

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by Senator Paul Hess at
Chairperson12:00 Noon on April 8, 1983, 19__ in room 123-S of the Capitol.All members were present except:
Senator Harder

Committee staff present:

Research Department: Marlin Rein, Richard Ryan, Sherry Brown, Mary Galligan,
Chris Stanfield, Bill Gilmore

Revisor's Office: Norman Furse, Mary Torrence

Committee Office: Mark Skinner, Doris Fager

Conferees appearing before the committee:

Tom Kennedy, Director, Alcoholic Beverage Control Division

Mark Beshears, Department of Revenue

John Blythe, Kansas Farm Bureau

"Dee" Likes, Kansas Livestock Association

Representative of Kansas Wheat Growers Association

Harley Duncan, Budget Division

HB 2565 - Insurance for Public Employees

There was a brief discussion concerning the proposal, and it was noted the bill was introduced for purposes of technical amendments.

Motion was made by Senator Hein and seconded by Senator Doyen to report HB 2565 favorably for passage. The motion carried by roll call vote.SB 443 - Tax on liquor

There was discussion concerning charts and attachments distributed at the 8:00 a.m. meeting on this date. There were disagreements concerning the amount of tax not being collected in private clubs, the amounts being \$4 million to \$500,000. There was also discussion concerning the difficulty in having an audit trail on taxes collected in private clubs.

In answer to a question from Senator Gaines, Mr. Kennedy admitted there will be problems with enforcement if SB 443 passes, because liquor in Kansas will be higher than in surrounding states.

Motion was made by Senator Steineger to consider placing a percentage tax on the retailers' wholesaling of beer to private clubs. The motion lost for lack of a second.

Other suggestions were made regarding methods of raising money from liquor taxes, but none were acceptable to the committee.

Motion was made by Senator Talkington to amend SB 443 by deleting "8.33%" in section 1 (7) and inserting in lieu thereof "1/10" and adding the inventory stock-piling tax; and to report SB 433 as amended favorably for passage. The motion was seconded by Senator Doyen, and carried by roll call vote.SB 437 - Repealing exemption from sales tax of farm machinery

Mr. Blythe appeared as an opponent to SB 437. He reminded the committee that agriculture has been paying a good share of the property tax, in spite of the fact that 1981 and 1982 were disastrous years for farmers in Kansas. He noted that many states exempt all farm machinery from sales tax, while Kansas' exemption applies only to used machinery. Committee members questioned Mr. Blythe following his testimony.

Mr. Likes appeared to oppose SB 437. He suggested that agriculture should not be singled out for taxation. When Senator Steineger noted that

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.

SB 437 - Continued

the Governor's tax package includes other groups, Mr. Likes answered that he was discussing sales tax only.

Senator Gaines asked the position of the Kansas Livestock Association on increasing sales tax in the state. Mr. Likes said they support a combination of sales and income tax, and would also favor an increase in motor fuels taxes.

A representative from the Kansas Association of Wheat Growers appeared as an opponent to SB 437. He said it is a difficult time for farmers to have the exemption repealed; and indicated they pay their fair share of sales tax on machinery, etc., when the economy is good.

Mr. Duncan was asked about the rationale for SB 437, as well as the remainder of the Governor's new tax package. He said that, as far as SB 437 is concerned, the repeal of property taxes on farm machinery was considered. He added that the package is a balance of increased taxes as they affect the total Kansas tax structure and the people who would bear the burden. He suggested that the income from the farming sector can fluctuate very widely. When asked by Senator Doyen if any thought was given to the fact that the people who buy used machinery are the poorer people who have the least ability to pay, Mr. Duncan said it was not. The consideration given was the tax burden as a whole in the entire tax package.

There followed a discussion concerning the Governor's tax package and the influence it might have on various segments of industry, and on new industry locating in Kansas.

Motion was made by Senator Steineger and seconded by Senator McCray to report SB 437 favorably for passage. The motion lost by roll call vote.

HB 2225 - Transportation of cylindrically shaped bales of hay

Senator Talkington indicated that this bill had been rereferred to Ways and Means to hold it for action if necessary, but that it has been found no further action is needed on the proposal.

Motion was made by Senator Talkington and seconded by Senator Doyen to report HB 2225 adversely. The motion carried by roll call vote.

The meeting was adjourned by the Chairman.

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION
Office of the Secretary

JOHN CARLIN,
Governor

PATRICK J. HURLEY
Secretary of Administration

March 8, 1983

Re: HB 2565

The Honorable Ivan Sand
Room 183-W, State Capitol Building
BUILDING MAIL

Dear Representative Sand:

Pursuant to your request, my staff has examined the general complaint of townships being assessed penalties under K.S.A. 40-2305(c)(1), where the townships have paid no wages and, therefore, have no contributions to remit to the state. Under present regulations, reports are required regardless of whether or not contributions are due. The problem is that my staff cannot determine if an entity has contributions due and the report is late, or if no contributions are due. Since the state is obligated to pay the contributions, including penalties to the federal government, prompt submission of the reports is required.

The effort of obtaining a money report or a non-money report is the same. The \$10 penalty provision was enacted to offset our administrative collection expense which includes staff time in writing letters, making phone calls, etc.

In an effort to resolve this problem to everyone's satisfaction, I am enclosing a sample amendment which would accomplish your goal of removing the penalty from those entities with no wages to report or contributions to remit, and allow us to assess a penalty for actual delinquent contributions. I would think this amendment would be acceptable to all parties involved.

Sincerely,

Patrick J. Hurley
Patrick J. Hurley
Secretary of Administration

PJH:gk
Encl.

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