

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman David Corbin at 10:45 a.m. on February 12, 2004, in Room 519-S of the Capitol.

All members were present except:

Senator David Haley  
Senator Edward Pugh

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:

Joan Wagon, Secretary, Kansas Department of Revenue

Others attending:

See Attached List.

Senator Corbin called the Committee's attention to the minutes of the February 9 meeting.

Senator Buhler moved that the minutes of the February 9, 2004, meeting be approved, seconded by Senator Goodwin. The motion carried.

**SB 372--Sales tax computation for isolated or occasional sales of motor vehicles**

Joan Wagon, Secretary, Kansas Department of Revenue, noted that an April 2003 Legislative Post Audit report indicated that the state may be losing several million dollars in sales tax on motor vehicles sold at private sales due to under-reporting of the sale price to the County Treasurer by the parties involved in private car sale transactions. The Special Committee on Assessment and Taxation studied the report last summer and recommended legislation to address the problem. The bill provides that the price for sales tax computation purposes will be either the stated selling price or the value for property tax purposes, whichever is the highest. When a private purchase vehicle is registered, County Treasurers will be able to use the VIPS system to quickly obtain the motor vehicle property tax value. (Attachment 1) The Department estimates that **SB 372** would increase state revenues by \$1.0 million to \$3.0 million in FY 2005.

Senator Donovan moved to recommend SB 372 favorably for passage, seconded by Senator Lee. The motion carried with Senator Journey voting "No."

Senator Corbin opened a discussion on a previously heard bill, **SB 403**, the Governor's Education First plan, which includes provisions relating to taxation for school finance.

Senator Lee distributed copies of proposed amendments to **SB 403**. (Attachment 2) She explained that the income tax surcharge would remain the same, but the amendments would remove the additional 2 mills for property tax and would provide that the sales tax remain at the current 5.3% until January 1, 2005, at which time it would increase to 5.7% until July 1, 2007, when it would increase to 5.8%. She noted that her proposal is revenue neutral. Discussion regarding the property tax provisions in **SB 403** followed.

Senator Lee moved to amend SB 403 as she described, seconded by Senator Oleen. The motion failed.

Senator Buhler moved to remove the property tax portion of SB 403 and not replace it with anything else, seconded by Senator Oleen. The motion carried.

Senator Lee moved to recommend the finance portion of SB 403 favorably for passage as amended, seconded by Senator Goodwin. The motion carried with Senator Journey voting "No."

The meeting was adjourned at 11:10 a.m. The next meeting is scheduled for February 13, 2004.