

Approved _____
Date 3/7/83MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRSThe meeting was called to order by Senator Bill Morris at
Vice Chairperson11:00 a.m. ~~pm~~ on February 24, 1983 in room 254-E of the Capitol.

All members were present except: Senators Reilly, Daniels and Roitz, who were excused.

Committee staff present: Russell Mills, Legislative Research
Fred Carman, Assistant Revisor of Statutes
Emalene Correll, Legislative Research
June Windscheffel, Secretary to the CommitteeConferees appearing before the committee: Senator Merrill Werts, Joint Committee on Administrative
Rules and Regulations
Bill Strukel, Alcoholic Beverage Control
Tom Green, Kansas Retail Liquor Dealers Association
Debbie J. Elder, Kansas Association of Private Clubs
Tim Underwood, Kansas Association of Realtors
Janet J. Stubbs, Homebuilders Association of Kansas, Inc.
Paul Flower, Director, Kansas Real Estate CommissionSB133 - relating to issuance of licenses to retail dealers of intoxicating
liquors whose spouses are employed in clubs licensed by the directors.The Chair introduced Senator Werts who stated that he was appearing in
behalf of the Joint Committee on Administrative Rules and Regulations, which
introduced this bill. He said that the committee had received testimony
that there are a number of instances where the spouse's principal vocation
is that of a bartender but is precluded from working because of the laws
involved. He said that the Director of the Alcoholic Beverage Control has
a suggested amendment to the bill which would be acceptable to the committee.Bill Strukel appeared next. He spoke to the subject at hand and distributed
copies of a Memorandum from the Director of the Alcoholic Beverage Control,
which addresses SB133 and the situation. It is a part of the record. (See
Attachment #1) It states that if the bill in its present form were enacted
it would authorize the spouse of a retail liquor store licensee to work in
a licensed private club as a mixing, serving, selling or dispensing employee;
it would also authorize the spouse to work as the person who orders the
alcoholic liquors and as a person who goes to the retail liquor store to
pick up alcoholic liquors for the club.The Memorandum further states that if the bill were enacted in the present
form it would permit the retail liquor store licensee to do something
indirectly when he is otherwise prohibited from doing, and recommends that
the bill be amended to prohibit the spouse from being the person who makes
the actual club purchase and the actual delivery of the club order. The
Director is neither a proponent nor an opponent of the bill.Tom Green spoke next. He said that the Kansas Retail Liquor Dealers
recognize the problems that the Alcoholic Beverage Control has and suggest
that some amendment be made to the bill to obviate that problem. He said
that on the deliveries aspect that a bill is being introduced in the house
which will allow deliveries from the retailers to private clubs, and his
organization supports that bill.Debbie Elder was next to appear. She said that Jack Milligan was unable
to appear on SB133, but that the Kansas Association of Private Clubs does
support the bill. Copies of Milligan's statement were distributed and are
a part of the record. (Attachment #2)The Chairman said that the above concluded the hearings on SB133.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,
room 254-S, Statehouse, at 11:00 a.m./~~p.m.~~ on February 24, 1983.

SB264 - relating to amendments to the real estate brokers' and salespersons' license act.

Tim Underwood appeared on SB264. He said that the Kansas Association of Realtors had found it difficult to re-write the legislation as to what the Real Estate Commission wants. He said he would like to go over some additional aspects of the bill. He stated that any time a class of people is exempted from a license law the ability of the general public to have access to the real estate recovery fund is taken away. (Attachment #3)

Janet Stubbs was next to appear on SB264. The attached statement expresses the sentiment of the Homebuilders Association of Kansas. (Attachment #4) The statement reinforces the strong support for retention of the provision allowing employees of Homebuilders to be exempt from licensure requirements when staffing the office of their employer.

Paul Flower, of the Kansas Real Estate Commission there were two things they would like to stress. He said that the problem with corporations and the 5% limit is that many corporations coming into many areas have a property man who is not a stockholder. The other issue he addressed concerned inactive license and the deletion of it.

Senator Morris stated that the committee will take SB264 under further consideration at a later time, and that this concluded testimony at this time.

The Chair called the committee's attention to the Request for Introduction of Film Industry Income Tax Exemption by the Travel and Tourism Division of the Kansas Department of Economic Development, copies of which were distributed and made a part of the record. (Attachment #5) Cathy Kruzic and Kay Crawford of the KDED were present to testify but none was required. It was moved by Senator Vidricksen that a committee bill be introduced to provide an exemption from the Kansas Income Withholding Tax for non residents working in Kansas on a motion picture, television production or a television commercial for one hundred twenty days or less. 2d by Senator Winter. The motion carried.

Members of the Breakfast Optimist Club of Topeka, Ks., asked to go on record with their thoughts concerning the committee's efforts in developing bingo legislation, through a letter written by Dale R. Kaeshoefer, Vice President - Community Service. The letter is a part of the record. It is Attachment #6. The letter lists various activities supported by their organization from bingo, and they ask that organizations such as theirs be taken into consideration in the legislative process.

The meeting adjourned at 12:00 noon.

MEMORANDUM

*Minutes of
February 24, 1983
Attachment #1*

TO: Honorable Edward F. Reilly, Jr.
Chairman, Senate Federal and State Affairs Committee

FROM: THOMAS J. KENNEDY, Director, ABC Division

RE: Senate Bill No. 133

DATE: February 23, 1983

PURPOSE

Senate Bill 133, if enacted, is an act concerning alcoholic liquors and beverages; relating to licenses; amending K.S.A. 1982 Supp. 41-311 and repealing the existing section.

PERSPECTIVE

Senate Bill 133, if enacted in its present form, would authorize the spouse of a retail liquor store licensee to work in a licensed private club as a mixing, serving, selling or dispensing employee.

It would also authorize the spouse of a retail liquor store licensee to work in a club as the person who orders alcoholic liquors for the club and as a person who goes to the retail liquor store to pick up alcoholic liquors for the club.

K.S.A. 41-308 states that a retailer's license shall allow the licensee to sell and offer for sale at retail and deliver in the original package only in the premises specified in such license, alcoholic liquor including beer for use or consumption off of and away from the retailer's premises. The holder of a retailer's license shall not give away from the license premises any service or thing of value whatsoever except alcoholic liquor in the original package.

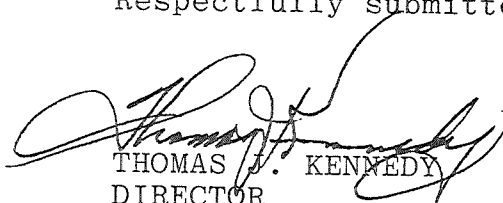
If this bill is enacted in its present form, it would permit the retail liquor store licensee to do something indirectly which he is otherwise prohibited from doing.

COMMENTS AND/OR RECOMMENDATIONS

Recommend that Senate Bill 133 be amended to prohibit the spouse of a retailer from being the person who makes the actual club purchase for the club and the actual delivery of the club order from the retailer.

The Director of Alcoholic Beverage Control is neither a proponent nor an opponent of this bill.

Respectfully submitted



THOMAS J. KENNEDY
DIRECTOR

Alcoholic Beverage Control Division

TJK:cjk



Kansas Association of Private Clubs

(913) 357-7642 • 117 W. 10TH ST. • TOPEKA, KS 66612

*Minutes of February 24, 1983
Attachment #2*

February 23, 1983
SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
SB 133

Mr. Chairman, Members of the Committee, my name is Jack Milligan. I appear this morning in behalf of the Kansas Association of Private Clubs in support of SB 133.

The Kansas Association of Private Clubs views this measure as an opportunity to erase what is obviously discrimination against the spouse of a person who holds a license to sell alcoholic beverages at retail. Prohibiting the spouse of a licensee from working in a private club is certainly no safeguard against any improprieties that may be committed on the part of the licensee. The Legislature may have felt a prohibition of this sort was useful many, many years ago. However, we certainly cannot find any justification for this type of rationale or regulation during present times.

We view SB 133 as an appropriate vehicle to permit the spouse of a licensee to pursue employment in establishments that serve alcoholic beverages if he or she chooses to do so.

Thank you for the opportunity to appear this morning. I will be glad to address any questions the committee might have.



Executive Offices:
3644 S. W. Burlingame Road
Topeka, Kansas 66611
Telephone 913/267-3610

*Minutes of February 24, 1983
Attachment # 3*

SENATE FEDERAL AND STATE AFFAIRS

SB 264

The question of exemptions has raised some concerns about the proposed language in SB 264. The Association believes that this part of the license law is of the most importance. The Association has always supported the exemption for an individual to do as they want with their own property. The real question has been how to provide some relief to corporation and partnerships and still provide some assurances to the public that those they are dealing with meet some minimum requirements. The license law provides a recovery fund for the public to make claims against when a licensee causes a loss. Those exempt from the license law who cause a loss are not covered by the recovery fund.

The Association believes that the language proposed would allow corporate employess to buy full time, real estate for the corporation and to make sales and leases which are incidental to the business. The main thrust of the language is to prevent corporate employees from performing as a vocation the sales or leasing of real estate, which we believe should be a licensed activity.

Minutes of February 24 1983

Attachment #4

TESTIMONY BEFORE
SENATE FEDERAL & STATE AFFAIRS
SB 264
, 1983

JANET J. STUBBS

HOME BUILDERS ASSOCIATION OF KANSAS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

MY NAME IS JANET J. STUBBS, EXECUTIVE DIRECTOR OF HOME BUILDERS ASSOCIATION OF KANSAS. I HAVE ASKED TO APPEAR BEFORE YOU TO REINFORCE OUR STRONG SUPPORT FOR RETENTION OF THE PROVISION ALLOWING EMPLOYEES OF HOME BUILDERS TO BE EXEMPT FROM LICENSURE REQUIREMENTS WHEN STAFFING THE OFFICE OF THEIR EMPLOYER.

THOSE OF YOU WHO WERE AROUND AT THE TIME OF THE REWRITE OF THE LAW SOME 3 YEARS AGO WILL REMEMBER OUR CONCERN ON THAT ISSUE.

I AM NOT SURE WHAT THE NEW LANGUAGE SAYS BUT WISH TO REMIND THE COMMITTEE THAT MANY OF MY BUILDERS ARE "MOM & POP" OPERATIONS. THE BUILDER IS USUALLY A REAL ESTATE BROKER AND ALWAYS A SALESMAN. OFTER AN OFFICE IS ESTABLISHED IN A MODEL HOME AND STAFFED BY AN OFFICE PERSON WHO ACTS AS A RECEPTIONIST BY ANSWERING THE PHONE AND GREETING INDIVIDUALS WHO STOP TO TOUR THE HOUSE. THEY DO NOT CLOSE A SALE.

THE 5% OWNERSHIP OF STOCK EXEMPTION WAS WRITTEN FOR THE BUILDERS WIFE WHO IS OFTEN AN OFFICER OF THE CORPORATION AND INVOLVED IN THE DAY TO DAY OPERATION OF THE BUSINESS.

WITH REGARD TO THE CONCERN EXPERSSED BY TIM UNDERWOOD REGARDING A CUSTOMER'S ACCESS TO THE RECOVERY FUND, IF A NON-

LICENSED SALESPERSON IS INVOLVED, I WOULD THINK A EMPLOYER-
BROKER WOULD BE RESPONSIBLE FOR THE ACTIONS OF HIS EMPLOYEE.
WOULD IT BE NECESSARY TO HAVE A LICENSED PLUMBER ANSWER A
QUESTION ON PLUMBING?

THANK YOU.

*Minutes of 2/24 '83
Attachment # 5*

SENATE FEDERAL & STATE AFFAIRS
COMMITTEE

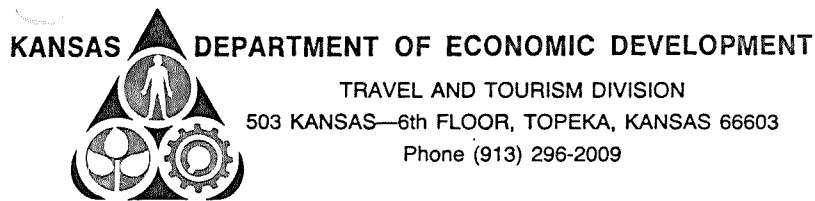


Room 254 E

Request for Introduction
of
Film Industry Income Tax Exemption

Charles J. Schwartz, Secretary
Cathy L. Kruzic, Travel & Tourism Dir.
Kay Crawford, Film Commission Coordinator

February 24, 1982



February 24, 1983

The Honorable Edward F. Reilly, Jr.
Chairman, Senate Federal and State
Affairs Committee
Statehouse
Topeka, Kansas 66612

Dear Senator Reilly,

The Travel and Tourism Division of the Kansas Department of Economic Development would like to respectfully request the introduction of a committee bill to provide an exemption from the Kansas Income Withholding Tax for nonresidents working in Kansas on a motion picture, television production or a television commercial for one hundred twenty days or less.

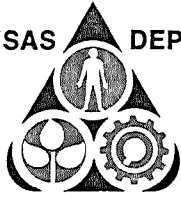
We would request that the Senate Federal and State Affairs Committee recommend referral of this bill to the Senate Assessment and Taxation Committee and to the attention of Chairman Bud Burke.

Thank you for your consideration of this matter. Such a change in the Kansas taxation laws is necessary to follow-up on the promotion of Kansas as an on-location production site.

Sincerely,



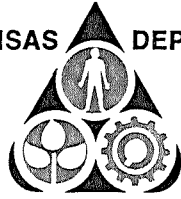
Cathy L. Kruzic, Director
Travel & Tourism Division



PROPOSED DRAFT

K.S.A. 79-3295. Same; definitions. (a) The term "employee" means a resident of this state as defined by K.S.A. 79-32,109(b) performing services for an employer either within or without the state and a nonresident performing services within this state, and includes an officer, employee or elected official of the United States, a state, territory, or any political subdivision thereof or any agency or instrumentality thereof, and an officer of a corporation, EXCEPT THAT THE TERM SHALL NOT INCLUDE AN INDIVIDUAL WHO IS NOT A RESIDENT OR DOMICILED IN THE STATE OF KANSAS AND WHO PERFORMS SERVICES IN CONNECTION WITH ANY PHASE OF MOTION PICTURE OR TELEVISION PRODUCTION OR TELEVISION COMMERCIALS FOR LESS THAN ONE HUNDRED TWENTY DAYS DURING ANY CALENDAR YEAR.

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT



TRAVEL AND TOURISM DIVISION
503 KANSAS—6th FLOOR, TOPEKA, KANSAS 66603
Phone (913) 296-2009

Mr. Chairman and Members of the Committee:

A change in the Kansas income withholding tax is being requested in order to increase the number of on-location movie productions being filmed in Kansas.

The state is currently in the business of promoting ourselves for on-location production of movies, television movies or programs and commercials. A film services coordinator works with production companies, assisting with location scouting, serving as a liaison between a community and the company, and pre-production coordination of equipment, props or extras.

The Travel and Tourism Division of the Kansas Department of Economic Development supports an exemption from the Kansas income withholding tax for non-residents only, who are working in the state for one hundred twenty days or less on a movie, television production or a commercial.

An exemption for non-residents working on a film production in Kansas will be an additional incentive for attracting filmmakers. Providing an exemption for non-residents will put Kansas in line with our neighboring state^s of Colorado, Arkansas and at least twelve other states which are enjoying the benefits of successful on-location movie production programs.

Kansas stands to gain substantially from on-location productions and the expenditures made by the company and their cast and crew while working in the state. Encouraging production companies to utilize Kansas locations will not

only benefit the local economy, but will employ Kansans as members of the construction crew, drivers, production assistants, and even as actors and extras.

As an example, Kansas was the on-location production site during August and September for a made-for-television movie scheduled to air on ABC stations this May. While the company was in the Lawrence area, ABC Circle Films' expenditures reached well over \$1 million dollars for hiring crews, purchasing of construction materials, rental of vehicles and equipment, hotel rooms and meals for a crew of 80, location rentals, caterers, actors and extras, and other miscellaneous expenses. An additional \$60,000 was spent outside of Lawrence but within Kansas for a variety of rentals and purchases.

The multiplier effect boosted the actual expenditure total to an estimated total income in Lawrence of \$2,147,000 with an additional estimated total income of \$550,000 for the expenditures outside of Lawrence.

A total of 169 jobs were created for Kansans during the two-month production.

The State of Kansas received \$42,386 in state sales tax that was generated from the movie-related expenditures with Lawrence generating a local sales tax of \$5,787. From the salaries paid to those working on the production, the state received an estimated \$75,530 in personal income tax from Kansans, with \$3,773 coming from the salaries of non-Kansans.

In Kansas, a production company finds a variety of locations to fit the requirements of almost any script, cooperation from the state and local communities and freedom from burdensome restrictions placed on them in California. Film companies like to work in Kansas, but they would find us even more attractive for their work if the state could offer them an income tax

exemption for their non-resident employees.

An exemption for non-resident employees would function in much the same way that the Job Expansion and Investment Tax Credit works to encourage industrial development in Kansas. A production company is in the state on a temporary basis and therefore, does not require the expansion of services like sewer, water and utilities that a permanent facility requires.

Filmmaking is an industry that Kansas should work to attract. The state has the potential for receiving substantial revenue from production work.

In closing, I urge your support for this change in our withholding statutes to place Kansas in a better position for attracting film production.

Colorado Revised Statutes

1973, is amended to read:

39-22-604. Withholding tax. (2) (a) "Employee" means and includes every individual who is a resident or domiciled in the state of Colorado performing services for an employer, either within or without or both within and without the state of Colorado, or any individual performing services within the state of Colorado, the performance of which services constitutes, establishes, and determines the relationship between the parties as that of employer and employee, and includes officers of corporations and individuals, including elected officials, performing services for the United States government or any agency or instrumentality thereof or the state of Colorado or any county, city or municipality, or political subdivision thereof; EXCEPT THAT THE TERM SHALL NOT INCLUDE AN INDIVIDUAL WHO IS NOT A RESIDENT OR DOMICILED IN THE STATE OF COLORADO AND WHO PERFORMS SERVICES IN CONNECTION WITH ANY PHASE OF MOTION PICTURE OR TELEVISION PRODUCTION OR TELEVISION COMMERCIALS FOR LESS THAN ONE HUNDRED TWENTY DAYS DURING ANY CALENDAR YEAR.

SECTION 5. Article 23 of title 39, Colorado Revised Statutes 1973, as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

39-23-169. Filing with executive director - when deemed to have been made. (1) Any report, claim, tax return, statement, or other document required or authorized under this article to be filed with or any payment made to the executive director of the department of revenue, which:

(a) Is transmitted through the United States mails shall be deemed filed with and received by the executive director on the date shown by the cancellation mark stamped on the envelope or other wrapper containing the document required to be filed;

(b) Is mailed, but not received by the executive director, or is received and the cancellation mark is not legible, or is erroneous or omitted, shall be deemed to have been filed and received on the date it was mailed if the sender establishes by competent evidence that the document was deposited in the United States mails on or before the date due for filing. In such cases of nonreceipt of a document by the executive director, the sender shall file a duplicate copy thereof within thirty days after written notification is given to the sender by the executive director of the failure to receive such document.

(2) If any report, claim, tax return, statement, remittance, or other document is sent by United States registered mail, certified mail, or certificate of mailing, a record authenticated by the United States postal service of such registration, certification, or certificate shall be considered competent evidence that the report, claim, tax return, statement, remittance, or other document was mailed to the executive

"The Day After"
ABC Circle Films
Lawrence, Kansas
August-September 1982

INCOME

*\$1,020,000 - movie-related expenditures in Lawrence
*\$60,000 - additional expenditures outside of Lawrence
\$2,147,100 - estimated total income created in Lawrence
\$2,697,500 - estimated income created in Kansas

JOBS

* 140 - local jobs created by the production (includes local actors)
* 29 - jobs created outside Lawrence

* 169 - total temporary jobs created in Kansas

RETAIL SALES

*\$1,157,300 - additional retail sales in Lawrence
*\$ 255,600 - additional retail sales outside of Lawrence

\$1,412,900 - additional retail sales in Kansas

ABC Circle Films economic impact cont.

TAXES

- * \$5,787 - local sales tax generated in Lawrence
- * \$42,386 - additional sales tax revenue to Kansas
- *75,530 - personal income tax estimate for Kansas residents
- *\$3,773 - estimate for Kansas income tax paid by non-Kansas residents

* \$121,689 total additional taxes accruing to Kansas

OTHER

*\$1,850 - ABC Circle Films' contribution to the Lawrence United Way Campaign

COSTS

- *\$2,000 - time spent by KDED personnel
- *\$1,000 - expenditures by KDED personnel for travel and entertainment

- *\$5,100 - time spent by the Lawrence Convention and Visitors Bureau staff
- *\$1,000 - expenditures by the Lawrence CVB for travel and entertainment

\$10,000 - estimate of total direct costs involved in attracting film project to Lawrence and coordinating local responsibilities during filming.

ESTIMATED EXPENDITURES IN LAWRENCE BY ABC CIRCLE FILMS

Crew Hires	\$299,290
Purchases & rentals	\$190,400
Rooms & meals	\$174,625
Local actors	\$ 62,330
Extras	\$ 49,960
Site Rentals	\$ 49,960
Caterers	\$ 31,170
Miscellaneous	\$ 91,670

\$949,405

personal expenditures by
crew estimated at 10% of
salary (\$700,000) \$70,000

\$1,020,000

BREAKFAST OPTIMIST CLUB

OF TOPEKA, KS.



February 21, 1983

Honorable Edward F. Reilly, Jr.
Kansas State Senate
State Capitol Building, Room 255E
Topeka, Kansas 66612

Dear Senator Reilly:

The members of the Breakfast Optimist Club (BOC) of Topeka asked me to write you and your committee members concerning the committee's efforts in developing bingo legislation.

The BOC is a community service youth oriented civic club, and, as you have probably already guessed, our fund raising effort centers on bingo which is conducted one evening each week here in Topeka. Our 1982 net income from bingo was \$11,529. These funds were used exclusively to support community service related activities.

I would like to list just a few of the activities the BOC helped support last year with bingo income -- \$800 was paid to rent swimming pool facilities for handicapped children. With a donation of \$300, two children were able to attend an Easter Seals summer camp program; \$250 helped defray expenses associated with sending sixty children to the Wheelchair Olympics conducted in Wichita and Emporia. A \$1,555 contribution to the Girls Club of Topeka helped offset expenses for this effort which is designed to help in the development of underprivileged children. Over \$2,432 was spent to purchase 100 quality football helmets to help insure the safety of youngsters involved in our club sponsored flag football program which heavily stresses teamwork and sportsmanship.

I could list many other causes which are funded in part by bingo proceeds -- but the purpose was to only give you a feel for ways in which bingo revenues are used to help the youth in our community. In addition to the specific causes listed above, we supported with finances eighteen other needy programs last year. All our bingo revenues are redistributed in the community. Our administrative expenses are paid through a dues structure.

Senate Bill 97 will reduce our net income by \$2,256. It will be a difficult decision indeed to determine which of the programs I have listed, or other like ones, which will not be funded if SB97 becomes law.

SB99 will undoubtedly increase our administrative expenses. Our bank currently provides free checking for our organization. If we are required to pay all prizes by check, we will be writing an estimated additional 150 checks per month. We are confident our bank will begin a charging policy to understandably cover the significant increase in their administrative costs.

I would also like to add that we rent the hall where we conduct our game, therefore, if future legislation requires the organization conducting bingo to own their property, we will lose our revenue source.

In summary, after hearing the presentations of the Attorney General and Department of Revenue representative we have a better understanding of the problem your committee is dealing with. We only hope that organizations such as ours are taken into consideration in the legislative process. Many of the organizations and individuals we assist are experiencing cutbacks in their funding sources and they can ill afford to lose our help.

Thank you for taking the time to review our concerns, and if there are questions, please do not hesitate to call me at 913-296-8797. Attached are copies of this letter for each committee member.

Sincerely,

A handwritten signature in black ink that reads "Dale R. Kaeshofer". The signature is written in a cursive style with a large, prominent initial "D".

DALE R. KAESHOFER
Vice President-Community Service

Attachments