

To: Committee on Taxation
Rep. Marvin KleeB, Chair

Date: February 23, 2015

Subject: House Bill No. 2169

I am Kathy Wilson and live at 1240 W. 34th St. N. in Wichita. I have been a member of the Assistance League® of Wichita (ALW) since 2004 and am President Elect. I served as Vice President of Philanthropic Programs in 2012-2014. Professionally, I was an educator for 38 years, approximately 18 of those years as a building principal at the elementary, middle, and high school levels. I had the fortune of starting my career in Mulvane, then spent 24 years in Wichita, and for six years prior to retiring, as principal of Newton High School. After retiring from the public schools, I taught five years at Baker University in the Educational Administration Master's program.

You have just heard Ruth Ann talk about the mission of the Assistance League®. I want to briefly share specifics with you regarding the taxes as reported by our accountant, Sue Dunlop who is unable to be here. This is her report:

"For five years I was a member of the Assistance League® of Wichita (ALW) from 2006 through 2014 and during that time served in various volunteer capacities including treasurer of the organization. I left the organization when I moved to Colorado in June of 2014. In June 2013 ALW received a request from the Kansas Department of Revenue to submit a self-audit of purchases and sales for the period June 1, 2010 through May 31, 2013 on which tax was due. The untaxed purchases reported in the audit were purchases of clothing from out of state wholesalers. The clothing was distributed through ALW's Operation School Bell® (at no charge) to children referred to ALW by USD 259 social workers. The self-audit reported untaxed purchases from out of state vendors totaling \$295,965. ALW remitted the compensating use tax of \$21,213 and the interest charged of \$1,146 in September 2013.

Beginning in June 2013 ALW has remitted the compensating use tax monthly. For the period June 2013 through January 2015, ALW reported purchases of \$307,888 and remitted compensating use tax of \$22,065. All of these purchases were for ALW programs.

In addition to the compensating use tax, for the period June 1, 2010 through January 31, 2015, ALW made clothing purchases of \$96,279 (includes sales tax) from Kansas vendors. This clothing was also distributed through ALW's Operation School Bell® program.

ALW strongly feels that the purchases for programs should be exempt from sales/use tax. The average cost to clothe a child is approximately \$100, by exempting ALW from sales/use tax, the organization would be able to clothe on average an additional 120 – 130 children annually."

I want to emphasize that we pay taxes on Thrift Shop purchases and all in-state purchases. Our OSB donors expect their financial contributions to go toward the purchase of clothing and shoes for children and we would like to assure them that all the money goes toward clothing children. We are proud of our organization because it is small, only about 140 members, and again no paid employees—a rare finding in any non-profit---and we reach a lot of children and adults with our services that would not be there if we were not functioning.

As Ruth Ann requested, please show your support by including the Assistance League® of Wichita in House Bill 2169.