

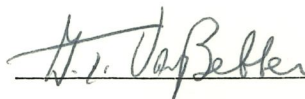
MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS

Held in Room 510, at the Statehouse at 2:45 a.m./p.m., on February 13, 1975, 1975.

All members were present ~~except~~ with Mr. T. Slattery excused for part of the meeting.

The next meeting of the Committee will be held at 2:45 a.m./p.m., on February 17, 1975.

These minutes of the meeting held on February 10, 1975 were considered, corrected and approved.



Chairman

The conferees appearing before the Committee were:

Representative David Heinemann
Mr. Gary Zook, Commerce and Industry

The meeting was called to order by the Chairman who stated the agenda. Mary Torrence discussed HB 2178, stating the bill repeals sections of prior law that were made unapplicable by the Governmental Ethics Committee; that the bill applies to all state officers.

The Chairman suggested that the committee should also look at HB 2281, and report the one which is the most comprehensive.

Mr. Gary Zook appeared on HCR 2012, which relates to a study concerning the advisability of offering merchants a rebate or some kind of relief for collecting sales tax. He stated that there are already precedents in Kansas, i.e. cigarette tax and shrinkage allowance. He stated that he supports this concept and although he does not have recent figures, in 1972 at least 20 states had some form of administrative allowance or discount.

Rep. Heinemann appeared on HCR 2001, stating that this is an attempt to help voters understand what they are voting on concerning the Constitutional amendments; that he thinks it may need some more work after visiting with some of the Revisor's staff; that he would like to recommend an interim study. The Chairman inquired if it would be agreeable to hold the bill in committee until such time as Mr. Heinemann had completed his own research, and he agreed this would be satisfactory. Mr. Morris stated that he believes this is unnecessary; that the news media and others such as the League of Women voters give ample information if people want to utilize it.

Mr. Feleciano stated he had talked with Mr. Loux about HB 2178, and he stated he would not object if the committee killed the bill if they took favorable action on HB 2281. After discussion, it was moved by Mr. Feleciano and seconded by Mr. Ward that HB 2178 be reported adversely. Several members stated that they would like to delay action, and Mr. R. Miller stated that he had requested additional information from the Research Department. The motion was then withdrawn.

Mr. Reeves stated that he had a clean-up amendment on HB 2138. He explained that it generally changes the phrasing from cockfighting to gamecock fighting. He displayed some pamphlets which discuss cockfighting and show equipment which is used in the sport.

Mr. J. Slattery stated that he agreed with Mr. Kramer about boxing and rodeos. Mr. Reeves stated that in boxing nobody forces you to participate; that you have a choice, and insofar as rodeos are concerned, the animals are not killed although he did have some reservations about torture.

Mr. Sellers stated that there is a very small percentage of people who enjoy this, and although he would never be interested himself, he was not sure we should tell those few people they couldn't participate. Mr. Lindahl expressed the opinion that if this is enacted it will drive it underground. Mr. Rodrock stated there are farms which hatch quail and pheasant for hunting and that just before the hunters arrive they turn the birds out. He stated he thinks this is worse than cockfighting.

It was then moved by Mr. Rodrock and seconded by Mr. Sellers that the bill be reported adversely. Mr. Morris urged that law enforcement people testified that this bill is needed, and urged the defeat of the motion. Mr. J. Slattery stated he had indicated to Mr. Reeves he would probably support the bill, but in view of the testimony he has changed his mind. Upon vote the motion lost 9 to 10.

Thereupon, it was moved by Mr. Morris and seconded by Mr. Reeves that the proposed amendments be adopted. Motion carried.

It was moved by Mr. Reeves and seconded by Mr. Morris that the bill as amended, be recommended favorably. Motion carried 11 yes to 8 no. Mr. Rodrock asked to be recorded as voting no.

The meeting was adjourned.

TESTIMONY

FOR THE

FEDERAL AND STATE AFFAIRS COMMITTEE

THURSDAY, FEBRUARY 13, 1975

RE: HCR 2012

Mr. Chairman, and members of the Committee, my name is Gary Zook, Executive Director of the Kansas Retail Council, a division of the Kansas Association of Commerce and Industry.

During the 1974 session of the Kansas Legislature, the legislature saw fit to acknowledge the contribution of persons serving on advisory boards and commissions in support of state government by classifying them as state employees and requiring that they receive compensation for the services rendered to the state. This was certainly proper since the citizens involved make extensive sacrifices of time and money in support of their state government.

The Kansas Retail Council believes that the same philosophy that prompted the legislature to take this action applies to the 26,000 retailers in the State of Kansas who perform a very vital function for the State of Kansas; that being the collection of state sales tax. Approximately 19% of the state revenues comes from the collection of state sales tax. What this means Mr. Chairman and members of the committee, is that the retailers of Kansas constitute the largest unpaid employees of the State of Kansas. It means that the functions they perform in administering the collection of state sales tax supports approximately 19% of the expenditures made by the State of Kansas on its various programs.

It would certainly seem appropriate that if members of advisory committees and commissions are entitled to some sort of compensation for the service they render that the retailers who collect and remit a very significant percentage of the total state revenues should also receive some sort of compensation for their efforts.

Bills to grant retail merchants an allowance for collecting the state sales tax have been introduced into the Kansas Legislature in several previous sessions. However, for various reasons none of those were passed. Merchants, acting as unpaid sales tax collectors for the state, are absorbing substantial administrative costs. A recent study done in the State of Georgia indicates that the costs of compliance as a percent of the Georgia sales tax collected amounts to 4.48% for large companies, 3.96% for medium sized companies, 10.5% for small companies with a composite over-all average of 4.48%. This represents a rather significant cost of doing business.

Granting an allowance for collecting the tax can be supported, not only as a matter of equity to the merchant but as an administrative device to encourage prompt reporting and remittance of the tax collected. Since this amounts to approximately 19% of the state revenue, it is extremely important that this revenue be promptly reported and remitted. For example, the Commissioner of the Alabama Department of Revenue has reported and I quote "It has been our experience that the allowing of a discount to retailers has materially reduced delinquent returns in payments."

There are already precedents in Kansas for such an administrative allowance. Under the cigarette tax law wholesalers receive a discount for affixing tax stamps. Also, while not directly comparable, the shrinkage allowance to distributors under the gasoline tax law represents recognition of an allowance for an administrative problem involved in collecting tax for the state.

Several other states imposing sales taxes grant merchants an administrative allowance or discount for collecting the tax. Therefore, Mr. Chairman and members of the committee, the Kansas Retail Council heartily supports House Concurrent Resolution 2012 which would provide that an interim study be made of the problem in the State of Kansas. We would be most pleased to cooperate with the interim committee in any way in developing the facts about the situation in Kansas and would heartily recommend the favorable action of this committee on this resolution.