

Approved: Jan 17, 1996  
Date

## MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:00 a.m. on January 16, 1996 in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Martin,  
Senator Bond, Senator Clark, Senator Feleciano, Jr.,  
Senator Hardenburger, Senator Lee and Senator Ranson,

Committee staff present: Tom Severn, Legislative Research Department  
Chris Courtwright, Legislative Research Department  
Don Hayward, Revisor of Statutes  
Elizabeth Carlson, Secretary to the Committee

Conferees appearing before the committee: Wayne Venard, Director of Taxation  
Mary Faye LaFaver, Director, Community Development Division

Others attending: See attached list

### APPROVAL OF MINUTES

Senator Martin made a motion to approve the minutes of January 10 and January 11, 1996. The motion was seconded by Senator Clark. The motion passed.

### HB 2114--GOVERNMENTAL VEHICLE PROPERTY TAX EXEMPTION REQUEST NOT REQUIRED

Senator Langworthy explained to the committee that HB 2114 was passed out of the Senate Assessment and Taxation Committee during the 1995 Legislative Session and has been on General Orders in the Senate. However, it has been referred back to the committee for some refinement. During the interim, Senator Hardenburger and Senator Ranson did meet with the Department of Revenue to work out some problems with this bill.

Chris Courtwright, Research Department, reviewed HB 2114. He said several sections of this bill were passed by the Senate last session. Section 1 was passed. Section 2 of the bill is now in SB 438. Section 3 is still in HB 2114. Section 4 should be in SB 395; however because of a glitch in the computer it was left out. Part of Section 4 relating to nursery machinery and equipment being exempt from sales tax was passed in SB 88. Mr. Courtwright said a new section which provides for blanket exemption certificates for political subdivisions is in SB 395. Section 5, which amends KSA 1994 Supp.79-3609 to create a rebuttable presumption that a retailer has taken a sales tax exemption certificate in good faith, is similar to language in KSA 79-4301.

Mr. Courtwright then reviewed SB 395. He said this bill has everything in it concerning the blanket exemption certificates. It does have the \$10,000 good faith but it does not include the rebuttable presumption.

Senator Langworthy appointed Senators Hardenburger, Senator Ranson and Senator Martin as a subcommittee to work on SB 2114.

### INTRODUCTION OF BILL

Senator Hardenburger requested the introduction of a bill concerning retailers sales tax exemption certificates.

Senator Bond made a motion to introduce this bill. The motion was seconded by Senator Ranson. The motion passed.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:00 a.m. on January 16, 1996.

**SB 432--CARRY-FORWARD OF UNUSED INCOME TAX CREDIT FOR COMMUNITY  
SERVICE CONTRIBUTION**

Wayne Venard, Director of Taxation, testified before the committee that the Department of Revenue has proposed 3 modifications in **SB 432**. He said the first change was to clear up that business firms do not have to be located in a rural area in order to make the contribution. The second change was that credit can be allowed and carried forward for four successive taxable years. Third, any amount that is carried over is not deductible from the \$5 million per year.

There was questions from the committee concerning the population of rural areas. Staff said towns are considered rural if they are fewer than 15,000 population.

Mary Faye LaFaver, Director, Community Development Division, appeared to answer questions from the committee. (Attachment 1) Mrs. LaFaver said she supports the bill as it is written but she did suggest some changes and clarifications in the statutes which would make it easier to administer. She suggested inserting the words "be an amount equal to " in lines 16 and 21 in place of the words "not exceed". On the second page of her testimony she listed issues which need further policy discussion and clarification of legislative intent. Mrs. LaFaver gave examples of some of the problems which occur. She said she is available to work with the committee on these suggestions. She also included charts in her testimony of 1995 and 1996 awards.

Senator Langworthy asked Mrs. LaFaver to work with staff to draft legislation for the Assessment and Taxation committee to study.

The meeting adjourned at 12:05 p.m.

The next meeting is scheduled for January 17, 1996.

# SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: January 16, 1996

NAME	REPRESENTING
Don Spodgrass	Kansas Food Dealers Assn.
Don Holthaus	Western Resources
Charles Young	Via Christi Reg. Med. Center
DET Sproull	mid-mn Unemployment Assn
MARK A. BURKHART	ALDERSON, et al.
Anna Spiess	Ks Assoc. of Counties
Bob Perkins	KCCI
Jamie Clover Adams	KS Grain & Feed Assn
Hal Hudson	NFIB/KS
Bill Anderson	Water Dist #1 of Jo Co.
Harriet Lange	Ks Assn Broadcasters
Paula Branchberry	City of Overland Park
KICK SCHEIBE	KDOR
Wayne Vennard	KDOR
Sicilian	KDOR
Mark Tallman	NASB
Penny Seefolmeyer	The Ks Coalition, Inc

# KANSAS

DEPARTMENT OF COMMERCE & HOUSING



TESTIMONY OF  
Mary Faye LaFaver, Director  
Community Development Division  
January 16, 1996

Bill Graves, Governor  
Gary Sherrer, Secretary

Senator Langworthy, members of the Senate Assessment and Taxation Committee. My name is Mary Faye LaFaver and I am Director of Community Development at the Kansas Department of Commerce and Housing. I am testifying today in support of SB432, "An Act relating to income taxation; concerning community service contribution credits; amending K.S.A. 1995 Suppl. 79-32, 197 and repealing the existing section."

The bill, as written, limits the carry forward provision in a manner consistent with similar tax credits in other states. I will work with the Department of Revenue to ensure appropriate communication with approved organizations to implement this change.

I would like to request an additional change in this bill to clarify what I believe was the legislative intent of this program: On lines 16 and 21, delete "not exceed" and insert "be an amount equal to." Some of the organizations have interpreted the language in statute that they have the ability to set the level of tax credit within each individual project. While I would like to support that sort of flexibility, the administrative reality is that given the current staffing and structure I cannot. The language in other tax credit statute states definitively the level of the credit.

To report on the progress of the program in 1995 and 1996, I have included with this testimony summary reports through January 12, 1996, on the amount of credits claimed to date.

A number of other issues have developed through the course of the past year with the Community Services Program which need further policy discussion and clarification of legislative intent:

*Senate Assess + Tax  
Jan 16, 1996  
Attache 1-1*

COMMUNITY DEVELOPMENT DIVISION

700 S.W. Harrison Street, Suite 1300, Topeka, Kansas 66603-3712  
(913) 296-3485 FAX (913) 296-0186 TTY (913) 296-3487

Senate Taxation Committee  
January 16, 1996

- \* program begins and ends with the Division Director rather than the Secretary of the agency
- \* competing demands from many worthwhile organizations; statutory limitations; is there a plan for update of the Blueprint
- \* some concern given recent level of phone calls from accounting firms and corporations that we may be redistributing corporate giving rather than generating new corporate giving
- \* school districts and other tax supported organizations have ideas they believe are consistent with the Blueprint and would like supported through this program

These are some of the general concerns that we may want to address in future discussions with this committee. I am available to work with you and answer any of your questions regarding these issues or my testimony.

SENATE BILL No. 432

By Committee on Assessment and Taxation

1-9

9 AN ACT relating to income taxation; concerning community service con-  
10 tribution credits; amending K.S.A. 1995 Supp. 79-32,197 and repealing  
11 the existing section.  
12

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

14 Section 1. K.S.A. 1995 Supp. 79-32,197 is hereby amended to read  
15 as follows: 79-32,197. The amount of credit allowed pursuant to K.S.A.  
16 1995 Supp. 79-32,196, *and amendments thereto*, shall ~~not exceed~~ 50% of  
17 the total amount contributed during the taxable year by the business firm  
18 to a community service organization or governmental entity for programs  
19 approved pursuant to K.S.A. 1995 Supp. 79-32,198, *and amendments*  
20 *thereto*. The amount of credit allowed pursuant to K.S.A. 1995 Supp. 79-  
21 32,196, *and amendments thereto*, shall ~~not exceed~~ 70% of the total  
22 amount contributed during the taxable year by the business firm ~~in a rural~~  
23 ~~community~~ to a community service organization or governmental entity  
24 located ~~therein~~ *in a rural community* for programs approved pursuant to  
25 K.S.A. 1995 Supp. 79-32,198, *and amendments thereto*. ~~Any tax credit not~~  
26 ~~used for the taxable year the contribution was made may be carried over~~  
27 ~~to any succeeding taxable year until the total amount of the credit is used.~~  
28 *If the amount of such tax credit exceeds the taxpayer's income tax liability*  
29 *for such taxable year, the amount thereof which exceeds such tax liability*  
30 *may be carried over for deduction from the taxpayer's income tax liability*  
31 *in the next succeeding taxable year or years until the total amount of the*  
32 *tax credit has been deducted from tax liability, except that no such tax*  
33 *credit shall be carried over for deduction after the fourth taxable year*  
34 *succeeding the taxable year in which the expenditures are made. In no*  
35 *event shall the total amount of credits allowed under this section exceed*  
36 *\$5,000,000 for any one fiscal year, except that such amount shall be de-*  
37 *termined without regard to the amount of any credits being carried for-*  
38 *ward.*

39 New Sec. 2. The provisions of this act shall be applicable to all tax-  
40 able years commencing after December 31, 1995.

41 Sec. 3. K.S.A. 1995 Supp. 79-32,197 is hereby repealed.

42 Sec. 4. This act shall take effect and be in force from and after its  
43 publication in the statute book.

insert  
"be an amount  
equal to "  
in both locations.

CSP AWARDS -- FIRST AND SECOND ROUNDS									
PORT AS OF 1/12/96)									
PROJECT NUMBER	PERCENT	ORGANIZATION	CITY	COUNTY	AWARD	REPORT DATE	CLAIMED	BALANCE	STATUS
952-01001	50%	Big Brothers/Big Sisters of Salina	Salina	Saline	\$16,215.00	08-Jan-96	\$11,550.00	\$4,665.00	Expired
951-00102	50%	Catholic Housing Services, Inc.	Kansas City	Wyandotte	\$27,000.00	NONE RECEIVED	\$0.00	\$27,000.00	Expired
951-01902	50%	CLASP, Inc.	Overland Park	Johnson	\$3,375.00	NONE RECEIVED		\$3,375.00	Expired
951-00601	50%	Community Health Center	Hutchinson	Reno	\$50,000.00	NONE RECEIVED		\$50,000.00	Expired
951-01903	50%	Community Living Opportunities, Inc.	Overland Park	Johnson	\$182,077.00	03-Mar-95	\$1,350.00	\$180,727.00	Available through 12/97
951-01904	50%	Community Living Opportunities, Inc.	Overland Park	Johnson	\$125,000.00	03-Mar-95	\$0.00	\$125,000.00	Available through 12/97
952-01002	50%	Family Consultation Services, Inc.	Wichita	Sedgwick	\$70,688.00	29-Dec-95	\$24,853.90	\$45,834.10	Expired
952-01006	50%	Flint Hills Breadbasket	Manhattan	Riley	\$26,000.00	31-Dec-96	\$26,000.00	\$0.00	Expired
951-02801	50%	Friendly Acres, Inc.	Newton	Harvey	\$90,000.00	NONE RECEIVED		\$90,000.00	Expired
951-00201	70%	Garden Plain Horizon Foundation	Garden Plain	Sedgwick	\$204,750.00	30-Nov-95	\$15,767.50	\$188,982.50	Available through 12/97
951-08801	70%	Gove County Healthcare Endowment, Inc.	Quinter	Gove	\$120,514.00	15-Dec-95	\$25,340.00	\$95,174.00	Available through 12/97
952-01008	50%	Head Start of Shawnee Mission, Inc.	Shawnee Mission	Johnson	\$6,000.00	NONE RECEIVED	\$0.00	\$6,000.00	Expired
951-01905	50%	Health Partnership of Johnson County	Overland Park	Johnson	\$20,500.00	15-Dec-95	\$350.00	\$20,150.00	Expired
951-00602	50%	Hutchinson Area Student Health Services	Hutchinson	Reno	\$18,678.00	12-Feb-95	\$0.00	\$18,678.00	Expired
951-00603	50%	Interfaith Housing Services	Hutchinson	Reno	\$71,181.00	02-Jan-96	\$16,450.00	\$54,731.00	Expired
951-01901	50%	Johnson Co. CASA	Olathe	Johnson	\$4,500.00	28-Dec-95	\$3,025.00	\$1,475.00	Expired
951-00302	50%	Kansas MADD, Inc.	Topeka	Shawnee	\$32,882.00	28-Dec-95	\$1,906.25	\$30,975.75	Expired
951-00301	50%	Keys for Networking, Inc.	Topeka	Shawnee	\$46,660.00	NONE RECEIVED		\$46,660.00	Expired
951-00604	50%	Kids After School, Inc.	Hutchinson	Reno	\$35,840.00	NONE RECEIVED		\$35,840.00	Expired
951-01906	50%	Lifeskills Management Center, Inc.	Olathe	Johnson	\$29,808.00	NONE RECEIVED		\$29,808.00	Expired
951-00302	50%	Marian Clinic, Inc.	Topeka	Shawnee	\$30,250.00	NONE RECEIVED		\$30,250.00	Expired
952-01007	70%	Meadowlark Homestead, Inc.	Newton	Harvey	\$18,000.00	15-Dec-95	\$7,350.00	\$10,650.00	Expired
952-01005	70%	Mennonite Board of Missions & Charities	Hesston	Harvey	\$350,000.00	02-Jan-96	\$69,405.00	\$280,595.00	Available through 12/97
951-02902	50%	Newton Healthcare Corporation	Newton	Harvey	\$206,449.00	17-Nov-95	\$206,449.00	\$0.00	Expired
952-01003	70%	Plainville Rural Hospital	Plainville	Rooks	\$122,150.00	24-Nov-95	\$1,190.00	\$120,960.00	Available through 12/97
952-01004	70%	Prairie View, Inc.	Newton	Harvey	\$119,000.00	02-Jan-96	\$61,244.17	\$57,755.83	Available through 12/97
951-05301	70%	Pratt Regional Medical Center	Pratt	Pratt	\$34,325.00	25-Dec-95	\$34,318.19	\$6.81	Expired
951-00202	50%	Rainbows United, Inc.	Wichita	Sedgwick	\$937,750.00	12-Jan-96	\$21,500.00	\$916,250.00	Available through 12/97
951-00605	50%	Reno County Child Care Association	Hutchinson	Reno	\$14,650.00	15-May-95	\$400.00	\$14,250.00	Expired
951-01907	50%	Safehome, Inc.	Overland Park	Johnson	\$14,099.00	NONE RECEIVED		\$14,099.00	Expired
951-00606	50%	Skylights, Inc.	Hutchinson	Reno	\$43,500.00	NONE RECEIVED		\$43,500.00	Expired
951-01201	70%	Sumner County Mental Health Center	Wellington	Sumner	\$259,674.00	30-Jun-95	\$61,950.00	\$197,724.00	Available through 12/97
951-01906	50%	Temporary Lodging for Children	Olathe	Johnson	\$8,493.00	29-Dec-95	\$8,462.50	\$30.50	Expired
951-01401	70%	The Saint Francis Academy, Inc.	Salina	Saline	\$794,697.00	21-Dec-95	\$65,376.50	\$729,320.50	Available through 12/97
951-01908	50%	The Salvation Army	Kansas City	Johnson	\$107,750.00	07-Feb-95	\$5,250.00	\$102,500.00	Available through 12/97
952-01009	70%	Trego County Hospital Endowment	WaKeeney	Trego	\$200,000.00	NONE RECEIVED	\$3,500.00	\$196,500.00	Available through 12/97
951-02501	70%	Tri County Manor Living Center	Horton	Brown	\$30,176.00	29-Dec-95	\$19,320.00	\$10,856.00	Expired
951-01910	50%	United Community Services of John. Co.	Overland Park	Johnson	\$16,513.00	10-Jan-96	\$2,100.00	\$14,413.00	Expired
951-00101	50%	Wyandotte Associated Youth Services	Kansas City	Wyandotte	\$510,557.00	29-Jun-95	\$50,000.00	\$460,557.00	Available through 12/97
					\$4,999,701.00		\$744,408.01	\$4,255,292.99	
		TOTAL AWARDS							
		DRAWN TO DATE						\$4,255,292.99	

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96 CSP AWARDS (Report as of 1/12/96)								
PROJECT NUMBER	PERCENT	ORGANIZATION	CITY	COUNTY	AWARD	REPORT DATE	CLAIMED	BALANCE
96-02038	50%	Big Brothers/Big Sisters - Manhattan	Manhattan	Riley	\$10,000.00			\$10,000.00
96-02007	50%	Big Brothers/Big Sisters - Sedgwick	Wichita	Sedgwick	\$50,000.00			\$50,000.00
96-02009	50%	Cerebral Palsy Research Foundation	Wichita	Sedgwick	\$272,000.00	29-Dec-95	\$0.00	\$272,000.00
96-02003	50%	Child Abuse Prevention Services, Inc.	Salina	Saline	\$25,000.00	10-Jan-96	\$17,875.00	\$7,125.00
96-02025	70%	Columbian Theater Foundation	Wamego	Potta/Wabaun	\$100,000.00	08-Jan-96	\$3,500.00	\$96,500.00
96-02037	50%	Counseling and Mediation Center	Wichita	Sedgwick	\$45,000.00			\$45,000.00
96-02008	70%	Evangelical Lutheran/Main Street	Minneapolis	Ottawa	\$232,000.00			\$232,000.00
96-02021	70%	Family Resource Inc. - Girard	Girard	Crawford	\$150,000.00	08-Jan-96	\$19,950.00	\$130,050.00
96-02030	50%	Foundation for Sheltered Living, Inc.	Topeka	Shawnee	\$20,000.00	02-Jan-96	\$4,000.00	\$16,000.00
96-02023	50%	Friends of JoCo Mental Retard. Center	Lenexa	Johnson	\$25,000.00			\$25,000.00
96-02033	50%	Geary Community Healthcare Foundation	Junction City	Geary	\$280,000.00			\$280,000.00
96-02004	50%	Goodwill Industries Easter Seal Society	Wichita	Sedgwick	\$125,000.00			\$125,000.00
96-02035	50%	Hannah's House Foundation	Lawrence	Douglas	\$275,000.00			\$275,000.00
96-02010	50%	Heartspring	Wichita	Sedgwick	\$300,000.00			\$300,000.00
96-02028	70%	Hertzler Research Foundation	Halstead	Harvey	\$100,000.00	08-Jan-96	\$18,200.00	\$81,800.00
96-02022	50%	High Plains Mental Health Center Found.	Hays	Ellis	\$125,000.00	02-Jan-96	\$100.00	\$124,900.00
96-02027	70%	Homecare & Hospice, Inc.	Manhattan	Riley	\$200,000.00	02-Jan-96	\$161,000.00	\$39,000.00
96-02013	50%	Interfaith Housing Services	Hutchinson	Reno	\$50,000.00			\$50,000.00
96-02017	50%	Interfaith Ministries - Wichita	Wichita	Sedgwick	\$150,000.00			\$150,000.00
96-02018	70%	Kansas Specialty Dog Service	Washington	Washington	\$300,000.00	02-Jan-96	\$36,918.00	\$263,082.00
96-02041	70%	Kids University, Inc.	Marysville	Marshall	\$13,500.00		\$7,000.00	\$6,500.00
96-02005	70%	Kingman Community Hospital	Kingman	Kingman	\$65,000.00	20-Dec-95	\$14,700.00	\$50,300.00
96-02012	50%	KSCity Crime Comm. dba Crime Stoppers	Kansas City	Jo/Wy/Leav	\$40,000.00		\$750.00	\$39,250.00
96-02015	50%	Manhattan Arts Center	Manhattan	Riley	\$100,000.00	03-Jan-96	\$32,250.00	\$67,750.00
96-02029	50%	Memorial Hospital Foundation	Manhattan	Riley	\$70,000.00	02-Jan-96	\$250.00	\$69,750.00
96-02006	70%	Mennonite Friendship Manor	S. Hutchinson	Reno	\$150,000.00	20-Dec-95	\$12,040.00	\$137,960.00
96-02019	50%	Mennonite Housing Rehab Services	Wichita	Sed/Harv/But	\$65,000.00	22-Dec-95		\$65,000.00
96-02036	70%	Multi Community Diversified Services	McPherson	McPherson	\$70,000.00	03-Jan-96	\$8,050.00	\$61,950.00
96-02016	50%	Operation Brightside - KS City	Kansas City	Wyandotte	\$16,000.00	04-Jan-96	\$0.00	\$16,000.00
96-02032	50%	Pittsburg State University Tech Center	Pittsburg	Crawford	\$200,000.00			\$200,000.00
96-02042	70%	Pratt Health Care Services Foundation	Pratt	Multi	\$100,000.00			\$100,000.00
96-02026	50%	Riverside Health System	Wichita	Sedgwick	\$125,000.00			\$125,000.00
96-02034	50%	Via Christi - St. Joseph Campus	Wichita	Sedgwick	\$125,000.00	03-Jan-96	\$0.00	\$125,000.00
96-02031	70%	St. Luke Foundation	Marion	Marion	\$100,000.00	29-Dec-95	\$9,800.00	\$90,200.00
96-02020	50%	Substance Abuse Services	Shawnee	Johnson	\$80,500.00	07-Dec-95		\$80,500.00
96-02040	50%	Temporary Lodging for Children	Olathe	Johnson	\$10,000.00			\$10,000.00
96-02011	50%	Training & Evaluation Center-Hutchinson	Hutchinson	Reno	\$120,000.00	28-Dec-95	\$2,500.00	\$117,500.00
96-02014	50%	Wesley Retirement Communities	Wichita	Sedgwick	\$45,000.00	29-Dec-95	\$0.00	\$45,000.00
96-02039	50%	Wichita Children's Home	Wichita	Sedgwick	\$21,000.00			\$21,000.00
96-02024	50%	Wichita Habitat for Humanity	Wichita	Sedgwick	\$50,000.00	22-Dec-95		\$50,000.00
96-02002	50%	YMCA Greater KC	Kansas City	Johnson	\$300,000.00			\$300,000.00
96-02001	50%	YMCA KCKS & Wyandotte	Kansas City	Wyandotte	\$300,000.00		\$10,000.00	\$290,000.00
		TOTAL AWARDS			\$5,000,000.00		\$358,883.00	\$4,641,117.00
		DRAWN TO DATE						\$4,641,117.00

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