

Approved: February 22, 1993  
Date

## MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:08 a.m. on February 8, 1993 in Room 519-S of the Capitol.

Members present: Senator Langworthy, Senator Tiahrt, Senator Martin, Senator Bond, Senator Corbin, Senator Feleciano Jr., Senator Hardenburger, Senator Lee, Senator Reynolds, Senator Sallee, Senator Wisdom

Committee staff present: Tom Severn, Legislative Research Department  
Chris Courtwright, Legislative Research Department  
Bill Edds, Revisor of Statutes  
Don Hayward, Revisor of Statutes  
Elizabeth Carlson, Committee Secretary

Conferees appearing before the committee: Gerry Ray, Johnson County Board of Commissioners  
Joe Boyd, Wichita Convention Center  
Richard Charlton, Paralyzed Veterans of America

Others attending: See attached list

### Requests for Introduction of Bills

Senator Langworthy requested the introduction of a bill by the Register of Deeds which would change KSA 79-3102a Mortgage Registration fees: protesting payment; written statement of grounds; proceedings for recovery of protested fees; limitations. It removes the county appraiser from the process, streamlining the procedures.

Senator Martin made a motion to introduce this bill. The motion was seconded by Senator Tiahrt. Motion carried.

Gerry Ray, Johnson County Board of Commissioners, requested the introduction of three bills:

1. Would allow the county to collect taxes that is owed in an aggregate of over \$100,000 by means of electronic funds transfer
2. Change the foreclosure procedure to pay the current years delinquent tax, and also the foreclosure be reduced from 3 years to 2 years.
3. When a tax bill is under \$5.00 the county treasure have the authority to cancel that tax on real property

Senator Bond made a motion to introduce these bills. The motion was seconded by Senator Tiahrt. Motion carried.

### Fred Hirsch, Board of Tax Appeals

Senator Langworthy reviewed the statutes on the appointments to the Board of Tax appeals.

Senator Lee made a motion to recommend to the Senate the confirmation of Fred Hirsch to the Board of Tax Appeals. The motion was seconded by Senator Feleciano. Motion carried.

### SB 171-- Sales tax exemption for fees and charges for participation in certain recreational activities

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:08 a.m. on February 8, 1993.

Senator Tiahrt spoke of the reason for introducing this bill by telling about a sales tax on prizes and entry fees being charged the American Bowling Congress National Tournament when they had a tournament in Wichita.

He introduced Joe Boyd, Wichita Convention Center, who spoke in support of **SB 171**. (Attachment 1) He told of Wichita being the host city to the American Bowling Congress National Tournament. The tournament brought to Wichita approximately \$28 million. The state has assessed the ABC a state tax on prize and entry fees. This amounts to \$255,000 in back taxes. He said to his knowledge, only twice has this type of tax been paid in the past. This sales tax impacts many other cities in Kansas. He is competing with Texas, Alabama and New York for the 1997 ABC tournament, and none of these states charge this tax. Wichita will be at a distinct disadvantage if they cannot be competitive in the area of taxation.

There were questions from the committee regarding the language of the changes and if it was the one drafted by the Department of Revenue. Representatives of the Department of Revenue said there were two options and they would present these options to the committee.

### **SB 63--Sales tax exemption for special modifications or accessories to motor vehicles of disabled persons**

Richard Charlton, Sr., Paralyzed Veterans of America, read from a prepared statement. (Attachment 2) He said currently, medically prescribed adaptive equipment and accessories attached to a motor vehicle or home are not exempt from the Kansas sales tax. He spoke in support of **SB 63** and requested favorable consideration in passing this bill.

There was discussion from the committee regarding the language which was struck on page 5, lines 41, 42, and 43. Mr. Charlton requested this language be left in the bill. A fiscal note has been prepared by the Department of Revenue which the committee reviewed.

The meeting adjourned at 12:00 noon.

The next meeting is scheduled for February 9, 1993.

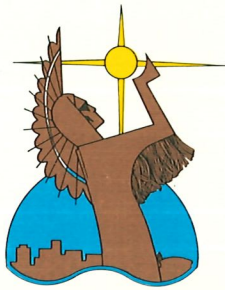
## GUEST LIST

COMMITTEE: Senate  
ASSESSMENT & TAXATION.

DATE: Feb 8, 1993

[illegible]

**WICHITA**  
Convention &  
Visitors  
Bureau



Presented To: The Committee on Assessment and Taxation  
In-Session  
February 8, 1993

Dear Committee Members:

Good morning, I'm Joe Boyd, President and CEO of the Wichita Convention and Tourism Bureau, Inc. in Wichita, Kansas. I'm here today to give testimony in support of Senate Bill 171 as it relates to sales tax exemption from certain fees and charges.

Currently, Kansas tax statutes as they pertain to prize and entry fee funds create an unfavorable economic climate for the procurement of major conventions, tradeshow, and national sporting events.

I'd like to begin by giving you a brief historical perspective of the benefits of having these national events convening to Kansas. Specifically, Wichita was the host city to the 1989 American Bowling Congress National tournament. Our community, along with the state of Kansas, reaped the economic benefits as a result of having the ABC's five-month national tournament.

Some 62,000 bowlers and family members converged on our city for the tournament and left an estimated \$28 million dollars in direct revenue in the city of Wichita. This contribution in the form of state sales tax to Wichita and Kansas, at a 5% tax collection rate, was \$1.4 million dollars. At the rate of 5%

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hotel/motel tax, the city of Wichita realized a \$146,000 windfall to the transient guest tax and with a 1% administrative charge, the state of Kansas recognized ~~\$14,500~~ <sup>\$15460</sup> dollars as its share of transient guest tax proceeds.

A problem with the existing state tax statutes has been identified to my organization by the ABC headquarters in Greendale, Wisconsin. ABC's problem lies with the assessment of state tax on prize and entry fees which are created as a product of having the event.

In July of last year, the ABC headquarters were visited by an agent from the Kansas Department of Revenue who supposedly had been informed that the ABC tournament "was a plum." In addition to all the tax revenue benefits to the state that I have mentioned, the final analysis is that state revenue now wants \$255,000 in back taxes, interest and penalties which was based upon a 5% sales tax rate on ABC's 1989 estimated \$3 million dollar prize and entry fee fund.

Those of us within the tourism industry in the state of Kansas have never before heard of this type of tax, and in my personal communications with other Convention and Visitors Bureaus and Chambers of Commerce within the state, I have only been able to find two instances where this type of tax has been paid in the past. In fact, a good case might be made for selective tax enforcement to ABC.

Broad enforcement by the Kansas Department of Revenue of these type of tax laws will have major impact beyond the boundaries of Wichita, Kansas, as racetracks, golf tournaments, rodeos, and many other forms of athletic events should now be subject to this tax. This could be construed as new revenue, not lost tax revenue.

In view of the revenues to be derived from taxing these types of activities and at all levels of government, this is extremely shortsighted.

I will close my remarks with one final example. On February 12, 1993, I will once again compete for the 1997 national tournament of the ABC. This bid will take place in Tulsa, Oklahoma. I will be competing against the states of Texas, Alabama, and New York, all of whom have informed ABC at this time that their state will not require sales tax on the prize and entry fee fund for the 1997 tournament. Wichita and Kansas will be at a definite disadvantage in the bid process if we are unable to be competitive once again in the area of taxation.

If Wichita and Kansas were to receive the 1997 ABC tournament, the projected value for this event would be \$50 million. At the present 5.9% rate of taxation, the tournament would leave an estimated \$2.95 million dollars in sales tax revenue dollars.

Unless we amend the tax law provision that we are discussing here today, the ABC would be required to pay an additional \$300,000 in state sales tax for the prize and entry fee fund in 1997.

This taxation will most certainly prohibit Wichita and Kansas from receiving the overall economic benefits of hosting this and other important sporting events in Kansas. In effect, isn't the \$2.95 million dollars far more important than the \$300,000?

I have attached a copy of a letter from Secretary of Revenue Nancy Parrish. Secretary Parrish recognizes the problem that this tax has created for the tourism industry, and has agreed to support a bill that is somewhat narrower in scope than Senate Bill 171, but that does alleviate the problem I have discussed today.

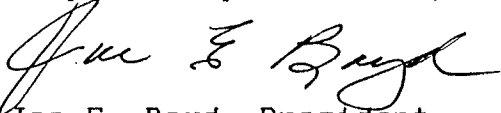
Ladies and gentlemen, I urge you to consider amending these tax laws so that Wichita and Kansas may remain competitive and receive the full economic impact of events of this magnitude.

At a time when many of our cities in Kansas are losing jobs, the ABC and events such as those at Heartland Park Racetrack here in Topeka provide a constant stimulation of both employment and revenue for the cities and state of Kansas.

Consider the \$50 million dollar impact of ABC, and think of our bid as competing for General Motors and/or similar industries.

I urge your support of the passage of Senate Bill 171.

Respectively Submitted,

A handwritten signature in cursive script, appearing to read "Joe E. Boyd".

Joe E. Boyd, President  
Wichita Convention & Visitors Bureau

Nancy Parrish, Secretary of Revenue  
Robert B. Docking State Office Building  
915 S.W. Harrison St.  
Topeka, Kansas 66612-1588



(913) 296-3041  
FAX (913) 296-7928  
Information (913) 296-3909

Department of Revenue  
*Office of the Secretary*

February 5, 1993

Mr. Joe E. Boyd  
Wichita Convention & Visitors Bureau  
100 S. Main, Suite 100  
Wichita, Kansas 67202

Dear Mr. Boyd:

I appreciate having the opportunity to meet with you and Senator Paul Feleciano last Monday regarding sales tax issues.

Kansas sales tax law currently requires the collection of sales tax on entry fees for sporting events as well as on admission fees. I understand your concern about the difficulty attracting major sporting events to Kansas with this provision in Kansas law.

Per your request, my legal staff has drafted an amendment to K.S.A. 79-3603(m) that should place Kansas in a more competitive position in securing major sporting events.

In addition, the language is drafted narrowly enough so that we are not creating a major loophole in our sales tax law. In particular, the amendment would eliminate the requirement of charging sales tax on entry fees for groups such as the American Bowling Congress.

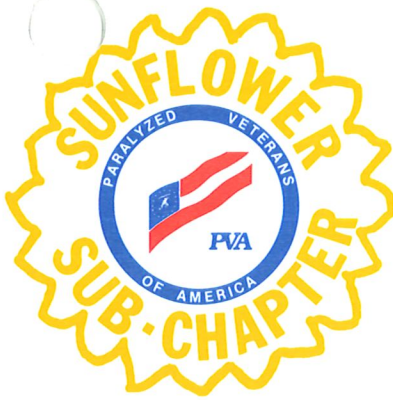
Please feel free to contact me if you need any additional information.

Most sincerely,

A handwritten signature in cursive script that reads "Nancy Parrish".

Nancy Parrish  
Secretary of Revenue





1951 SW Mission Ave  
Topeka Kansas 66604-3371  
(913)271-1213

TO: SENATE ASSESSMENT AND TAXATION COMMITTEE  
SENATOR LANGWORTHY, CHAIRPERSON

RE: SENATE BILL 63

A Division of  
Mid-America Chapter PVA

DATE: FEBRUARY 8, 1993

I am Richard D. Charlton, Sr, Legislative Director of the Sunflower Sub-Chapter, Mid-America Paralyzed Veterans of America. You must be a veteran with a spinal cord injury or disease that significantly limits your mobility to be eligible for membership. Almost all of our membership has to use a wheelchair for mobility. We are only one small part of the most significantly disabled population that would benefit from this legislation.

Currently, medically prescribed adaptive equipment & accessories attached to your motor vehicle or home is not exempt from the Kansas sales tax. This equipment should be exempt from sales taxation when prescribed by the disabled persons physician. The severely disabled are being penalized by being taxed on medically necessary equipment that could help them be more independent.

The sales tax on this medically necessary equipment has an enormous financial impact on the affected disabled population and their families. Let me cite some brief examples:

First lets set the scene-Today you're able-bodied. You can drive any type and size of car or truck you can afford to own. You can chose where you want to live based on your income. Tonight, you're on your way home from a long day in the Senate. A car swerves into your lane of traffic. They crash into you. When you wake up in the hospital it dawns on you that you can't move. Your spinal cord is severed. You survive, but you're permanently paralyzed for the rest of your life. Before you can go home from the hospital you will need to either remodel your home (if you haven't lost it), or look for a new place to live that is accessible. You own an economy car with a stick shift that gives you very good gas mileage. You own a two story home with a full basement and 3 steps going up to your front or back door.

1. You're now a paraplegic and paralyzed from the waist down. You need a wheelchair for mobility. Forget the economy car. Forget the very good gas mileage. You need to get a big heavy duty "gas hog" with the following: Automatic transmission, power steering, power brakes, air conditioning, cruise control and/or hand controls, power windows, a larger engine to handle all the power equipment, a two door sedan so that you can put your wheelchair behind the front seat, and large doors so that you can get your non-working legs in the car.

7846 S. Seneca • Wichita, KS 67233  
(316) 524-7633  
Toll Free Number: 1-800-321-5041

*Senate Assessment + Taxation*  
*February 8, 1993*  
*Attachment 2-1*

2. You're now a quadraplegic and paralyzed from the neck down. You need an electric wheelchair for mobility. You need to buy a wheelchair accessible van because your electric wheelchair is not foldable. You need a bigger "gas hog". In addition to needing most of the features in the previous paragraph, you will need to add the following: wheelchair floor, wheelchair lift, raised roof, raised door, power door with remote control, three-quarter ton chassis with a heavy duty transmission and rear end, a second air conditioner and a second heater, wheelchair locks to secure the chair, a six way power drivers seat, a CB Radio or mobile phone for emergencies, and if possible a heavier engine to handle all the extra power equipment and added weight. This properly equipped van will cost in excess of \$30,000 dollars. In conversion of a basic van the cost of the equipment and accessories can be over \$15,000 and up. (Luxury conversion vans for able-bodied persons in Topeka are advertised for as low as \$15,995.) Therefore, you are being penalized because you want to remain independent by sales tax in excess of \$900 on Medically necessary equipment. (Incidentally, the U.S government will also collect an additional \$3,000 for luxury tax.) You also will need to protect your investment by a rider on your insurance policy for the added equipment.

3. Now you need to decide where you're going to live. Your home needs to be remodeled. First a twenty-four foot ramp or porch lift needs to be installed and the entrance remodeled so you can get in the house at a cost in excess of \$4,000. Second, you will need a very large accessible bathroom with accessible lavatory stand, toilet stool, tub or shower, and grab rails. Third, you will need a very large bedroom to maneuver your wheelchair in with wide doors and large closets. Fourth, you will need four foot (4!) wide hallways. Fifth, If the bedroom or the bathroom is on the second floor you will either need a stair lift or elevator to get to them. Sixth, the garage will need to be remodeled and a power door opener installed to accommodate your nearly eight foot tall van.

If you decide to move into another home, you will probably need to remodel it extensively to meet your needs. All the modified accessories are expensive. You will have to pay sales taxes on all this equipment.

This bill, as written, could remove the punitive sales tax on adaptive equipment and accessories on motor vehicles. We request that your committee consider leaving in the words crossed out on page 5 lines 42 & 43, namely, "or personal property which when installed becomes a fixture to real property". In this way, you could remove the punitive sales tax on eligible equipment and accessories on the home as well as motor vehicles.

REMEMBER, We need to encourage, Not discourage the severely disabled to be as independent as feasibly possible. Therefore, We would appreciate your favorable consideration of our request by passage of the sales tax exemption with the recommended changes.

attachment 2-2

DATE: FEBRUARY 8, 1993

TO: SEWNATE ASSESSMENT AND TAXATION COMMITTEE.  
SENATOR LANGSWORTHY, CHAIRPERSON

FROM: RICHARD D. CHARLTON, SR.; ATTORNEY  
1951 SW MISSION AVE  
TOPEKA, KANSAS 66604-3371  
(913)271-1213

SUBJECT: SENATE BILL 63

IN 1959, I WAS ON AN OFFICIAL STATE BUSINESS TRIP AS A STATE ENTOMOLOGIST. I HIT A PILE OF GRAVEL LEFT IN THE ROAD. I ENDED UP IN THE HOSPITAL WITH A BROKEN NECK AND PARALYZED. EIGHT AND ONE-HALF MONTHS LATER I LEFT THE HOSPITAL. I'VE BEEN PENALIZED BY PAYING SALES TAXES ON MEDICALLY NECESSARY EQUIPMENT AND ACCESSORIES ON MY MOTOR VEHICLE, AND FOR MY HOME.

THE SEVEREST ASPECT OF MY DISABILITY IS THAT MY BODY CAN'T PRODUCE A SINGLE DROP OF SWEAT. THEREFORE, I NEED TO MAKE SURE THAT I KEEP VERY COOL. IN MY BEDROOM, DEN, AND LIVING ROOM I HAVE HEAVY DUTY, OVERSIZED WINDOW AIR CONDITIONERS TO KEEP THE TEMPERATURE BELOW 70 DEGREES. MY TEMPERATURE HAS WENT UP TO 103-DEGREES IN A WARM ROOM. I'VE BEEN HOSPITALIZED AND ICED DOWN TO LOWER MY TEMPERATURE. SALES TAXES HAVE ADDED TO THE COST OF THESE AIR CONDITIONERS.

PLEASE REMOVE THE REGRESSIVE TAX FROM MEDICALLY NECESSARY EQUIPMENT FOR MY MOTOR VEHICLE AND HOME.

WHEN MY NECK WAS FUSED THEY INSERTED BONE CHIPS FROM MY HIP. I WOULD LIKE TO END WITH THIS POEM.

WHEN YOU SEE ME TRAVERSE THESE CAPITAL HALLS SO DEAR.  
THINK OF ME AS A PAIN IN THE NECK AND NOT OF THE REAR.