

Approved

March 7, 1991  
Date

MINUTES OF THE House COMMITTEE ON Taxation

The meeting was called to order by Joan Wagnon at  
Chairperson

9:10 a.m./~~pm~~ on Friday, February 22, 1991 in room 519S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn & Chris Courtwright, Legislative Research  
Don Hayward & Bill Edds, Revisors  
Linda Frey, Committee Secretary

Conferees appearing before the committee:

Chairman Wagnon called the meeting to order at 9:10 a.m.

Rep. Bruce Larkin distributed copies of a report from Subcommittee II (attachment 1). There were questions from the committee regarding how many dollars would be raised and where this would place Kansas overall in taxation of services. Rep. Larkin stated that there was no exact figure that would be raised. It would move Kansas to the top 5 or 10. A question was raised about taxing veterinarians. Professional services for small animal veterinarians would be taxed while large animal veterinarians would not be taxed under the subcommittee proposal.

Chairman Wagnon noted that the subcommittee has worked hard to come up with a list of exemptions they think ought to be retained, a list of services that they think should be looked at for taxing, and the rest they either did not think should be taxed or they have great concerns about how such taxes would be implemented. The Dept. of Revenue was requested to provide the committee with a definitional list of each item in the service section.

The Chair stated that she would open hearings on HB 2113, the Governor's plan, on Monday, February 25, 1991.

The committee held public hearings on HB 2347, the tax lid bill. The bill would extend the tax lid for one year. Testimony from the subcommittee included a recommendation that the tax lid be extended for four years. Written testimony in opposition to HB 2347 was received from Yo Bestgen, Executive Director of Kansas Association of Rehabilitation Facilities (attachment 2).

Rep. Grotewiel moved and Rep. Welshimer seconded an amendment that would eliminate all exemptions to the tax lid law (attachment 3).

Discussion followed on health care and whether local governments would utilize their power to "charter out" under home rule which would allow them to nullify the effect of a tax lid. It was stated that to develop an airtight tax lid it would be necessary to prohibit chartering out.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,  
room 519-S, Statehouse, at 9:10 a.m./~~p.m.~~ on Friday, February 22, 1991

Rep. Lowther offered a substitute motion seconded by Rep. Vancrum to eliminate the exemptions and change provisions for those voting in the last general election.

Rep. Lowther moved and Rep. Vancrum seconded a substitute motion to amend the bill by incorporating all of Rep. Grotewiel's amendments; a statutory provision for protest petition of two percent of electors who voted at the last preceding November general election or a hundred electors whichever is the greater for cities, counties, and townships; and language that included a severability clause with respect to the home rule provision in the constitution for cities. The motion carried.

Rep. Grotewiel moved, seconded by Rep. Welshimer report HB 2347 favorably as amended. The motion carried. Reps. Snowbarger, Vancrum, Pottorff, Smith and Shore voted no.

The committee considered HB 2368, the Homestead property tax refund. Changes in the act were recommended by Subcommittee III. The Chair outlined several issues which were raised during the course of hearings. If adjusted gross income was used as the only determinate of revenue the tables would have to be adjusted to produce the same amount of money. The Dept. of Revenue was asked to provide a fiscal note on the issue. The question of whether renters should be included was raised.

Tom Severn with Legislative Research distributed a memorandum and graph (attachments 4 and 5 of minutes for 2/20/91).

Steve Stotts, Dept. of Revenue, stated that the income definition did not change, just the table. He said the impact was in the neighborhood of a \$5 million increase in the homestead benefits. By changing to the definition of Kansas Adjusted Gross Income (KAGI), Stotts said, a shift of who gets the refund would take place. If the number of people who are eligible for that refund increases then the fiscal note would quadruple, he said. About 20% are renters that currently apply for the homestead property tax relief plan and the vast majority are homeowners. Their estimates did not keep this at a \$15,000 threshold and included going up to \$20,000. About 140,000 taxpayers were represented between the \$15,000 and \$20,000 of KAGI.

It was determined that more information and discussion was needed in regard to moving to KAGI before the bill would be moved out of committee. The Chair stated that the bill would be brought back up for discussion and possible action at a later date. She requested a fiscal notes on the bill from the Dept. of Revenue.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,  
room 519-S, Statehouse, at 9:10 a.m. ~~pm~~ on Friday, February 22, 1991

The Chair announced that there would be discussion and possible action on the bills Friday, March 1, 1991. The goal was also stated to finish the classification debate that week, and to move next to HB 2113.

The meeting adjourned at 10:00 a.m.

GUEST LIST

COMMITTEE: \_\_\_\_\_

*Spation*

DATE: \_\_\_\_\_

*2/22/91*

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
<i>Patrick Shurley</i>	<i>Topeka</i>	<i>Cassus</i>
<i>RUD GRANT</i>	<i>"</i>	<i>KCCI</i>
<i>Geo F Cardinal</i>	<i>Sa/ind</i>	<i>PHAK</i>
<i>Wendell Strom</i>	<i>Topeka</i>	<i>AARP - CCTF</i>
<i>J.C ANDERSON</i>	<i>Topeka</i>	<i>KSOPA</i>
<i>Harriet Lange</i>	<i>Topeka</i>	<i>Ks Assn Broadcasters</i>
<i>SURAN SOMERS</i>	<i>Topeka</i>	<i>KSCPA</i>
<i>George Barber</i>	<i>Topeka</i>	<i>Ks Consulting Engrs.</i>
<i>Mark Tallman</i>	<i>Topeka</i>	<i>KASIZ</i>
<i>Bob Corkins</i>	<i>Topeka</i>	<i>KCCI</i>
<i>FRANCES KASMER</i>	<i>Topeka</i>	<i>Ks Food Dealers Assn</i>
<i>Dee Liben</i>	<i>Topeka</i>	<i>KLA</i>
<del><i>Tommy Humphreys</i></del>	<del><i>Topeka</i></del>	<del><i>KMHA</i></del>
<i>Martha K. Bu</i>	<i>Topeka</i>	<i>KMHA</i>
<i>Dan Haas</i>	<i>Overland Park</i>	<i>KCPK</i>
<i>DENNY KOCH</i>	<i>TOPEKA</i>	<i>SW BELL</i>
<i>DAVID NICHOLS</i>	<i>Topeka</i>	<i>SWBELL</i>
<i>KAREN FRANCE</i>	<i>TOPEKA</i>	<i>KAR</i>
<i>W. J. DEINGIS</i>	<i>MERIDEN</i>	<i>FFI</i>
<i>Julie Hein</i>	<i>Topeka</i>	<i>Hein &amp; Ebert</i>
<i>Lynn M. Whannell</i>	<i>Topeka</i>	<i>AAF</i>
<i>Liam Luning</i>	<i>Topeka</i>	<i>KPL</i>
<i>Sacque Oates</i>	<i>Topeka</i>	<i>Ks. Auctioneers</i>
<i>Deborah Sampson</i>	<i>Lawrence</i>	<i>KC ICCA</i>

GUEST LIST

COMMITTEE: Legislation

DATE: 2/21/91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
<i>John Peterson</i>	<i>Tyreek</i>	<i>Perch Druff</i>
Mark L Manning	Topeka	Budget
Tom Whitaker	Topeka	Ks Motor Carriers Assn
Bev BRADLEY	TOPEKA	KS Assoc of Counties
<i>Kristy Kosciely</i>	<i>TOPEKA</i>	<i>Governor's Leg Affairs</i>
<i>Judy Aron</i>	"	<i>AIA Kansas</i>
<i>Shelley Sutton</i>	<i>Topeka</i>	<i>KS Engineering Society</i>
JANET STUBBS	"	H B A of Ks
<i>Don Schmitt</i>	"	<i>KIOGA</i>
Anne Smith	Topeka	Ks. Assoc of Counties
Rob Hodges	Topeka	Ks Telecom Assn
<i>Dave Cunningham</i>	<i>Topeka</i>	<i>POW</i>
Bill Ervin	✓	DAA
<i>Barbara Butts</i>	✓	DOA
<i>Kathy Stigman</i>	<i>Topeka</i>	<i>Revenue</i>
<i>Awe Hotsy</i>	"	"
<i>Terry Guy</i>	<i>Meriden</i>	"
<i>Ed Crisp</i>	<i>Topeka</i>	<i>PLG</i>
Alan Steppat	Topeka	Pete Mcbill & Associates
Janice Marcum	Topeka	DoR



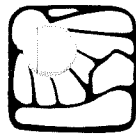
The sub-committee has extensively worked the sales tax exemptions and the expansion of sales tax to services. Working from the Governor's proposal and using criteria which considered possible negative efforts from the various exemptions as well as services the committee would recommend that the most objectionable exemptions retain their exemption.

These are 3602nb 3606b for telecommunications industry. 3603p, 3606a, 3606f, 3606g, 3606h, 3606k, 3606aa, 3606dd, and 3606hh. The remainder of the sales tax exemptions are recommended for further consideration by the full committee.

Recommendations for possible expansion of sales tax in the service area include, 0742, 0752, animal specialties with and without veterinary services. 4142, bus charter service for recreational purposes, items under 4200 dealing with retail storage, 4785 which includes toll roads and bridges etc. Items under services are 7000, 7200, 7500, 7600, 7900, 8400, which include hotels, and other lodging plans, personal services, auto repair etc. Miscellaneous repair, amusement and recreation services and museums, botanical and zoological gardens.

The sub-committee also recommends for full committee consideration, a package or items which include general sales tax, individual and corporate income tax, and an expansion of local option intangibles to school districts.

HOUSE TAXATION  
Attachment #1  
02/22/91



# Kansas Association of Rehabilitation Facilities

Jayhawk Tower • 700 Jackson • Suite 802  
Topeka, Kansas 66603 • 913-235-5103

TO: House Taxation Committee  
Rep. Joan Wagnon, Chair

FROM: Kansas Association of Rehabilitation Facilities

RE: HB 2347 - Tax Lid Extension

The Kansas Association of Rehabilitation Facilities (KARF) would like to state its opposition to any extension of the county tax lid.

The KARF is an association of community-based rehabilitation facilities serving pre-school children and adults. The six thousand individuals that are served by these facilities are jointly funded through county, state and federal funds. Community facilities have worked hard to garner the support of counties through a permissive tax mil levy for Mental Retardation and Mental Health facilities, which until last year were exempt from the tax lid.

Support from counties for such programs have been effected first by re-appraisal and then by the removal of the exemption from the tax lid. The continuation of such a tax lid would continue to negatively effect the ability for our facilities to work with the counties to increase that funding resource. Prior to the tax lid facilities were successful in increasing the support from counties. Since that time the revenue generated has declined and is predicted to continue this same trend. The result of such a trend is that we must turn to the state to find additional support for the decreased county revenue. It would seem prudent to remove the tax lid or to at least allow for a cost of living increase for such services.

Currently facilities serving people with mental retardation and developmental disabilities have a waiting list for services of one thousand and three hundred people. Those individuals are waiting in

state institutions or at home and unserved. All of those people could be served in the community in a cost effective manner if all resources are optimized to provide the opportunity for such services.

The Kansas Association of Rehabilitation Facilities requests that you not support HB 2347, remove the tax lid from counties and allow for community programs to maximize the local funds for services to people with disabilities.

Thank you for your support of this critical issue.



AN AMENDMENT TO HOUSE BILL 2347, extending the tax lid

- 1) eliminate all exemptions to tax lid law
- 2) 1990 will be base year (the total of all non-exempt revenues and the current exempt revenues)
- 3) new personal property and improvements would still remain outside of the lid as defined in #2
- 4) the lid for 1991 will be 100% of 1990 base year
- 5) each succeeding year will be 101% of previous year
- 6) sunset tax lid law in 1995