Awards and Sportwear - Smith Center KS
Wheelers - Smith Center KS

4-4

MOTOR HOMES
WINNEBAGO
ITASCA
PROWLER
MALLARD



CAMPERS AND TRAILERS
CAMPER ACCESSORIES
PICKUP TOPPERS

Hawleywood Campers

PHONE (316) 225-5452

DIVISION OF
HAWLEY BROS.
DODGE CITY, KANSAS 67801

1900 E. WYATT EARP

TESTIMONY BEFORE THE

HOUSE TAXATION COMMITTEE

TO: REPRESENTATIVE KEITH ROE, CHAIRMAN
AND MEMBERS OF THE COMMITTEE

FROM: BILL HAWLEY, OWNER
HAWLEY BROTHERS R.V.

DATE: JANUARY 26, 1993

Mr. Chairman and members of the Committee, I am Bill Hawley representing the Kansas R.V. Council. I own and operate Hawley Brothers in Dodge City. We are a family owned Recreational Vehicle dealership and have been in the full-line R.V. business for 26 years.

I am here today requesting your support for House Bill 2088 that deals with the property tax paid on R.V.'s. House Bill 2088 will put Kansas in an excellent position to increase jobs and revenue while reducing the excessive tax burden on recreational vehicles.

The current tax system severely affects total revenue to the local governments in several ways:

1. Declining sales of new recreational vehicles. The most common objection given by potential buyers to purchasing a new RV is the cost of registering in Kansas. In the retail RV industry, \$300,000 in additional annual sales of new RVs can create one additional job because of further sales generated by the trade-in market. \$300,000 is less than 7 new motorhomes or about 12 new fifth wheel trailers. Our business employs 2 less full-time employees than 10 years ago because of reduced new RV sales.

1/26/93
House Taxation Cmte
Attachment 5

MOTOR HOMES

WINNEBAGO
ITASCA
PROWLER
MALLARD



CAMPERS AND TRAILERS
CAMPER ACCESSORIES
PICKUP TOPPERS

Hawleywood Campers

PHONE (316) 225-5452

DIVISION OF
HAWLEY BROS.
DODGE CITY, KANSAS 67801

1900 E. WYATT EARP

2. Revenue lost because Kansas RV owners who are "Winter Texans" often choose to legally register in Texas for the large tax savings. Many of these will eventually transfer their permanent domicile to Texas to take advantage of the income tax savings. Texas seems to welcome these folks.
3. Revenue lost because Kansas RV owners who are not "Winter Texans" also sometimes choose to register in Texas for the same savings. These citizens then become crooks in the Kansas system. Texas seems to like these people too.
4. The current value-based system can be confusing to the local assessors office and often results in varying tax levies for the same unit. This disparity becomes "Campground Talk" and drives more folks South.

In closing, for the future health of the Kansas Recreational Vehicle Industry and for the continued revenue so badly needed by the local government bodies, please enact House Bill 2088.

Thank You

5-2



Section 1 of Article 11

**(of the constitution of the state of
Kansas):**

**“ . . . The legislature may provide for
the classification and the taxation
uniformly as to class of recreational
vehicles, as defined by the legislature,
or may exempt such class from
property taxation and impose taxes
upon another basis in lieu thereof. . . ”**





The

COLEMAN COMPANY, INC.

General Offices

DICK DILSAVER
CORPORATE COMMUNICATIONS
PHONE: (316) 261-3483
FAX: (316) 261-3493

January 26, 1993

To the Kansas House Committee on Taxation, Representative
Keith Roe, Chairman

From The Coleman Company, Inc., Wichita

Supporting House Bill 2088 to equalize taxation of
recreational vehicles

Thank you for the opportunity to urge your approval
of HB 2088. This could greatly benefit the many Kansas
people, companies and communities involved in the
manufacturing, marketing and use of recreational
vehicles.

I am Dick Dilsaver, and I represent The Coleman
Company. It is based in Wichita and respected around the
world for its outdoor recreation products. I believe
this gives us a broad perspective of the effect of this
legislation.

Frankly, HB 2088 would not impact Coleman directly.
But from our viewpoint we can see that this bill
definitely would help all of we Kansans who work in or
are served by the recreational vehicle industry in our
state.

Present tax law discourages Kansans from buying
RVs or encourages us to buy and register RVs in nearby
states, particularly Texas. That hurts:

- The RV factories of Kansas and the many
other Kansas firms that supply those
manufacturers.
- The RV dealers of Kansas.
- The state and local governments that lose taxes
from RVs not purchased here.

You are in position to provide a more competitive
Kansas RV industry with new vigor and opportunity for
growth. I heartily urge you to do so by approving
HB 2088.

1/26/93
House Taxation Cmte
Attachment 6

26 January 1993

Testimony before the House Taxation Committee

John H Dillingham, M Div, STM

2625 SW Tutbury Town Rd

Topeka, KS 66614-4329

Good morning Ladies and Gentleman! My name is John H. Dillingham. I have been a resident of Shawnee County, Kansas since mid-July 1969. I am a clinically trained clergyman, having recently retired after 22 years as Director for Chaplaincy Services at a local psychiatric training, research and treatment center. Since retirement, I am a part-time consultant in the field of Pastoral Care.

My first RV was a house trailer I pulled around Texas in the early fifties as I pursued my trade as an Ironworker - Boilermaker welder. I've been an "RVer" ever since having owned a slide-in pick-up camper and a 26 foot fifth-wheel trailer purchased and licensed in Shawnee County -- the fifth wheel trailer purchased new 10 years ago. After 40 years experience in RVing, my wife and I plan to continue doing so as long as our health permits -- in fact, traveling more than we have in the past.

It is currently my intent to purchase a new fifth-wheel trailer. But, when I consider the taxes I would be assessed on a new trailer under the current taxation plan, I pause to reconsider. My 1992 taxes on a 10-year-old 26 foot trailer were \$129.65. I tremble to think what the tax will be on a 1993 model.

Is it any wonder that many people -- young, mid-age and retired -- purchase and license their RV equipment in other states? We all know people who have and will continue to do so. It is done because people cannot afford to continue paying the high taxes that Kansas imposes on its people.

Since I lived in Texas 20 years before moving to Kansas in 1969 and I have family residing in Texas, I would like to use Texas as an example. Texas seems to be the place that many RVers select to register and license their RV equipment (some even purchase their RV equipment there). While in Texas visiting family over the Christmas holidays, I did some checking. I learned from the Fayette County Treasurer's office that I could license my trailer in Texas for \$43.00 annually. That is \$86.65 less or almost 2/3 less than in Shawnee County!! The \$86.65 difference might not sound like a lot of money to you, but it certainly is to retirees living on a fixed income (and I might add, the difference impacts many young to mid-age couples).

V/26/93
House Taxation Committee
Attachment 7

Testimony before the House Taxation Committee
John H Dillingham, M Div, STM
26 January 1993
-2-

Let me reiterate that I am talking about personal property tax on a 5th wheel trailer that is 10 years old.

I am sure that when I find out what the taxes are for a new 1993 trailer, I will have to reconsider my plan to purchase one as many other Kansas residents have done. But Kansans will continue purchasing and licensing their RV equipment in other states as long as the taxes remain as they are.

I am imploring you, the House Taxation Committee, to reconsider and change the current taxing system. If you do so, you will, in my opinion,

- 1) promote increased RV sales in Kansas and
- 2) provide encouragement for people to register their RV vehicles in their state of residence.

Thank you for your time and consideration.



John H Dillingham, M Div, STM



January 25, 1993

Recreation Council
Kansas Manufactured Housing Association

To whom it may concern:

Nu-Wa Industries Inc. is a vital part of our community, currently employing 481 people from Chanute and the surrounding towns in Southeast Kansas. In their RV production, Nu-Wa uses products and services from several other businesses in the area, which gives a nice compliment to the business segment of our community.

Starting business in 1966, Nu-Wa produces 2,500 recreational vehicles per year. Needless to say, this has a large economic impact on Chanute. The support of Nu-Wa and their employees is also very evident throughout the community with involvement in various organizations via time, talent and financial commitments.

The Chanute Area Chamber of Commerce supports Nu-Wa Industries in its efforts for continued progressive growth and prosperity in the Chanute business community. In 1985, Nu-Wa received the Industry of the Year Award. And in 1992, Nu-Wa received the Special Industry Appreciation Award, both sponsored by the Chamber.

Sincerely yours,

CHANUTE AREA CHAMBER OF COMMERCE

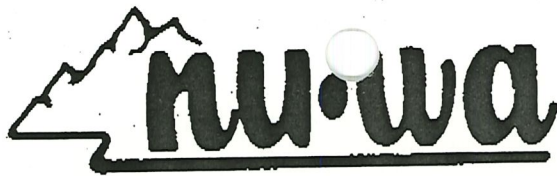
Patty M. Sloan
Executive Director

CHANUTE AREA CHAMBER OF COMMERCE

P.O. Box 747 • 10 N. Grant • Chanute, KS 66720 • (316) 431-3350

1/26/93

House Taxation Cmte
Attachment 8



INDUSTRIES, INC.

4002 ROSS LANE • P.O. BOX 808 • CHANUTE, KS 66720
PHONE 316-431-2088
MAIN OFFICE FAX 316-431-2513
SALES DEPT. FAX 316-431-7909

January 25, 1993

Kansas House Tax Committee

Attn: Keith Roe
Chairman

Mr. Roe,

I am submitting the following information on behalf of Nu Wa Industries, Inc. Hopefully this information will be helpful in your discussions of the present Kansas tax situation on recreational vehicles and the proposal to reduce the taxes on our Kansas resident recreational vehicle owners.

Allow me to provide some background of our company:

Nu Wa has been in business for 31 years. Two (2) years ago we were the number two (2) manufacturer in the nation in total fifth wheel trailer sales. We are located in Chanute, Kansas and operate out of four (4) facilities within the community. We are an Employee Stock Ownership Plan Company, thus our roots are in southeast Kansas and all returns from our company stay in this Kansas area. 1992 total sales exceeded \$60 million. We have a current work force of 481 employees with an annual payroll exceeding 6.25 million dollars. Our direct work force is approximately 70% of the actual jobs we create in the southeast Kansas communities. We create/cause another approximately 300 jobs through our purchases of outside component items. Locally we purchase all of our steel fabrication (frames) from Young's Welding, Inc.; our wood components and furniture items from Hi-Lo Table Manufacturing; our transporting through Barrett Transport; wiring components from ADI and Sandon; our fiberglass components (showers, tubs, 5th wheel fronts and backs) from Charloma in Cherryvale, Kansas; our plastic components from Can-Do Products in Eureka, Kansas. We also support a lot of our local merchants through component purchases.

Actual shipments for the 1992 fiscal year were 2,508 fifth wheel trailers. We sell to R.V. dealers in 33 U.S. states and Canada.

1/26/93
House Taxation Cmte
Attachment 9

Page 2
Keith Roe
Kansas House Tax Committee
January 25, 1993

In reviewing our last 12 years of shipments (from our main plant) within the state of Kansas, I find that we averaged 110 coaches into the state each year from 1980 to 1990. Kansas shipments in 1991 were 77; shipments into Kansas in 1992 were 75 coaches, so we have experienced a 31% reduction in shipments from our main plant. Our Custom Campers facility shipped 63 coaches in Kansas in 1989 and in 1992 shipped 43 coaches for an additional 32% reduction in Kansas shipments from the Custom facility.

As our company has continued to grow and increase in sales nationwide our portion of the Kansas market has declined.

As a manufacturer I cannot declare that the high taxation rate is the sole reason for our loss in Kansas sales. The R.V. dealers can contribute much more information in this area.

It is a fact that as our company has grown and our product is selling well in all other regions and that the Kansas dealers cannot sell to customers that are the closest to our manufacturing facility. Out-of-state customers also pay an additional high freight cost.

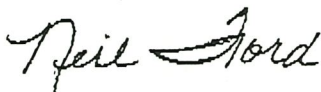
In discussions with our customers they have stated that they have shopped the Kansas dealers and chose to purchase out-of-state.

Our manufacturing company has to continue to grow; thus, we look for alternate market locations. It costs an R.V. manufacturer nine (9) times as much to establish a new dealer and customers as it does to maintain an existing dealer and customer base.

Hopefully with some tax relief we can recapture our Kansas customers, and bring back some tax revenue for the state.

Incidentally our number one state for shipments in 1992 was Texas with 318 coaches (3 times the Kansas shipments).

Thank you for your consideration on this issue.



Neil Ford
Vice-President
Nu Wa Industries, Inc.

NF:mkm

enc. Chanute Area Chamber of Commerce

92