

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by SENATOR PAUL "BUD" BURKE at _____
Chairperson

11:00 a.m./~~pm~~ on February 27, 1984 in room 526-S of the Capitol.

All members were present except: Senator Mulich, excused

Committee staff present: Don Hayward, Revisor's Office
Tom Severn, Research Dept.
Wayne Morris, Research Dept.

Conferees appearing before the committee:

Senator Winter
Betty Anglin, State PTA President, Dodge City
Rosie Greenemeyer, State Legislative Chairman for PTA, Wichita
Joan Parr, Deerfield School PTA, Lawrence
Julie Holmberg, Centennial PTA, Lawrence
Bill Edds, Department of Revenue

The committee held a hearing on SB 680 which amends the retailer's sales tax to include PTA's in the list of groups exempt from the retail sales tax.

The chairman recognized Senator Winter, sponsor, who explained that the Department of Revenue undertook a number of audits across the state. The subject of some of the audits happened to be parent-teacher organizations. The auditors properly asked them to produce their books and records and inquired about the sales tax payments on fund raising occasions over the years. These organizations thought they were exempt under the exemption for occasional sales but found they were required to make payments for the sales taxes because their property was acquired for purposes of resale. He said the amount of money raised is not great, and payment of this sales tax and the accounting required is a real hassle for the organizations. There is the possibility that the collection of this tax costs the state more money to conduct the audit than the amount of sales tax they collect, and one has to ask if this is economically feasible. He suggested that PTO's deserve the same exemption as religious organizations rate now and thinks only a small number of these PTO's are paying this tax. He said perhaps the committee would want to put a floor in this bill; i.e., first \$1,000, \$2,000 raised will be exempt.

The following persons spoke in support of SB 680:

Betty Anglin, President of Kansas PTA, said they are a non-profit organization of 61,000 members devoted to improving the lives of our country's children. Most of the organizations have one fund raiser a year, the benefits of which go back to the schools for a variety of things such as equipment. She said some states exempt these organizations from the sales tax or they are allowed to make \$25,000 before they must pay tax.

Rosie Greenemeyer, PTA legislation chairman, told the committee that the public schools are supported by taxpayers, and their fundraisers are to benefit and strengthen the schools. They are a group of volunteers operating in a not-for-profit manner and plowing the revenue back to the schools in the forms of computers and equipment. She questioned whether the cost of processing the tax was worth collecting.

Joan Parr, Deerfield School PTA, said she represents a small number of people but feels that what they do with the money is only a supplement to

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the tax dollars spent in the schools. They have bought computers, library shelves, musical instruments, etc. Their tax bill for the last three years was \$165, and she feels it is unfortunate that money could not go back to the schools instead.

Julie Holmberg, Centennial School PTA, said they buy new books and equipment for the schools from their fundraising events and some other organization would be picking up the tab for these items otherwise.

Bill Edds, Revenue Dept., said clarification is needed on the statute amended in this bill. He has questions about the definition of PTO and said an existing regulation that defines recurring sale says only one sale of that type may occur each year to be exempt. He also said there is no statute that eliminates non-profit organizations, including religious organizations, from paying the sales tax when they purchase goods.

The chairman suggested the staff get with the Dept. of Revenue and look at options to accomplish the objectives of Senator Winters.

The committee considered SB 730 which clarifies that property valuation guides are not subject to rules and regulations. Bill Edds stated the reason for requesting this bill is that the procedure does not lend itself to the time frame that the Property Valuation Division is confronted with in getting these prescribed.

Senator Hayden made a motion to report SB 730 favorable for passage. There was no second to the motion. Senator Hayden withdrew his motion.

The chairman noted that SB 799, the income tax bill scheduled for March 1, is not in the form that the requester of the bill had in mind and he appointed a subcommittee of Senator Angell, chairman, Senators Kerr and Johnston, to meet and bring back to the committee a proposal for amending.

The committee considered SB 487 which allows income tax credit for qualified instructional contributions. The subcommittee of Senator Montgomery, chairman, and Senators Allen and Mulich, decided they would recommend amending the bill to indicate that any donation of equipment to an approved vocational program would receive the tax credit. He explained the intent was to include the private schools, USD's, and anyone with an approved vocational program. He said the bill sunsets in 1986.

Senator Montgomery moved conceptually to amend SB 487 in such a way. Senator Allen seconded the motion.

The chairman, following discussion, said there needs to be a "determination of value" which should not be left up to the schools. There needs to be some authority that passes with final judgment about what is approved in the way of equipment that can be donated. There should be an opportunity for the school to reject some equipment, and there were questions as to credit being worth more than the item is worth.

Senator Angell moved and Senator Chaney seconded a substitute motion to report SB 487 adversely. The motion was withdrawn.

The chairman suggested that the subcommittee on SB 487 review the bill further and come back with another report.

The chairman adjourned the meeting at 12:04 p.m. The committee will meet on February 28 at 11:00 a.m.

