

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on January 13, 2005 in Room 519-S of the Capitol.

Committee members absent: Senator Derek Schmidt- excused

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: Richard Cram, Kansas Department of Revenue
Eileen King, County Treasurer, Riley County

Others attending: See attached list.

Hearing on:

SB 23 – Sales tax calculation for isolated or occasional sale of motor vehicles; refunds; verification of selling price

Chairperson Allen opened the meeting today recognizing Richard Cram, KDOR, to give the Committee a background review on Tax on Isolated Sales of Motor Vehicles. In summary, Mr. Cram commented on **SB 23**, and the Pennsylvania Approach contained within. The bill would repeal the current law that has created so much controversy, offer refunds, and give the Department the authority to implement Rules and Regulations similar to those in Pennsylvania, whereby KDOR would develop criteria for screening private car sales transactions. Pennsylvania has a contract with Kelly Bluebook to process data received from local registration offices on private car sales throughout the state, and to identify for the Revenue Department those transactions that fall outside of a certain screening criteria. At that time, the Revenue Department staff contact the purchaser, and give the purchaser the opportunity to pay the index value, or provide evidence proving the sale price actually paid was what the vehicle was actually worth.

KDOR recommended and provided a balloon to **SB 23**. The balloon would amend KSA 8-134 to provide that when the Department assesses someone for underpayment of sales tax on a private car sales tax transaction, the Department will notify the County Treasurer, who could not renew the registration on that vehicle until the tax has been paid. **SB 23** also provides for retroactive refunds. The Department estimates as many as 25,000-30,000 refunds could be requested. A six month period is proposed by KDOR for refund claims to be filed. The Department also proposes a minimum refund of 10 dollars (Attachment 1). **SB 23** currently contains language requiring a statement be added to the back of the Certificate of Title form warning the person signing it that false statements may result in fines and/or imprisonment. The Department proposes deleting this language, and instead instituting a requirement that a Bill of Sale be signed by both buyer and seller, along with an affidavit swearing to the correct sales price (Attachment 2). If the title form were to be changed, KDOR testified it would cost an extra 60,000 dollars. The Department could avoid this expense if a statement was added to the sales tax receipt, instead of making a statutory change. Therefore, it recommends section I of **SB 23** be deleted.

Eileen King, Riley County Treasurer, representing Kansas County Treasurers Association (KCTA), was recognized by Chairperson Allen. She stated KCTA strongly supports the repeal of the 2004 legislation and the provision for refunds (Attachment 3).

There being no others to testify on **SB 23**, Chairperson Allen closed the hearing. The Chair informed the Committee it was her intention to work **SB 23** on Tuesday, January 18, 2005.

The Chair asked for bill introductions. Mike Taylor, Unified Government, Wyandotte County, Kansas City, Kansas, appeared before the Committee requesting the introduction of a bill that deals with collection of delinquent taxes. The Unified Government would like to be able to use civil judgement remedies to collect delinquent taxes. Mike stated he had the support of the Kansas Association of Counties and the Greater

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:40 A.M. on January 13, 2005 in Room 519-S of the Capitol.

Kansas City Chamber. Senator Donovan made a motion to introduce the bill, seconded by Senator Jordan. The motion carried.

Senator Donovan asked for introduction of a county arena tax bill, and another bill creating a check off system for KIOGA, so their members could pay a small fee that would go into education. Senator Donovan made a motion to introduce legislation for these two bills. Senator Jordan seconded the motion, and the motion carried.

Chairperson Allen informed the Committee it would meet next Tuesday, January 18, 2005.

The meeting adjourned at 11:35 a.m.