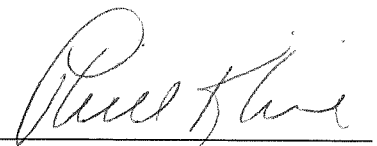


Approved: _____


Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on January 23, 1995 in Room 519-S of the Capitol.

All members were present.

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

Chairperson Kline submitted additional written testimony on **HB 2008** from the Kansas Council on Developmental Disabilities. (Attachment 1)

Chairperson opened consideration of **SB 14 - An act relating to sales taxation, exempting sales of original construction labor services.**

Senator Vancrum submitted written copy of his testimony on **SB 14** on January 20. (Attachment 2)

Moved by Shore, seconded by Hayzlett, SB 14 be passed favorably.

Discussion from several members regarding interpretation of nursery, fiscal notes and Senator VanCrum's amendment and pros and cons.

Rep. Shore withdrew his motion and asked instead that the bill be passed with the amendment suggested by Senator Vancrum.

Moved by Shore, seconded by Graeber, SB 14 be passed favorably as suggested by Senator Vancrum --

(n) all sales or tangible personal property which is consumed in the production, manufacture, processing, mining, drilling refining or compounding of tangible personal property, the treating of by products or wastes derived from any such production process, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas; and any purchaser of such property may obtain from the director of taxation and furnish to the supplier an exemption certificate number for tangible personal property for consumption in such production, manufacture, processing, mining, drilling, refining, compounding, treating, irrigation and in providing such services;

Discussion was held. Rep. Shore made closing remarks.

Chair called for vote. Motion carried.

Chair asked committee for approval of minutes of meetings held on January 18, 19 and 20.

Moved by Donovan, seconded by Hayzlett, minutes of meetings of January 18, 19 and 20 be approved. Motion carried.

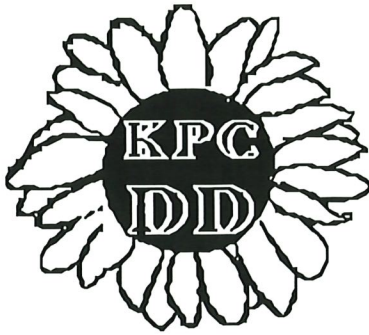
The next meeting is scheduled for January 24, 1995.

Adjournment.

TAXATION COMMITTEE GUEST LIST

DATE: 1-23-95

NAME	REPRESENTING
Don Hornes	Budget
Mark Cipronio	KDOR
Steve Stotts	"
Jerry McCoy	Sedgwick Co. Treasurer
Gandy Crawley	Sedgwick Co Intern
Judy Roome	KDOR
Jim Wethoff	KS AFK-CTO
Bole Totten	KS Contractors Association
Bob Corkins	KCCI
Bill Jume	Boeing
James Stubbs	Ks. Bldg. Ind. Assn.
Mary Jane Stettin	KS Farm Bureau
ATB Brown	mid-mo. Kummer BSA
Trudy Perkins	CPA K
MATTHEW MARTIN	KAR
Jamie Clover Adams	KS Grain & Feed Assn
Rubing D. Carlson	Intern ^{Rep} Jerry Henry
Martha Goss	KIMHA
Deville Hise	KCUA



Kansas Council on Developmental Disabilities

BILL GRAVES, Governor
WENDELL LEWIS, Chairperson
JANE RHYS, Executive Director

Docking State Off. Bldg., Room 141, 915 Harrison
Topeka, KS 66612-1570
Phone (913) 296-2608, FAX (913) 296-2861

"To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities"

TAXATION

January 18, 1995

Testimony in Regard to H. B. 2008

AN ACT RELATING TO INCOME TAXATION; AUTHORIZING CREDITS FOR THE HIRING OF DEVELOPMENTALLY DISABLED PERSONS.

To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities.

Mr. Chairman, Members of the Committee, I am appearing today on behalf of the Kansas Planning Council on Developmental Disabilities in support of H.B. 2008, relating to income taxation; authorizing credits for the hiring of developmentally disabled persons.

The Kansas Council is a federally mandated, federally funded council composed of individuals who are appointed by the Governor. Council members include representatives of the major agencies who provide services for individuals with developmental disabilities and nine of the fifteen members are individuals with developmental disabilities or their immediate relatives.

We wish to heartily support this bill which we believe will enable individuals with developmental disabilities to become employed, self supporting, full citizens of Kansas. We know that there are many individuals with developmental disabilities who want to be employed and who, given the chance, would make excellent employees. We worked with two individuals with developmental disabilities last year, assisting them to obtain employment with the state. They are very conscientious, hard workers, never late, and overall, excellent employees. Providing a tax credit will encourage employers to put more of these individuals to work. Please give them this opportunity.

Jane Rhys, Executive Director
Kansas Council on Developmental Disabilities
Docking State Office Building, Room 141
915 SW Harrison
Topeka, KS 66612-1570
913 296-2608

House Taxation
1-23-95
Attachment 1

BOB VANCURM
 SENATOR, ELEVENTH DISTRICT
 OVERLAND PARK, LEAWOOD,
 STANLEY, STILWELL, IN
 JOHNSON COUNTY
 9004 W. 104TH STREET
 OVERLAND PARK, KANSAS 66212
 (913) 341-2609



TOPEKA

SENATE CHAMBER
 STATE CAPITOL
 TOPEKA, KANSAS 66612-1504
 (913) 296-7361

COMMITTEE ASSIGNMENTS
 VICE-CHAIRMAN: ENERGY AND NATURAL RESOURCES
 MEMBER: WAYS AND MEANS
 JUDICIARY
 MEMBER: COMMERCE, LABOR AND REGULATIONS
 COMMITTEE, NATIONAL CONFERENCE ON
 STATE LEGISLATURES
 MEMBER: ENVIRONMENTAL TASK FORCE,
 COUNCIL ON STATE GOVERNMENTS

**TESTIMONY FROM SENATOR BOB VANCURM
 TO
 HOUSE TAXATION COMMITTEE
 ON
 SENATE BILL 14**

**RE: SUGGESTED AMENDMENT HAVING TO DO WITH TREATMENT OF
 WASTE WATER GENERATED BY PRODUCTION PROCESS**

I am sensitive to the need to immediately repeal the sales tax on labor used in new construction and on utilities used in manufacturing process as called for by the Governor's address last Wednesday. However, about an hour before debate on the Senate floor concerning Senate Bill 14 I learned of a problem effecting at least one manufacturer in the State of Kansas. The company's name is Flexel, Inc. in Tecumseh, Kansas. Flexel manufactures cellophane wrappers and employe 200 Kansas citizens at that plant. Part of the manufacturing process utilizes water which becomes slightly acidic. KDHE requires that waste water neutralized with soda ash and in fact this is done on a contemporaneous basis on site. There is an Attorney General's opinion having to do with salt water generated from oil production which appears to mandate an exemption on products used to treat waste water, but the Department of Revenue has stated it will not follow the Attorney General's opinion. Furthermore, the tax would continue to be in place on this one manufacturer even if this is repealed on utilities used in production for all other manufacturers.

The amendment on the attached page is intended to be very narrowly drawn in order to reverse this position of the Department of Revenue. I have no idea if the Revenue Department has taken this position with other manufacturers as far as the waste water stream. My position is that it was never the part of legislative intent. Anyway if the Committee wants to tighten this language up even more it could state that the treatment of the waste must be contemporaneous to the manufacturing process and conducted on site.

I want to thank the committee for considering this amendment that is important to jobs in the State of Kansas. In the interest of disclosure I also want to tell you that the matter was called to my attention by a partner in my law firm who apparently had the discussions with the Department of Revenue mentioned above.

House Taxation 1-23-95
 1-2395
 Attachment 2-1

Even though I think this is irrelevant to the good public policy of the amendment, I think the committee deserves to know that.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Vancrum".

Senator Bob Vancrum

(n) all sales of tangible personal property which is consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, *the treating of by-products or wastes derived from any such production process*, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas; and any purchaser of such property may obtain from the director of taxation and furnish to the supplier an exemption certificate number for tangible personal property for consumption in such production, manufacture, processing, mining, drilling, refining, compounding, *treating*, irrigation and in providing such services;