

Approved March 16, 1994
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:10 a.m. on March 15, 1994 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
Bill Edds, Revisor of Statutes
Don Hayward, Revisor of Statutes
Elizabeth Carlson, Committee Secretary

Conferees appearing before the committee: Carol Beggs, Beggs Yamaha Cycleland, Salina
Phil Wilks, Attorney, Alcoholic Beverage Control Division

Others attending: See attached list

APPROVAL OF MINUTES

Senator Tiahrt moved to approve the minutes of March 10, 1994. The motion was seconded by Senator Martin. The motion carried.

SB 805--SALES TAX, EXEMPTING ALL-TERRAIN VEHICLES

Carol Beggs, Beggs Yamaha Cycleland, Salina, appeared in support of SB 805. He said the state of Nebraska does allow an exemption of sales tax on all-terrain vehicles. In the city of Salina, the sales tax is 6.9 percent. Mr. Beggs said if you save 6.9 percent on a \$5 thousand to \$6 thousand vehicle, that is quite a savings. Salina is close enough to Nebraska that many people go to Nebraska to purchase all-terrain vehicles. This is quite a loss of revenue, both to the state and to the dealers. He hoped, if the exemption was granted, enough sales would be made to offset the difference. He said he is seeking some legislative relief for the situation. (attachment 1)

There were questions from the committee whether or not there is a license for the all-terrain vehicles. Mr. Beggs said there is no licensure. It was pointed out that there is an agreement with Nebraska to audit retailers for sales, and if the sales tax has not been paid, the dealer must pay it.

Senator Corbin made a motion to amend the bill to include the repeal of the 2.5 percent sales tax on original construction labor services. The motion was seconded by Senator Bond.

Senator Lee made a substitute motion to include remodeling. The motion was seconded by Senator Martin. The substitute motion failed with Senator Lee and Senator Feleciano voting for the substitute motion.

Senator Bond made a motion to pass the bill favorably as amended. The motion was seconded by Senator Hardenburger. The motion carried.

Senator Lee made a substitute motion to amend HB 2888 into the bill. The motion died for lack of a second.

HB 2471--DIVISION AND MERGER OF TRUSTS--MARITAL DEDUCTION GIFTS

Discussion was held on HB 2471. Committee members said the proposal was to divide the trust as to avoid federal estate tax. There were questions if it did not allow for additional money for attorneys. Other members

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:10 a.m. on March 15, 1994.

said it does not do much for attorneys but would allow for trusts departments and banks to realize profits.
No action was taken on the bill.

HB 2623--TAX LEVY RATE COMPUTATION EXCLUSIVE OF LATE FILING PENALTIES

In reviewing the bill, staff said this is an amnesty bill through this year and going back two or three years. There was discussion in the committee whether it needed to be amended to include more than the present year. The decision was if it needed to be amended it can be done on the floor or in conference.

Senator Bond moved to amend HB 2623 to make it effective when printed in the Kansas Register and to pass the bill favorably as amended. The motion was seconded by Senator Martin. The motion carried.

HB 2613--DRUG TAX ENFORCEMENT AND ADMINISTRATION

There were concerns expressed by the committee about the 25 percent--75 percent split, on page 2, lines 10 and 14. Originally the percentage had been 50 percent--50 percent.

Senator Tiahrt moved to amend HB 2631 on page 2, line 10 and 14, to 50-50 percent. The motion was seconded by Senator Lee. The motion carried.

Senator Bond moved to pass the bill favorably as amended. The motion was seconded by Senator Lee.

Phil Wilks, Attorney for Alcoholic Beverage Control, answered some questions for the committee concerning the seizure and sale of real property.

The vote was taken and the motion carried.

The meeting adjourned at 12:00 noon.

The next meeting is scheduled for Wednesday, March 16, 1994.

DATE: March 15, 1994

[illegible]

**BEGGS
YAMAHA
CYCLELAND, INC.** since 1955

SALES—SERVICE
Telephone (913) 827-6743
129 South Fourth
Salina, Kansas 67401

Honorable Ben E. Vidricksen
Senator
State Capitol
Rm. 143-N
Topeka, Kansas 66612

Dear Senator,

This letter is a follow up of our conversation regarding a condition of disadvantage for Kansas dealers in respect to sales tax collection for the marketing of All Terrain Vehicles (ATV's).

I receive numerous comments from customers in my store which have convinced me that some Kansas residents are buying ATV's over the state line from Nebraska dealers who are applying the Nebraska sales tax exemption to transactions with residents of Kansas. The state of Nebraska currently exempts such sales when made for "agricultural purposes".

Since Kansas statutes do not require the registration of ATV's as vehicles, this creates a situation which is impossible to track through tax collection data in Kansas. The statute states the buyer **may** (not must) obtain a non-highway title.

Other than examining manufactures warranty registration records as to place of residence for sales tax liability, the purchaser is relatively immune to detection of he chooses not to apply for the off road or non-highway title. The other option to tracking this sales activity would require the cooperation of the Sales Tax Division of the state of Nebraska. Their audit of specific dealers records should reveal the exemption activity to Kansas buyers.

This issue may not seem to be that significant to the casual observer, but a seven percent cost differential between a Salina dealer's price and that of a dealer at, say Superior Power Products in Nebraska for the very same item does create an extremely uneven playing field.

I would offer my input to the Sales Tax Division, Department of Titles and Registration or any other relevant agency of state government to consider this issue. The state of Kansas is missing out on a considerable amount of entitled sales tax revenue. Please advise me of anything I can do to relieve this inequity.

Sincerely,

Carol E. Beggs, President
Beggs Yamaha Cycleland, Inc.
Salina, Kansas 67401

C.E., Betty, Dan and Dave Beggs

Senate Assess & Tax
March 15, 1994
attach 1-1