

Approved 7-23-86  
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntten at  
Chairperson

1:30 ~~x.m.~~/p.m. on Tuesday, April 1, 1986 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Jim Wilson, Revisors Office  
Gloria Timmer, Research  
Laura Howard, Research  
Sharon Schwartz, Administrative Aide  
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Harley Duncan, Secretary of Department of Revenue  
Alden Shields, Secretary of Department of Administration  
John Koepke, Association of School Boards  
Gerald Henderson, United School Administrators  
Tom Whitaker, Kansas Motor Carriers  
Steve Montgomery, Kansas Oil Marketers Association  
Kay Coles, KNEA  
Ron Calbert, United Transportation Union  
Frances Kastner, Kansas Food Dealers Association  
Ruth Wilkin, Association of University Professors  
Bill Towell, Mental Health & Retardation  
Lila Paslay, Association for Retarded Citizens  
Others present (Attachment A)

Chairman Buntten called the meeting to order at 1:30 p.m.

SB 536 -- an act increasing the state sales and compensating use tax rate; increasing the refund of such taxes paid upon food; amending K.S.A. 79-3603, 79-3607, 79-3633, 79-3635 and 79-3703 and repealing the existing sections.

Harley Duncan addressed the committee to explain the issue from the perspective of state tax policy. The consensus estimating revenue group met yesterday and revised downward the revenue estimates by \$9.5 million for FY 1986 and \$44.8 million in FY 1987. See Attachment B for written testimony.

Alden Shields presented a brief overview on the present condition of the budget and distributed two handouts (Attachment C). Estimated ending balance for FY 1986 is \$36.4 million in contrast with the \$52.1 million that was predicted in January. With respect to this, a meeting of the Finance Council is scheduled for Wednesday, April 2, at which time the Governor will seek approval for issue of certificates of indebtedness for \$75 million. This will take care of the cash flow requirements for the balance of the year.

With respect to FY 1987, making the adjustment for the consensus revenue estimate reduction of \$44.8 million and the \$1.2 million Governor's budget amendment, it is noted that without additional revenue, we would be looking at an ending balance for FY 1987 of \$12.2 million.

He reviewed four major recommendations of the Governor that are included in the investment budget that have not yet been addressed by the Legislature. They are: 1) KPERS made non contributory, 2) Highway economic development program, 3) pay for state employees, and 4) economic development initiatives, for a total of \$75 million. He said it simply makes the case for the full penny and for the entire fiscal year.

John Koepke, speaking for the association of school boards, concurred with Secretary Shields in support of the bill.

Gerald Henderson testified in support of the measure, speaking for school administrators (Attachment D).

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,  
room 514-S, Statehouse, at 1:30 a.m./p.m. on Tuesday, April 1, 1986

Tom Whitaker, representing Kansas Motor Carriers Association, testified in support of SB 536 (Attachment E).

Charles Nicolay appeared in support of the bill and presented a statement (Attachment F) for the Kansas Oil Marketers Association. This group believes that a sales tax increase should be the only form of additional revenue in 1986.

Kay Coles, KNEA, also appeared in support of the sales tax increase and presented written testimony (Attachment G). Her testimony specifically asks for increase in teachers' salaries.

Ron Calbert, United Transportation Union, appeared in support of SB 536, (see Attachment H). He would like to see food exempt from the tax.

Frances Kastner spoke on behalf of Kansas Food Dealers' Association. She said as an association, "we do not have a position on whether to raise the sales tax or not". She did request that the bill be amended to include the administrative allowance which Senate Assessment & Tax Committee adopted. (Attachment I)

Ruth Wilkin appeared briefly and stated support on behalf of university professors.

On the bill, Representative Shriver moved that SB 536 be recommended favorable for passage. Seconded by Representative Chronister. Representative Helgerson offered an amendment that would move the effective date to June 1, 1986. Representative Solbach seconded. Motion failed. Back on the original motion, the motion carried.

Chairman turned to HB 3127 -- an act concerning state financial assistance for community mental retardation facilities.

Representative Duncan explained the bill, which would establish the Kansas community mental retardation facilities assistance act. It removes MR from "649" funding and replaces with dollar amount per F.T.E. client served, based on appropriations. The fiscal note is \$175,000 in HB 2760.

Bill Towell testified in support of the bill. He represents Mental Health and Retardation. He said the bill would allow a clear method by which the community can deal with institution residents and would allow a clear accountability track for the Legislature. (Attachment J)

Lila Paslay, Association for Retarded Citizens, appeared in support of the bill and provided a written statement (Attachment K).

On the bill, Representative Duncan moved that HB 3127 be recommended favorable for passage. Representative Ott seconded. Motion carried.

Representative Heinemann presented a draft of a proposed bill (Attachment L), along with an explanation of the amendment to the statute (Attachment M). The amendment would correct an oversight in the draft of the local housing finance law. On a motion by Representative Heinemann and a second by Representative Chronister, the bill was introduced.

Meeting adjourned at 2:45 p.m.

Date 4-1-86

Name	Address	Representing
Cheryl Whelan	1821 Jewell	Gov. Press Office Intern
Mary Harper	Henry	
William Powell	110 BENNETT	Ks. ASSN REHAB FACILITIES
Frank B. Buelvaske	Lawrence, Mo.	Ks. Assn of Rehab. Fac.
Lisa (Parker)	Topeka	ARC/Kansas
John Struchler	Manhattan	KAPS
Ron Burgess	USD 340, Meriden, Ks	USD 340
Gerald Anderson	Topeka	USA
DAN NEUBRANDER	Lawrence	USD #497
Lori Class	Topeka	United Way
Glenn Coatswell	Topeka	Smoot Grain Co
Tippy J. Stegman	Manhattan	D.O.B.
Chip Wheeler	Topeka	KLPG
Ruth Walker	Topeka	AAUP
Kay Colas	Topeka	KNEA
Tom Whitaker	Topeka	Ks Motor Cyclists Assn
Glen Coulter	Topeka	Ks Contractors Assoc.
Sue River	Topeka	Gov. Press Office
John Kasper	Topeka	KASTB
Jim Mendenhall	Topeka	O'Connor
Harold Pitts	Topeka	TARTA
Frances Kastner	Topeka	Ks Food Dealers Assn
Ethel Mary McLean		ARC
Phyllis Jones	Lawrence	KANSAN
Steve Montgomery	Topeka	Ks O.O. Market Assn

A

MEMORANDUM

TO: The Honorable Bill Buntin, Chairman  
House Committee on Ways and Means

FROM: Harley T. Duncan, Secretary  
Kansas Department of Revenue

RE: Senate Bill 536

DATE: April 1, 1986

Thank you for the opportunity to appear before you to discuss Governor Carlin's recommended sales tax increase as embodied in Senate bill 536. I will present the rationale underlying the choice of increasing the state sales and use tax as a means of financing the Investment Budget.

That selection rests on three interrelated lines of reasoning. First, the Governor felt that the required expenditure increases were on the order of magnitude of \$150-200 million annually. At that level, one is necessarily required to enact substantial increases in either the sales and use tax or the income taxes including the individual, corporation and financial institution privilege taxes. Second, to focus the discussion on the necessity of the required investments, the Governor determined that a single revenue measure was preferable to a package of several tax changes. Third, a sales tax increase, unlike an increase in income taxes, restores a greater balance to the Kansas state and local tax structure and prevents the structure from becoming distorted such that it is an impediment to investment and economic activity. In short, it is desirable from a tax policy standpoint at the present time.

To expand on this last reason, the Committee's attention is directed to the following points.

1. Over the past 20 years, there has been a significant shift in the State General Fund from sales and use taxes to the individual,

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H. T. M. 4/1/86

B

corporation and privilege taxes. In FY 1965 sales taxes accounted for 53 percent of total SGF revenues and income taxes for 26 percent. In FY 1987 these two general sources still amount to roughly 80 percent of all receipts, but sales taxes account for 35 percent contrasted to 47 percent for income taxes.

2. If the state sales and use tax rate is increased to 4.0 percent, however, there is a more even balance between sales and income taxes. Under these conditions, sales and use taxes account for 41 percent of SGF revenues while the income taxes represent just over 42 percent.
3. A balanced revenue structure is desirable because it lends stability to the system and makes the State less subject to cyclical fluctuations. In addition, a balanced system keeps a state from becoming overly reliant on any one source, thereby causing distortions in the economy. With respect to income taxes, such over-reliance is often cited as an impediment to investment.
4. When the Kansas state and local tax structure is compared to other states, one finds that we rely on income and property taxes to a greater extent and on sales taxes to a lesser extent than is generally true elsewhere.
5. Kansas ranked 35th in terms of sales taxes as a proportion of total state tax collections (1984 data), but 22nd in terms of individual income taxes and 18th in terms of corporation income taxes.
6. When measured in terms of tax capacity and effort, Kansas underutilizes the sales tax more so than other sources. In 1981, our sales tax effort of 82 percent compared to an effort of 88 percent for individual income taxes, 94 percent for corporation income taxes and 87 percent overall.

7. At a 4.0 percent rate, the Kansas sales tax rate will be equal to or less than 35 other states. Sixteen of these states extend local option sales tax authority as do we. The higher rate would not be out-of-line with surrounding states.
8. Kansas should not be considered a high tax state. In FY 1984, Kansas ranked 38th when state and local taxes were measured as a percentage of personal income. The Kansas figure of 10.34 percent was 88 percent of the national average of 11.71 percent of personal income.
9. In order to alleviate the impact of this increase on low income persons, the Governor proposes an expansion of the Food Sales Tax Refund program, a description of which is attached. Eligibility would be made coterminous with the Homestead Property Tax Refund program which increases the income limit from \$10,000 to \$13,000 and expands eligibility to those with dependent children under 18. Currently, one must be elderly, blind or disabled to qualify. Also, the amount of the refund is increased. It is estimated that the revised program will reach 90,000 households and cost \$6.0 million compared to levels of 52,000 households and \$1.2 million at the present time.

Thank you again for the opportunity to appear. I would be glad to answer any questions.

STATE GENERAL FUND\*  
(Millions of Dollars)

	<u>FY 1986</u>	<u>FY 1987</u>
<u>1. Basic Budget</u>		
Beginning Balance	\$ 120.4	\$ 36.4
Receipts	1,678.2	1,733.4
Consensus Adjustment	(9.5)	(44.8)
Total Available	<u>\$1,789.1</u>	<u>\$1,725.0</u>
Less: Expenditures	\$1,746.5	\$1,711.6
Gov's Budget Amd't	6.2	1.2
Subtotal	<u>\$1,752.7</u>	<u>\$1,712.8</u>
Ending Balance	<u>\$ 36.4</u>	<u>\$ 12.2</u>
<u>2. Investment Budget</u>		
Beginning Balance	\$ 120.4	\$ 36.4
Receipts	1,678.2	1,733.4
Consensus Adjustment	(9.5)	(44.8)
One Cent Sales Tax Increase	--	182.5
Total Available	<u>\$1,789.1</u>	<u>\$1,907.5</u>
Less: Expenditures		
Basic Budget	\$1,746.5	\$1,711.6
Gov's Budget Amd't	6.2	1.2
Investment Budget	--	144.6
Subtotal	<u>\$1,752.7</u>	<u>\$1,857.4</u>
Ending Balance	<u>\$ 36.4</u>	<u>\$ 50.1</u>

\* Governor's Legislative Message updated for consensus adjustments

*Att. h. C*  
*R. H. Smith* 7/1/86

State General Fund - Budget Projection\*  
(Millions of Dollars)

	<u>FY 1986</u>	<u>FY 1987</u>
Revenues		
Beg. Balance	\$ 120.4	\$ 38.0
Receipts Consensus 3/31/86	1,684.8	1,711.1
Highway Fund Transfer	(16.1)	(22.3)
Current Source Receipts	<u>\$1,668.7</u>	<u>\$1,688.8</u>
Total Revenues	\$1,789.1	\$1,726.8
Expenditures		
Basic Budget	\$1,746.5	\$1,711.6
Gov. Budget Amendment	6.2	1.2
Legislative Adjustments	(1.6)	68.1
Adjusted Expenditures	\$1,751.1	\$1,780.9
Balance Forward	\$ 38.0	\$ (54.1) ←
Sales Tax Increase	--	182.5
Less Food Refund	--	(3.8)
Less Transfer Highways	--	(6.8)
Total SGF	<u>\$ --</u>	<u>\$ 171.9</u>
Balance Forward	\$ 38.0	\$ 117.8

\* Inclusive of consensus adjustments and legislative action through 3/28/86

C





SB 536

Testimony presented before the House Committee  
on Ways and Means

by Gerald W. Henderson, Executive Director  
United School Administrators of Kansas

April 1, 1986

Mr. Chairman and members of the committee. In November of last year the USA Task Force on School Finance recommended an increase in the state sales tax from three to four cents. The measure was approved by our board of directors that same month. It was our position then and is now that the sales tax is the best vehicle for providing added revenue to the state.

This legislature has a history of responsibility and fairness as it relates to funding public education. In order to maintain the quality education expected by Kansans such fairness must continue. It is important to note that every study of economic development has education as a key element. We must not lose sight of that fact.

We applaud the chairman's intent to pass SB 536 out of committee. USA urges you to recommend the bill favorably for passage.

CWH/ed

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Z. W. W. M. 4/1/86

D



STATEMENT

By The

KANSAS MOTOR CARRIERS ASSOCIATION

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Supporting adoption of an increase in  
the state sales tax and re-affirming  
support for the highway funding program  
adopted by the Legislature in 1983.

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Presented to the House Ways and Means  
Committee, Rep. William Bunten, Chairman;  
Statehouse, Topeka, Tuesday, April 1, 1986.

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MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Mary E. Turkington, Executive Director of the Kansas Motor Carriers Association with offices in Topeka. I appear here today on behalf of the members of our Association and the highway transportation industry to add our support to Senate Bill 536 which proposes an increase in the state sales tax.

No one enjoys supporting a tax increase. Such an increase should be considered only if a demonstrated need exists for additional revenue.

We believe the need is there and that a broad-based tax that will produce revenues of the magnitude only a sales tax can generate, is the tax this Legislature should consider.

Atch. E  
J.W.M. 4/1/86 E



Press reports indicate that the public strongly supports a sales tax if a tax increase is to be considered. Governor John Carlin has proposed the tax increase provided in Senate Bill 536. The tax increase clearly is a recommendation of the Governor to which the Legislature may respond.

The Kansas Motor Carriers Association recognizes the need for increased funding for education, for economic development programs, and for other vital services provided for citizens of our state.

We believe in the legislative process which has and will produce workable solutions to the problems of our state.

We fully understand that the Legislature is a body politic and that political ramifications of issues always are involved in working through problems large and small that confront Kansas citizens. We respectfully suggest that those political considerations be minimized when the future of our state literally is involved.

We also ask your support for the highway funding concept that at times painfully was structured and finally adopted by the 1983 session of the Kansas Legislature.

An important component of that funding package was the transfer of sales tax collections on the sale of vehicles from the General Fund to the highway fund along with a substantial increase in fuel taxes.



The policy decision of the 1983 Legislature clearly identified such sales tax collections on the sale of vehicles as a user tax. There is indeed similar policy at the federal level through the assessment of an excise tax on equipment which goes into the Highway Trust Fund. That tax was increased substantially, incidentally, from ten percent on the wholesale price of equipment to a 12 percent tax on the retail price of such equipment in the Highway Revenue Act of 1982.

I further would point out to the Committee, that our industry has been assessed other substantial increases in federal taxes since the 1983 highway funding package was adopted in Kansas.

The tax on diesel fuel was increased an additional 6 cents per gallon effective August 1, 1984. Owners of diesel motor truck vehicles now pay a 13-cent state tax (which includes a 2-cent differential over the 11-cent-per-gallon tax on gasoline) and pay a 15-cent per gallon federal tax on diesel fuel which includes a 6-cent differential at the federal level for a combined total tax of 28 cents per gallon.

The heavy vehicle use tax also was increased from a maximum of \$240 per vehicle to \$550 per vehicle effective July 1, 1984.

Those tax increases combined with the crushing increases our industry has experienced with insurance premiums has severely impacted the financial hardship our industry already was experiencing from the economic recession.



It may be of some interest to this Committee that the number of trucking companies regulated by the Interstate Commerce Commission has increased 69 percent (more than 30,000 today) in four years, but tonnage has yet to return to the 1978 levels.

Net income for our industry has been below three percent every year since 1978. Statistics for the first three months of 1985 show that 45 percent of the carriers operated in the red. Truck taxes have nearly doubled in the past five years and our insurance premium rates have increased between 200 and 600 percent.

Appropriately, the recent Caucus Program of the Kansas Chamber of Commerce and Industry, addressed the state's aircraft industry and the 35,000 jobs estimated to be involved with that industry's production. There is a need for concern about this industry and its economic contribution to Kansas and its people.

We would remind this Committee and members of the Kansas Legislature that the motor carrier industry provides directly more than 70,000 jobs - twice that of the aircraft industry - in this state. We call for recognition of the importance of our transportation industry in any economic development program for progress and ask that you consider the impact of any additional fuel taxes on the ability of this industry literally to survive as an essential employer and taxpayer.

We believe the components of the 1983 highway funding package are fair and workable. We ask your continuing support for that program and further ask that you consider the recommendation of the Governor for an increase in the state sales tax as provided in Senate Bill 536. We thank you for the opportunity to submit these comments.

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Statement Prepared For The  
House Ways and Means Committee

RE: SB 536, Sales Tax Increase

BY: Charles H. Nicolay  
Executive Director  
Kansas Oil Marketers Association

April 1, 1986

Mr. Chairman and Members of the Committee:

My name is Charles Nicolay, and I am Executive Director of the Kansas Oil Marketers Association. Our association represents the interests of nearly five hundred Kansas petroleum marketers, who, as licensed fuel distributors, collect motor fuel tax for the Kansas Department of Revenue and excise tax for the Federal Government. I appreciate the opportunity to appear before you today to express our association's support for SB 536.

Our Board of Directors adopted an association tax position in 1982 that states that if additional revenue is needed to maintain sufficient balances to operate the state government efficiently, an increase in the sales tax is the most equitable funding measure. Our Directors have confirmed this position every year since 1982.

We also believe that the legislature made a wise decision in 1983 when it provided additional funding for our highway system by allowing a transfer from the general fund of a portion of the sales tax from collections on new and used motor vehicles, based on a formula established by the same piece of legislation. We ask for your support to maintain this concept, which, in our opinion, is a revenue source that will provide sound growth in the highway fund.

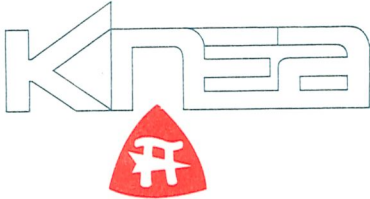
*Atch. F*  
*J. Adam 4/1/86*

Statement Prepared For  
The House Ways and Means Committee  
April 1, 1986  
Page 2

Our neighboring states have seen the wisdom of using portions of their general fund to maintain their highway systems. Nebraska places 100% of the revenue raised from the sale of new and used vehicles directly into the highway fund. In Missouri, where 50% of such revenue is placed into the highway fund, a bill has been introduced to place the entire 100% of the revenue from the sales tax on vehicles into the highway fund. Chances look good for its passage this session.

We believe a sales tax increase should be the only form of additional revenue in 1986. SB 536 provides for sufficient revenue to meet future economic development needs, while at the same time maintaining sufficient balances to fund current programs.

We thank you for the opportunity to appear today, and we urge your support of SB 536.



Kay Coles testimony before the  
House Ways and Means Committee  
April 1, 1986

Thank you Mr. Chairman. Members of the committee, my name is Kay Coles and I'm here today representing the 22,000 members of Kansas-NEA. I appreciate this opportunity to speak with you about SB 536.

Kansas-NEA strongly supports a one cent increase in the state sales tax effective July 1, 1986. We believe this tax measure is one that will provide the amount of revenue needed to put our state on a sound financial footing and allow for spending on programs necessary to our state's future.

We believe the public supports this measure. As you can see on Attachments A and B, two separate, independent polls show public support for a sales tax if the revenue is allocated to education.

As you consider SB 536, we ask you to keep in mind the needs of public education in Kansas.

Among those many needs is the continuing necessity of increasing teacher's salaries. We have made progress in this area in recent years, yet it is clear that we must continue our efforts. We should not stop our progress.

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B. 21-517 4/1/86 G*



Four years ago, Kansas-NEA and other education groups came to you with the Kansas Plan - a multi-year program to improve the quality of teachers in Kansas and to raise teachers' salaries to the national average by the 1986-87 school year.

Programs now are in place to improve the jobs our teachers do, but we still lag behind in salaries. In fact, in 1982, Kansas teachers' salaries were approximately \$2,340 behind the national average. Today, those salaries are almost \$2,480 behind the national average.

Too, we are facing an impending teacher shortage in Kansas classrooms. A study by Emporia State University indicates that by 1990, we will be short of teachers in a number of essential areas. Unless we address the problem of low salaries in the teaching profession, we will not have qualified, trained and experienced teachers in Kansas.

This year, Kansas-NEA is working not only for improvements in salaries but also for the proposal that the state pay the 4% KPERS contribution of school employees. We believe this would provide a direct and meaningful benefit to all teachers in Kansas.

Kansas-NEA asks you to consider these points and to recognize the vital role that public education plays in the economic development -- and the future -- of our state.

Thank you Mr. Chairman. I would be glad to answer any questions.

Kansans' Attitudes Toward Education

by Emporia State University

JANUARY, 1986

Sales Tax As a Means of Raising Money for Teachers' Salaries

Even though recent reports on Kansas economic conditions have been rather grim, nearly 66 percent of those surveyed favored an increase in the sales tax for raising more money for teacher salaries. Approximately 31 percent of the respondents opposed the idea. When compared to responses to similar tax questions in the KATE surveys of 1981 and 1983, there is strong evidence that Kansans are becoming more positive toward a sales tax proposition. Favorable margins for the sales tax in 1981 and 1983 were 56 and 60 percent respectively.

Whether this expanding margin of difference will be sufficient to encourage members of the Kansas Legislature during an election year to increase taxes remains to be seen. Nonetheless, Kansans clearly indicate support of a sales tax increase as a means of raising money for teacher salaries. The question:

We would like to know how you feel about increasing the sales tax in the State of Kansas from 3 percent to 4 percent as a means of raising more money for teacher salaries. Would you be strongly in favor, somewhat in favor, somewhat opposed, or strongly opposed to such a tax increase?

	Strongly In Favor %	Somewhat In Favor %	Somewhat Opposed %	Strongly Opposed %	Don't Know/No Answer %
Kansas Totals	28	38	19	12	3

Support for a sales tax increase may be found among all income groups, although those who are in the top two

income groups supported the sales tax with a higher plurality than respondents in the two lower groups.

	Strongly In Favor %	Somewhat In Favor %	Somewhat Opposed %	Strongly Opposed %	Don't Know/No Answer %
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SALES TAX

Family Income

Less than 15,000	24	33	20	18	5
15,000-25,000	25	40	22	11	2
25,000-35,000	30	42	17	9	2
Over 35,000	35	40	13	10	2

Area of Residence

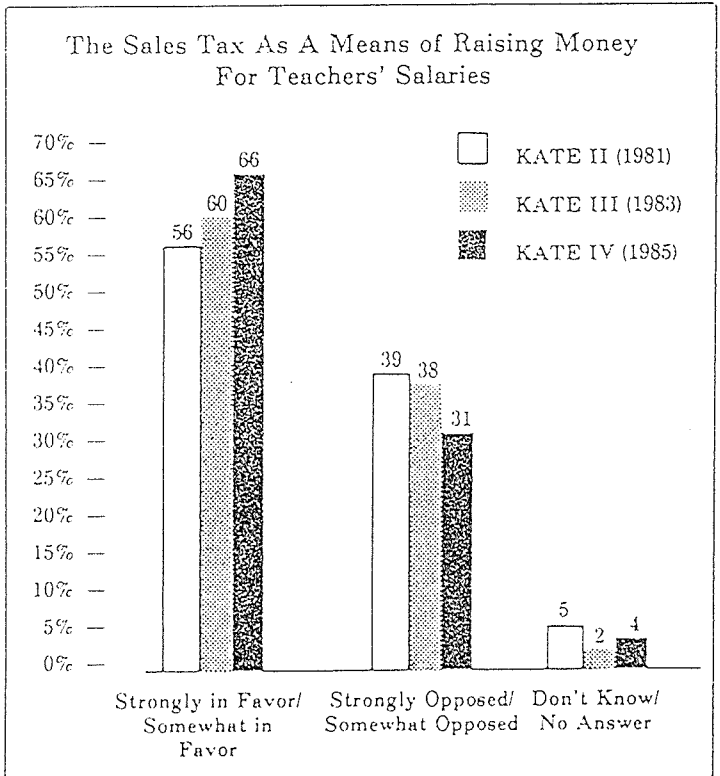
Northwest	19	32	30	19	0
Southwest	28	40	19	5	8
North Central	25	35	21	12	7
South Central	29	36	18	15	2
Northeast	23	40	17	16	4
East Central	32	40	17	9	2
Southeast	25	41	21	11	2

Political Affiliation

Republican	26	42	19	11	2
Democrat	29	34	19	15	3
Independent	32	35	14	14	5
Other	16	46	24	14	0

Home

Owned/Buying	27	37	20	13	3
Renting	30	43	12	11	4



*Topex Capital Journal, Jan. 13, 1986*

# Media poll of Kansans finds 42% favor sales tax

WICHITA (AP) — Kansans would favor a 1 percent state sales tax increase if the money was used for education and road building, according to a poll by a statewide network of television stations and a Kansas City television station.

In a random scientific sampling of 503 people by telephone on Thursday, Friday and Saturday, a professional pollster hired by the Kansas State Network and WDAF-TV of Kansas City found 42 percent of the respondents favored a state sales tax increase, 49 percent were against it and 9 percent were either undecided or had no opinion.

But when the poll participants were asked if they would favor a 1 percent sales tax increase if the money it raised was used to fund education and roads, 61 percent favored the increase, 17 percent opposed it and 22 percent were either undecided or had no opinion.

Pat O'Donnell, KSN executive news director, said the purpose of the poll was to check the mood of Kansans on major state issues as the 1986 session of the Legislature

opens. He said the poll has an error rate of plus or minus 5 percent.

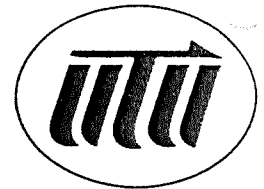
The poll results showed a majority of Kansans favor the institution of a statewide lottery and pari-mutuel betting. When asked if they were for or against a state lottery, 83 percent were in favor and 13 percent were opposed while 4 percent were either undecided or had no opinion. When pari-mutuel betting was the issue, 77 percent favored it, 17 percent were opposed and 6 percent were undecided or had no opinion.

On the issue of limiting medical malpractice awards, 51 percent favored legislation that would do so, 16 percent opposed it, and 33 percent were either undecided or had no opinion.

The poll respondents were asked how they would vote if the liquor by the drink question that will be on the November general election ballot were put to a vote now. The poll results showed 71 percent would vote in favor of it, 19 percent against and 10 percent were either undecided or had no opinion.

R. E. (RON) CALBERT  
DIRECTOR/CHAIRMAN

*united*  
*transportation*  
*union*



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NEWTON, KANSAS 67114-0726  
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KANSAS STATE LEGISLATIVE BOARD

STATEMENT RE: SENATE BILL NO. 536 -

INCREASING THE STATE SALES TAX AND THE REFUND OF SUCH TAXES PAID UPON FOOD.

PRESENTED TO: HOUSE WAYS AND MEANS COMMITTEE

APRIL 1986

MR. CHAIRMAN, AND MEMBERS OF THE COMMITTEE, THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY ON SENATE BILL 536. I AM RON CALBERT, DIRECTOR, KANSAS STATE LEGISLATIVE BOARD, **UNITED TRANSPORTATION UNION**. I AM AUTHORIZED TO SPEAK FOR OUR SOME SEVEN THOUSAND (7,000) ACTIVE AND RETIRED RAILROAD AND BUS MEMBERS AND THEIR FAMILIES WHO RESIDE IN KANSAS.

MR. CHAIRMAN, WE BELIEVE THERE IS A GENUINE NEED FOR SOME KIND OF AN INCREASE IN REVENUE. FOR THIS REASON, THE KANSAS STATE LEGISLATIVE BOARD SUPPORTS THE ONE CENT SALES TAX INCREASE, PROVIDING THE LEGISLATURE EXEMPT FOOD PURCHASED AT THE GROCERY STORE FOR HUMAN CONSUMPTION.

MAY I SUGGEST THAT YOU ACCEPT THE FACT THAT BOTH THE RICH AND THE POOR BUY GROCERIES, BUT THERE IS NO DOUBT THAT THE LOW TO MIDDLE INCOME TAXPAYER WILL REAP THE MAJOR BENEFIT OF SALES TAX RELIEF. MR. CHAIRMAN, IS IT TOO MUCH TO ASK THAT A STATE WHICH EXEMPTS FOOD FOR ANIMALS SHOULD DO THE SAME FOR FOOD FOR PEOPLE?

*Atch. H*  
*D. J. M. 4/1/86*

*H*

I RESPECTFULLY SUGGEST THAT REMOVING FOOD FROM THE RETAIL SALES TAX IS BOTH FAIR AND UNIFORMLY EQUITABLE. KANSAS WOULD THEN HAVE A NEW "VEHICLE" FOR REVENUE WHICH EXEMPTS THE NECESSITIES OF LIFE AND TAXES THE LUXURIES. WE BELIEVE THAT THE SALES TAX INCREASE HAS MORE MERIT THAN THE GASOLINE TAX INCREASE, OR DEDUCTIONS ON STATE INCOME TAXES FOR THE AMOUNT A KANSAS RESIDENT PAYS, IN FEDERAL INCOME TAXES. THE KANSAS STATE LEGISLATIVE BOARD ALSO BELIEVES THAT THE STATE SALES TAX INCREASE IS MORE COMPATIBLE THAN THE ELIMINATION OF STATE DEDUCTIONS FOR MEDICAL EXPENSE, SOCIAL SECURITY, SELF EMPLOYMENT AND RAILROAD RETIREMENT CONTRIBUTIONS.

IN CONCLUSION, I MOST RESPECTFULLY URGE THE COMMITTEE TO PERFORM THE NECESSARY LEGISLATIVE SURGERY ON SENATE BILL No. 536, BY AMENDING IT TO EXEMPT FOOD PURCHASED AT THE GROCERY STORE FOR HUMAN CONSUMPTION, AND GIVE IT LIFE WITH A FAVORABLE COMMITTEE REPORT.

THANK YOU, MR. CHAIRMAN, FOR FURNISHING ME THE OPPORTUNITY TO APPEAR BEFORE YOUR COMMITTEE AND EXPRESS THE CONCERNS OF THE KANSANS I REPRESENT. I WILL ATTEMPT TO ANSWER ANY QUESTIONS.



# Kansas Food Dealers' Association, Inc.

2809 WEST 47th STREET SHAWNEE MISSION, KANSAS 66205

PHONE: (913) 384-3838

April 1, 1986

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Topeka

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## HOUSE WAYS AND MEANS COMM.

RE: SB 536

EXECUTIVE DIRECTOR  
JIM SHEEHAN  
Shawnee Mission

We appreciate the opportunity of appearing before you today to express the views of the Kansas Food Dealers Association. Our membership consists of retailers, wholesalers and distributors of food products throughout the state.

As an Association, we do NOT have a position on whether to raise the sales tax or not. We have asked our individual members to contact their own legislators expressing their own views about the need for additional taxes.

However, we have ALWAYS supported legislation to provide true sales tax relief to those who need it through the CREDIT OR REFUND METHOD. Insofar as that is addressed in this bill, we AGAIN SUPPORT IT, and like the graduated levels of tax relief.

Several of you have asked us how much is spent on actual food items by various sizes of families. The latest figures I have are attached and quotes the data submitted by the U. S. Department of Agriculture in July of 1985.

They computed the costs for food at home for four food plans -- thrifty, low-cost, moderate-cost, and liberal. They did not, however, indicate the income levels for those four plans.

We must assume that the thrifty plan is the one that should be used to figure how close SB 536 comes to actually compensating Kansans through the refund method for sales tax spent on food items.

*Atch. I*  
*J. J. M. 4/1/86*

4/1/86

If we figure \$35 a week for food for a family of two, at the age of 51 and over, with a 4% sales tax it figures out to \$1.40 a week, or \$72.80 a year. Using 3% sales tax it would be \$54.60. I hope the chart will be helpful in figuring other family groups, and we will trust your wisdom at setting the amounts refundable.

When the accelerated sales tax bill first passed several years ago, we asked for an Administrative Allowance. Of course, with the economic straits experienced by the state, we were told it was not in the budget to permit any type of allowance for the extra bookkeeping involved.

Since you are considering increasing the sales tax, we do not believe this is an unreasonable request since all our neighboring states already are providing some compensation.

Colorado allows 3 1/3%; Missouri allows 2%;

and Oklahoma and Nebraska each allow 3%.

We asked the Senate Assessment and Tax Committee to help our Kansas businesses by permitting them to keep 3% of the sales tax they collect EACH MONTH, up to a MAXIMUM OF \$100.00 per month. The Committee selected 2% of sales with a maximum of \$50 as the cost was estimated at \$5.9 million and they felt that was all the state could afford at this time.

We were grateful for even that small amount of compensation as it demonstrated that those on the Assessment and Tax Committee were at least as concerned about the businesses already IN KANSAS as they were about luring new business into the States.

We were very disappointed when the Senators during floor debate indicated they did NOT think \$50 a month would help even those small retailers who do their own bookkeeping on the kitchen table at night after a full day's work. Various Senators sited the electronic age which made it EASY to figure sales tax and transmit it to the State, and that the \$5.9 million would be of more benefit to all Kansans if used for economic development.

The figures we get from our grocery stores is that the \$50 denied by the Senate represents their profit on OVER \$3,000 worth of groceries. I hope you believe me when I say the \$50 a month WILL HELP THEM. The reason we suggested the maximum amount in the Senate Committee is that those who DO large dollar transactions collect sales tax with MUCH LESS paperwork than the small retailers. We are not speaking about just the grocers, but ALL retailers you find in your rural Kansas communities.

I must remind you that we are under a federal mandate to have the grocers exempt food stamp purchases from ALL local and state sales tax, and this is ANOTHER expenses that will have to be absorbed.

We urge you to amend SB 536 to include the Administrative Allowance which the Senate Assessment & Tax Committee adopted. I will be happy to answer any questions you may have.

# USDA Releases Cost Of Home Food

The following is the U.S. Department of Agriculture's monthly update of the weekly cost of food at home for July 1985.

## COST OF FOOD AT HOME FOR A WEEK IN JULY 1985

	Food plans			
	Thrifty	Low-cost	Moderate-cost	Liberal
<b>Families:</b>				
Family of 2 (20-50 years)	37.00	46.40	57.20	70.50
Family of 2 (51 years and over)	35.00	44.30	54.70	65.20
Family of 4 with preschool children	53.80	66.90	81.60	99.60
Family of 4 with elementary school children	62.00	78.80	98.30	117.90
<b>Individuals in four-person families:</b>				
<b>Children:</b>				
1-2 years	9.70	11.70	13.70	16.40
3-5 years	10.50	13.00	15.90	19.10
6-8 years	13.00	17.10	21.40	24.90
9-11 years	15.40	19.50	24.90	28.90
<b>Females:</b>				
12-19 years	15.90	19.00	23.00	27.70
20-50 years	15.90	19.70	23.80	30.30
51 and over	15.70	19.00	23.50	28.00
<b>Males:</b>				
12-14 years	16.10	22.10	27.40	32.20
15-19 years	16.70	22.90	28.30	32.80
20-50 years	17.70	22.50	28.20	33.80
51 and over	16.10	21.30	26.20	31.30

USDA's Human Nutrition Information Service computes the cost of food at home for four food plans—thrifty, low-cost, moderate-cost, and liberal.

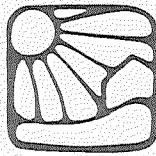
Suzanne S. Harris, acting administrator of the Human Nutrition Information Service, said the plans consist of foods that provide well-balanced meals and snacks for a week.

In computing the costs, USDA assumes all food is bought at the store and prepared at home. Costs do not include alcoholic beverages, pet food, soap, cigarettes, paper goods, and other nonfood items bought at the store.

"USDA costs are only guides to spending," Harris said. "Families may spend more or less, depending on such factors as where they buy their food, how carefully they plan and buy, whether some food is produced at home, what foods the family likes, and how much food is prepared at home.

From "KANSAS City Grocer"  
January 1986





## Kansas Association of Rehabilitation Facilities

TownCenter Building 120 West Sixth, Suite 110  
Newton, KS 67114 316-284-2330

TO: HOUSE COMMITTEE ON WAYS AND MEANS  
FROM: KANSAS ASSOCIATION OF REHABILITATION FACILITIES (KARF)  
RE: HB 3127 - AN ACT CONCERNING STATE FINANCIAL ASSISTANCE  
FOR COMMUNITY MENTAL RETARDATION FACILITIES  
DATE: APRIL 1, 1986

A "quiet crisis" exists in the delivery of services to the mentally retarded/developmentally disabled in Kansas. The "crisis" involves not only state institutions but also community services. Community services are faced with significant waiting lists of individuals from the community, special education, and institutions, insufficient resources, and federal dollar reductions. Solutions to the "crisis" have been less than sufficient over the last few years and new solutions need to be considered.

### Recommendations

KARF recommends that HB 3127 - An Act Concerning State Financial Assistance for Community Mental Retardation Facilities - be a part of the solution and be passed. We also support technical amendments that SRS might propose to assist in administration of grants.

### Justification

-The current 649 Formula Grant Program does not or will not adequately address or finance community MR/DD programs now or in the future.

-The 50% level funding would only generate 1.3 million dollars which would not come near to the amount needed to assist in the financing of 750 waiting for services

-If using the current formula, the \$300,000 the House put into State Aid for MR would be reduced to \$2,052.00 for the 750 waiting for services

-Planning is difficult or impossible to do under the present system

*Atch. J  
H. 2447M 4/1/86 J*

-The proposed grant program would provide a method whereby population from the community and special education who are not a part of the targeted population addressed under the Special Grant Program, would be addressed and planned for

-It would provide the accountability desired by legislators for financing received by community MR/DD agencies from the state

-It would be a client driven system rather than an eligible dollar driven system

THE ASSOCIATION FOR  
RETARDED CITIZENS OF KANSAS, INC.



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SHAWNEE, KANSAS 66203 • (913) 268-8200

*Hope through understanding*

April 1, 1986

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*Executive Director*

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*President  
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VIRGINIA LOCKHART  
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ROBERT ATKISSON  
*Treasurer  
Topeka*

DON CULLY  
*Past President  
Hutchinson*

To: Rep. William Bunten, Chairman  
Members House Ways and Means Committee

From: Lila Paslay, Chairperson  
Legislative Affairs

Re: HB 3127

The members of the ARC/Kansas have appreciated the support given to community programs through "649" State Aid Funding. We believe the services which those funds have partially supported are outstanding.

We work diligently to become a part of the "649" formula funding. When that legislation was passed, it was the best funding mechanism available. In the intervening years, we have discovered that even though we are funded under the same statute as mental health our funding sources available for the "649" matching funds are very different. We also provide very different types of programs. It appears to us that now is the time to have a grant program that is specifically developed for persons with mental retardation and are in community facilities and programs.

Through HB 3127 all facilities would be treated equally, both urban and rural. The funding would be based on the number of clients served and the per diem rate would be the same for all. State assistance would be funding individuals rather than a facility or program. We believe this will be a method that can easily be understood.

We do want to express the important of the new Section 4 which contains a "hold harmless" clause. At such a crucial time in community services, it is imperative that we maintain all current programs and continue to serve all the individuals presently being served.

We urge you to pass HB 3127 and ask your continued support of community services for persons with mental retardation.

*Atch. K  
B. W. M. 4/1/86*

PROPOSED HOUSE BILL NO. \_\_\_\_\_

By Committee on Ways and Means

AN ACT concerning cities and counties; relating to the issuance of mortgage revenue bonds; amending K.S.A. 1985 Supp. 12-5222 and repealing the existing section.

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

Section 1. K.S.A. 1985 Supp. 12-5222 is hereby amended to read as follows: 12-5222. In addition to powers which a city or county may now have, cities and counties shall have all powers necessary to accomplish the purposes of this act including, but not limited to, the following:

(a) To acquire, and to contract and enter into advance commitments to acquire, home mortgage loans owned by lending institutions at such prices and upon such other terms and conditions determined by such city or county or such other person as it may designate as its agent;

(b) to make and execute contracts with lending institutions for the origination and servicing of home mortgage loans on behalf of a city or county and to pay the reasonable value of services rendered in accordance with such contracts;

(c) to make loans to lenders to enable such lenders to make home mortgage loans in accordance with this act;

(d) to establish, by rules or regulations, by ordinances relating to any issuance of bonds or in any financing documents relating to such issuance, such standards and requirements applicable to the purchase of home mortgage loans or the origination of home mortgage loans or loans to lenders as such city or county deems necessary or desirable to effectuate the public purposes of this act;

(e) to issue its bonds to defray, in whole or in part (1) the costs of acquiring or originating home mortgage loans or

*Atch. L  
D. J. + M 4/1/86* ✓

making loans to lenders in order to enable them to make home mortgage loans for homes to be occupied by mortgagors; (2) the costs of studies and surveys, insurance premiums, underwriting fees, legal, accounting and marketing services incurred in connection with the issuance and sale of such bonds, including amounts required to establish reasonably necessary bond and interest reserve accounts, and trustee, custodian and rating agency fees; and (3) such other costs as are reasonably related to the foregoing;

(f) to authorize the sale or other disposition of any home mortgage loan, in whole or in part, upon such terms, at such prices and times, and from time to time, as may be necessary to assure that the revenues and receipts to be derived with respect to the home mortgage loans, together with any insurance proceeds, funds held in reserve accounts and earnings thereon, shall produce and provide revenues and receipts at least sufficient to provide for the prompt payment of the principal of, redemption premiums, if any, and interest at maturity of all bonds issued pursuant to this act;

(g) to pledge any revenues and receipts to be received from or in connection with any home mortgage loans to the punctual payment of bonds authorized under this act, and the interest and redemption premiums, if any, thereon;

(h) to mortgage, pledge or grant security interests in any home mortgage loans, notes or other property in favor of the holder or holders of bonds issued therefor;

(i) to issue its bonds for the purpose of refunding, in whole or in part at any time, bonds theretofore issued by such municipality ~~under--authority--of--this--act~~ pursuant to the constitution or laws of the state of Kansas to finance the origination or acquisition of mortgage loans for one to four family residences;

(j) to appoint or designate a bank or trust company either within or without the state to serve as trustee or custodian for the benefit of the bondholders and to delegate and assign

thereto, insofar as it may lawfully do so, its rights, duties and responsibilities with respect to carrying out and enforcing the terms and provisions of its residential housing finance plan;

(k) to provide for and authorize the use and disposition of any funds remaining in the possession of the city or county, or trustee or custodian designated by such city or county, following payment and retirement of any bonds issued pursuant to this act;

(l) to make and execute contracts and other instruments necessary or convenient to the exercise of any of the powers granted herein.

Sec. 2. K.S.A. 1985 Supp. 12-5222 is hereby repealed.


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

EXPLANATION OF PROPOSED  
AMENDMENT TO K.S.A. 12-5222(i)

The purpose of this technical amendment is to correct an oversight in the drafting of the Local Residential Housing Finance Law, K.S.A. 12-5219 to 12-5235, inclusive, as amended (the "Act"). The Act permits cities and counties to issue bonds for the purpose of refunding bonds previously issued "under authority of this act".

However, many cities and counties in Kansas have issued bonds to provide mortgage financing to homeowners under authority of (i) the predecessor local residential housing finance law, K.S.A. 12-5201 to 12-5218, inclusive (which expired on July 1, 1981), or (ii) constitutional or statutory home rule powers.

Adoption of the proposed technical amendment would permit cities and counties to exercise the powers of the Act to refund any homeowner mortgage financing bond issue, whether the bond issue to be refunded was issued under authority of the Act, the predecessor housing finance law or home rule powers.

*Atch. M*  
*D. W. M. 4/1/81* 

REPORTS OF STANDING COMMITTEES

Your committee on Ways and Means

Recommends that SB 536

"AN ACT increasing the state sales and compensating use tax rate; increasing the refund of such taxes paid upon food; amending K.S.A. 79-3603, 79-3607, 79-3633, 79-3635 and 79-3703 and repealing the existing sections.

be passed.

Deis A. Hunter Chairman.



REPORTS OF STANDING COMMITTEES

Your committee on       Ways and Means

Recommends that        HB 3127

"AN ACT       concerning state financial assistance for community mental retardation facilities; authorizing certain grants; prescribing powers, duties and functions for the secretary of social and rehabilitation services; amending K.S.A. 65-4401 to 65-4408, inclusive, and repealing the existing sections.

be passed.

Bill Hunter Chairman.