

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Bill Bunten at
Chairperson

8:10 a.m. ~~xxxx~~ on Thursday, April 21, 1983 in room 514-S of the Capitol.

All members were present except: Representative Meacham at the 8:10 meeting
Representative Duncan at the 1:20 meeting ...all excused
Representative Mainey at the 1:20 meeting
Representative Dyck at the 1:20 meeting

Committee staff present: Lyn Entrikin Goering -- Legislative Research
Bill Gilmore -- Legislative Research
Jim Wilson -- Office of the Revisor
LewJene Schneider -- Administrative Assistant
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee:

Paul Coleman, Phillip Morris Tobacco Company
Art Griggs, Department of Administration
Tom Green, Mid-states Port Authority

Others present: (Attachment I).

The meeting was called to order at 8:10 a.m. by Chairman Bunten.

The Chairman turned the committee's attention to hearings on several bills.

Senate Bill No. 183 -- "An Act relating to the taxation of cigarettes; concerning sample packages of cigarettes; amending K.S.A. 79-3302 and 79-3313 and repealing the existing sections."

Paul Coleman was recognized by the Chairman to appear in support of the bill and to review the provisions of the bill for the committee. (Attachment II). The bill amends two sections of the Cigarette Tax law to permit cigarettes to be distributed as samples for advertising or any other purpose and requires such sample packs of cigarettes to be taxed in the same manner as other cigarettes. It would also permit wholesale dealers or manufacturer's representatives to distribute free sample packages of cigarettes containing up to 19 cigarettes. Current law limits sample packages to not more than 5 cigarettes.

Representative Holderman opposed this bill in as much as it is just promoting something that is very hazardous to the public of Kansas and he feels that the legislature should do nothing to endorse this type of legislation as it is written.

Senate Bill No. 444 -- "An Act relating to taxation; concerning the levy of taxes by the state of Kansas upon all tangible property in the state; amending K.S.A. 76-6b01 and K.S.A. 1982 Supp. 76-6b04 and repealing the existing sections."

Chairman Bunten explained the bill for the committee. He indicated that it would lower, for a period of 1 year, the IBF mill levy from .5 to .4 and increase the EBF from 1 mill to 1.1 mill. Due to not having been fully appropriated, this would help fund the KU Med Center equipment budget and the maintenance and repairs budget in the Board of Regents Office.

Representative Farrar moved that SB 444 be reported favorable for passage. Seconded by Representative Louis. The motion carried.

Senate Bill No. 424 -- "An Act concerning vocational education; imposing certain restrictions on the establishment and designation of area vocational schools; amending K.S.A. 72-4412 and 72-4416, and repealing the existing sections."

Jim Wilson was called upon by the Chairman to explain this bill. He indicated that it would prohibit the State Board of Education from approving any additional Type I area vocational schools in the state of Kansas.

Representative Rolfs moved that SB 424 be reported favorable for passage.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,

room 514-S, Statehouse, at 8:10 a.m. ~~xxx~~ on Thursday, April 21, 1983.

The motion was seconded by Representative Shriver. The motion carried.

Senate Bill No. 445 -- "An Act relating to national direct student loan funds; providing for the transfer of money from the state general fund to each national direct student loan fund of state educational institutions under the control and supervision of the state board of regents in an amount attributable to interest earned on moneys in each such fund; creating the national direct student loan dispute fund; providing for transfers of money thereto."

Art Griggs of the Department of Administration reviewed the bill. He explained that the bill is designed to avoid cut-off of further funds to the National Direct Student Loan accounts at the various regents institutions.

Representative Dyck moved the SB 445 be reported favorable for passage. Seconded by Representative Hamm. The motion carried.

Senate Bill No. 446 -- "AN Act concerning municipalities; providing for payments of certain claims in advance of presentation to governing bodies thereof; amending K.S.A. 12-105b and repealing the existing section."

Jim Wilson reviewed the provisions of this bill. He indicated that the bill arises with regard to municipalities where there is a Board administering the governmental entity which meets only periodically. This bill speaks to the situation where the authority is not present to pay the bills that come in. Due to the fact that the Board is the one that authorizes the payment of said bills, and since they only meet periodically, this would allow the authorization to pay the bills and not come under a penalty period.

Representative Luzzati moved that SB 446 be reported favorable for passage. Seconded by Representative Hamm. The motion carried.

The Chairman turned the committee's attention to final action on SB 183 which was heard by the committee earlier in the meeting.

Representative Mainey moved the SB 183 be reported favorable for passage. Seconded by Representative Shriver.

Representative Holderman made a substitute motion to amend the bill by indicating that the maximum number of cigarettes that could be contained in a sample pack be set at one (1). Seconded by Representative Solbach. The motion lost.

A substitute motion was made by Representative Holderman to add the distribution of cigarettes to minors to the statute list of prohibited acts. The motion was seconded by Representative Chronister. The motion carried.

Representative Duncan further moved to amend the bill by making it a misdemeanor to distribute sample products of smokeless tobacco to a minor. The motion was seconded by Representative Holderman. The motion carried.

Representative Duncan moved to report SB 183 favorable for passage as amended. Seconded by Representative Dyck. The motion carried.

The Chairman announced that the committee would recess and meet again upon first adjournment of the House.

The meeting recessed at 9:00 a.m.

The committee resumed at 1:20 p.m.

The Chairman recognized Mr. Tom Green to appear before the committee to explain a bill that is being requested for introduction by this committee. (Attachment III). (Further information on this bill can be found in Friday, April 22, 1983 minutes).

He explained that the bill is designed to create a state guarantee for

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,
room 514-S, Statehouse, at 8:10 a.m. ~~pm~~ on Thursday, April 21, 1983.

for federal railroad administration loans to the Mid-states Port Authority. It would create a fund from which funds would be available for repayment of the loan, as it becomes due, if there is default. It also provides the guarantee language and gives the Secretary of Transportation the authority to review any contract between the Port Authority and the Federal Railroad Administration prior to guaranteeing the loan on behalf of the state of Kansas.

Mr. Green indicated that under Article 11, Section 9, of the Constitution, that this would require a 2/3 vote on the floor in order to become effective.

The committee recessed at 1:45. It was announced by the Chairman that further meeting of the committee would be On Call of the Chairman.

(Continuation of the testimony by Mr. Green is concluded in the April 22, 1983 minutes).

NAME	ADDRESS	REPRESENTING
1. BILL KAUFFMAN	TOPEKA	KANSA BOARD OF REGENTS
2. GARY STOTTS	TOPEKA	Div. OF BUDGET
3. Keith HAKTON	TOPEKA	KAPE
4. Jo Ann Klesch	Topeka	KAPE
5. Jack M. Glothlin	Pittsburg	UJU
6. Ron CALBERT	Newton	UJU
7. Leroy Jones	Overland Park	B. of L.E.
8. BRYAN WHITEHEAD	KEIC	BRAE
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Atch. I

INFORMATION IN SUPPORT OF S.B. No. 183

- ° Current state laws provide that free sample packs of cigarettes containing 5 or less do not have to bear tax stamps. S.B. No. 183 would raise this limit to packs of less than twenty.
- ° Manufacturers would still pay all applicable excise and sales tax directly to the Department of Revenue. Manufacturers maintain accurate books and records to ensure that all such taxes are paid.
- ° These direct payments are not subject to the 3 1/4% discount afforded to wholesalers as a stamping allowance; thus, the revenues to the state would be increased.
- ° In addition, passage of this bill could increase sampling levels, resulting in further increased revenues.
- ° There is no evidence that passage of this bill would increase the likelihood of minors acquiring cigarettes or that the general consumption would increase.
- ° The National Tobacco Tax Association is an association of state tax administrators, of which Kansas is a member. That association has recommended that sample packs not be required to bear tax indicia.
- ° The bill, in its present form, passed the Senate by a vote of 36-3. There were no opponents appearing before the House Assessment and Taxation Committee.
- ° Passage of this bill would modernize a statute that has gone virtually unchanged for three decades.

Atch. II

DRAFT BILL NO. _____

For Consideration by House Committee on Ways and Means

AN ACT concerning financing for railroad rehabilitation; establishing the railroad rehabilitation loan guarantee fund; providing for administration thereof by the secretary of transportation; providing for payments for certain loan payments in default.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The railroad rehabilitation loan guarantee fund is hereby established in the state treasury which shall be for the purpose of facilitating the financing, acquisition and rehabilitation of railroads in participation with the federal government to provide rail service in Kansas. In no case shall expenditures from the railroad rehabilitation loan guarantee fund with respect to a single rail acquisition or rehabilitation project exceed the participation of the federal government for such project. The secretary of transportation shall administer the railroad rehabilitation loan guarantee fund. All expenditures from the railroad rehabilitation loan guarantee fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of transportation or by a person or persons designated by the secretary.

Sec. 2. Subject to the provisions of section 1, the secretary of transportation shall pay from the railroad rehabilitation loan guarantee fund to the federal railroad administration, or its successor, all amounts owed by the mid-states port authority for any loan payments which are in default on any loan which is for the acquisition and rehabilitation of certain railroad facilities from the trustee of the Chicago, Rock Island and Pacific Railway company to provide railroad service in Kansas and which received prior approval by the secretary of transportation.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

Atch. II