

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 February 18, 1997, in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Lee, Senator Bond, Senator Goodwin, Senator Hardenburger, Senator Harris, Senator Karr, Senator Praeger, Senator Steffes and Senator Steineger.

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

Conferees appearing before the committee: David Newbery, Attorney at Law
Senator Chris Steineger
Kim Emert
Jerri Ruiz
Kathy Richardson
Diana Milleson

Others attending: See attached list

Senator Langworthy welcomed Senator Don Steffes as a new committee member. He is replacing Senator Don Sallee who resigned.

The minutes of the February 14, 1997, meeting were approved.

SB 209--Relating to income taxation; concerning the definition of state for tax paid credit purposes.

David Newbery, Attorney at Law, testified in support of **SB 209**. Mr. Newbery called attention to Exhibit 5 attached to his written testimony regarding his qualifications and experience. Mr. Newbery explained that "state" is not defined in KSA 79-32, 111(a) which provides an income tax credit for income taxes paid to another state by a resident individual. The Department of Revenue defines "state" in this instance to not include foreign countries. Mr. Newbery felt the State of Kansas should provide relief from double income taxation across the board in all circumstances to resident individuals. **SB 209** redefines the current definition of "state" by the Department of Revenue by providing that "state" shall have the same meaning as ascribed in KSA 79-32-71 wherein "state" is defined to include foreign countries. He followed with examples of situations to illustrate his point. (Attachment 1)

Shirley Sicilian, Kansas Department of Revenue, confirmed that **SB 209** would have minimal fiscal impact. The hearing on **SB 209** was closed.

Senator Bond moved to report **SB 209** favorable for passage, seconded by Senator Lee. The motion carried.

SB 290--Relating to sales taxation; exempting sales to and by parent teacher organizations.

Senator Chris Steineger, author of the bill, testified in support of **SB 290**. He explained that the bill exempts parent teacher organizations (PTOs) from the requirement to charge and remit sales tax on the sales of such things as cookies and candies at school events. He noted that the fiscal note was approximately \$642,000, which he viewed as a means of providing additional nontax revenue for schools. If the PTAs were not required to remit part of the proceeds from their sales to the state in the form of sales tax, they would be able to purchase more items for schools. Furthermore, PTAs would have much less difficulty in finding volunteers to serve as treasurers. Currently, the lack of knowledge of sales tax laws causes many PTA members to fear the responsibility of serving as treasurer.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S
Statehouse, at 11:00 a.m. on February 18, 1997.

Kim Emert, a PTA member from Mission, Kansas, testified in support of **SB 290**. She is the mother of two children and serves as the secretary for their school's PTA. She called attention to two handouts prepared by Ellen Schulte of Highlands Elementary PTA. The first was a copy of the school budget, and the second itemized what had been spent on sales tax since June of 1996 to present (\$587.17). (Attachments 2 and 3) She emphasized that small amounts of money were significant to her school. Therefore, if the PTA had not been required to apply \$587.17 to sales tax, it could be put back into programs at school to enhance students' learning.

Senator Bond posed a question as to the fairness of reducing funding to education by the amount of the fiscal impact of eliminating the sales tax for PTAs (approximately \$642,000). He was concerned that, of all the organizations that would request a tax break, the one organization that promotes and stands for the largest portion of the state's budget (education) would ask not to pay sales tax but yet request more money in the state budget for education. While he understood the reasoning that sales tax remitted by PTAs-PTOs could be used otherwise for school improvements, he reminded the conferees that the state cannot do more for education if tax dollars are not collected.

Jerri Ruiz, a PTA member, testified in support of **SB 290**. She stressed the importance of parent involvement in a child's academic success, pointing out that PTAs are vehicles which are used to bring parents into schools to help supply parent involvement. Further, PTAs provide a variety of excellent programs and services to students. PTAs requested this bill so that sales tax money could be used instead for mailings to reach busy parents at their homes. Also, the money could be used to provide refreshments at school meetings to entice parents to come to schools to find how they can help their children succeed. As volunteers, PTA members ask the Legislature to help Kansas children be more successful and excel by the passage of **SB 290**. She commented that she was under the impression that a very small percentage of sales tax money went into the state education fund.

Senator Langworthy explained that most sales tax money goes into the state General Fund, and a small part of it goes to the Highway Fund. School funding comes from the General Fund, which is primarily funded by sales tax and income tax. She noted that 60 percent of the General Fund is allocated to education.

Kathy Richardson, President of the Kansas City, Kansas Council of PTAs, outlined the history of PTAs and expressed her support for **SB 290**. She believed the bill would help PTAs overcome an obstacle it has in finding someone to accept the position of treasurer. Ms. Richardson stressed that PTA members are volunteers whose only goal is to promote public education and better the lives of all children. She contended that a tax-exempt status for PTAs would benefit every constituent in the state as successful children grow into successful taxpaying citizens, not drains on the tax dollar through prisons, unemployment, and welfare. (Attachment 4)

Diana Milleson, a PTA member, stood in support of **SB 290**. She emphasized that PTAs do not have paid employees nor do they own properties. Members are entirely on a volunteer basis and are very dedicated to making all children successful. Her testimony concluded the hearing on **SB 290**.

The meeting was adjourned at 12:03 p.m.

The next meeting is scheduled for February 19, 1997.

SENATE ASSESSMENT & TAXATION COMMITTEE
GUEST LIST

DATE: February 18, 1997

NAME	REPRESENTING
Kimberly Overt	Highlands Elem. PTA ^{Jo. County}
Kathy Richardson	KCK PTA Council
Jerru Ruz	KCK PTA Council
Diana Millson	Kansas City, Ks PTA Council
Ellen Schulte	Highlands Elem. PTA ^{Prairie Village}
Shirley Sicilian	KIDOR
Jill Bridges	DOB
Judy Malin	KAC
MARK BECK	KIDOR
Cindee Stratton	American Heart Association
John D. Pinegar	SWKROA
Ray Holton	Western Resources
Ed SPIESS	Petersen Public Affairs
SARAH DAVIS	GIRL SCOUT COUNCILS OF KANSAS
Hans Lange	Ks Assn of B' Casters
Don Schwacke	KIBOKS
Dave Newberg	J & E Barton. Dobenig

LAW OFFICES
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MEMORANDUM

TO: Senate Assessment and Taxation Committee
FROM: C. David Newbery
DATE: February 18, 1997
RE: Testimony regarding Senate Bill No. 209

Senate Bill 209 amends KSA 79-32,111(a) which provides an income tax credit for income taxes paid to another state by a resident individual. The word "state" is not defined within that statute section. The Department of Revenue defines the word "state" to not include foreign countries.

The amendment provides that the word "state" shall have the same meaning as ascribed thereto by subsection (h) of KSA 79-3271.

KSA 79-3271, which is a part of the income tax act and more specifically a part of the Uniform Division of Income for Tax Purposes (UDITPA), defines the word "state" to mean: "Any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof."

It is my belief that without the Amendment embodied in this Senate Bill, KSA 79-32,111(a) is unconstitutional, but in any event, it is clearly inequitable and illogical as I will explain below.

Why does Kansas allow a credit for taxes paid to other states? The only rationale for this credit is to mitigate against double taxation; i.e., providing relief to Kansas resident taxpayers for income earned in other jurisdictions which, without the credit, would be taxed in both the other jurisdiction and in the State of Kansas.

The policy question facing the legislature is this: Should Kansas provide relief from double taxation for income that is earned in a foreign country and that is taxed in the foreign country? The answer is clearly yes, because Kansas law already provides such relief.

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Senate Assessment + Taxation
2-18-97
Attachment 1

C. David Newbery
Testimony regarding Senate Bill No. 209
February 18, 1997

The problem is that relief is not available across the board in all circumstances, and this is the reason for the proposed legislation. This is also the reason that the current law as interpreted by the Department is unconstitutional. The Equal Protection clause is violated by providing relief to some but not all taxpayers who are similarly situated. Current law is also probably a violation of the Foreign Commerce clause of the U.S. Constitution because it places a greater tax burden on foreign source income compared to domestic source income.

Kansas law currently provides relief to Kansas residents paying foreign income tax in the following circumstances:

1. A resident individual who conducts a business both within Kansas and in a foreign country is required to apportion the business income between Kansas and the foreign country based upon property, payroll and sales factor ratios. Kansas income tax is imposed only on the business income apportioned to Kansas. No Kansas tax is imposed on income apportioned to the foreign country!
2. A Kansas resident who does not qualify for apportionment, but who elects to deduct foreign income taxes as an itemized deduction on his or her federal income tax return, is allowed a Kansas itemized deduction for the foreign taxes. (See Exhibit 1 attached for more complete explanation).

In both of these situations, a Kansas resident is provided relief for income taxes paid to foreign countries. In the first situation, the Kansas resident is not taxed in Kansas on the income apportioned to the foreign country; and in the second situation, the Kansas resident is allowed a deduction for foreign income taxes.

There is a third category of Kansas resident with income from a foreign country that receives no relief whatsoever from double taxation by the State of Kansas. This taxpayer is one who elects to take a federal credit for foreign taxes (in lieu of an itemized deduction), and whose business or investment activity is conducted entirely in the foreign country (i.e., does not qualify for apportionment under UDITPA).

This is patently unfair and is arguably unconstitutional. There is no public policy reason for providing tax relief to one who makes a federal deduction election for foreign taxes or to one who operates a business partly within Kansas and partly within a foreign country, but to penalize a Kansas taxpayer who elects to take a federal foreign tax credit, and who operates a business or investment activity only in the foreign country.

This unfair result is illustrated in Exhibit 2 which compares a Kansas resident in three different situations as follows:

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1. A Kansas resident who has \$100,000 of rental income from Kansas real estate;
2. A Kansas resident who has \$100,000 of rental income from Missouri real estate;
and
3. A Kansas resident who has \$100,000 of rental income from real estate located in a foreign country.

For this example, I have assumed a 33% federal income tax rate, a 7% Kansas income tax rate, a 7% Missouri income tax rate and a 40% foreign country income tax rate. As you can see, based upon these assumptions, total tax would be \$40,000 for rental property located in Kansas and in Missouri. However, under the Department's interpretation (i.e., disallowance of a foreign tax credit), the total tax would be \$47,000 for rental property located in a foreign country (Scenario 3A). Please note that at scenario 3B in the illustration, I have calculated the total tax under the proposed amendment of Senate Bill 209. The total tax under the Senate Bill amendment would be equal to \$40,000, the same as if the property were located in Kansas or Missouri.

In summary, the current law as interpreted by the Department, and without the amendment of Senate Bill 209, is probably unconstitutional, but regardless of constitutional issues, it is inequitable and illogical. The State of Kansas has an existing public policy to provide relief from double taxation for foreign income taxes, and such relief should be available to all Kansas resident taxpayers.

EXHIBIT 1

As a general rule the Kansas income tax calculation "piggybacks" onto the federal income tax calculation. For example, calculating Kansas adjusted gross income starts with federal adjusted gross income. Likewise, Kansas itemized deductions start with federal itemized deductions.

For federal income tax purposes, a U.S. resident who pays income tax to a foreign country has the option to either deduct the foreign income taxes as an itemized deduction or take a credit for the foreign taxes against (to offset) federal income tax.

If a taxpayer elects to deduct foreign income taxes as a federal itemized deduction, then the taxpayer will also receive a Kansas itemized deduction for the foreign income tax, because the Kansas deduction "piggybacks" onto the federal deduction.

However, if the taxpayer elects to take a credit for foreign taxes on the federal income tax return then, pursuant to the department's interpretation, the taxpayer gets neither a credit nor a deduction in Kansas for the foreign income taxes.

EXHIBIT 2

ILLUSTRATION

Assuming 33% Federal tax, 7% Kansas tax, 7% Missouri tax and 40% Foreign income tax

Scenario 1: Kansas Resident with \$100,00 rental income from Kansas real estate:

\$ 33,000	Federal tax
<u>7,000</u>	Kansas tax
<u>\$ 40,000</u>	Total tax

Scenario 2: Kansas Resident with \$100,000 rental income from Missouri real estate:

\$ 33,000	Federal Tax
7,000	Missouri tax
<u>-0-</u>	Kansas tax (\$7,000 - \$7,000 credit)
<u>\$ 40,000</u>	Total tax

Scenario 3A: Kansas Resident with \$100,000 rental income from real estate located in a foreign county (without Senate Bill 209):

\$ 40,000	Foreign income tax
-0-	U.S. Federal tax (\$33,000 - \$33,000 credit)
<u>7,000</u>	Kansas tax (\$7,000 - \$0 credit)
<u>\$ 47,000</u>	Total tax

Scenario 3B: Kansas Resident with \$100,000 rental income from real estate located in a foreign county (with Senate Bill 209):

\$ 40,000	Foreign income tax
-0-	U.S. Federal tax (\$33,000 - \$33,000 credit)
<u>-0-</u>	Kansas tax (\$7,000 - \$7,000 credit)
<u>\$ 40,000</u>	Total tax

UNIFORM DIVISION OF INCOME
FOR TAX PURPOSES ACT

79-3271. Apportionment of net income; definitions. As used in this act, unless the context otherwise requires: (a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations, except that for taxable years commencing after December 31, 1995, a taxpayer may elect that all income derived from the acquisition, management, use or disposition of tangible or intangible property constitutes business income. The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, investment company, or any type of insurance company, but such term shall not be deemed to include any business entity, other than those hereinbefore enumerated, whose primary business activity is making consumer loans or purchasing retail installment contracts from one or more sellers.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity which owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, oil, oil products or gas.

(g) "Sales" means all gross receipts of the taxpayer not allocated under K.S.A. 79-3274 through 79-3278, and amendments thereto.

(h) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession

of the United States, and any foreign country or political subdivision thereof.

(i) "Telecommunications company" means any business entity or unitary group of entities whose primary business activity is the transmission of communications in the form of voice, data, signals or facsimile communications by wire or fiber optic cable.

(j) "Distressed area taxpayer" means a corporation which: (1) Is located in a county which has a population of not more than 45,000 persons and which, as certified by the department of commerce [and housing], has sustained an adverse economic impact due to the closure of a state hospital in such county pursuant to the recommendations of the hospital closure commission; and (2) which has a total annual payroll of \$20,000,000 or more for employees employed within such county.

History: L. 1963, ch. 485, § 1; L. 1980, ch. 316, § 6; L. 1991, ch. 283, § 1; L. 1996, ch. 264, § 1; July 1.

Law Review and Bar Journal References:

"Survey of Kansas Law: Taxation," Sandra Craig McKenzie and Eric B. Milstead, 37 K.L.R. 961, 999 (1989).

"The Uniform Statute and Rule Construction Act: Help, Hindrance, or Irrelevancy?" Adrienne L. Mickells, 44 K.L.R. 423, 447 (1996).

Attorney General's Opinions:

Kansas retailers' sales tax; exemptions. 92-126.

CASE ANNOTATIONS

8. Whether transactional or functional test governs whether taxpayer's sale of common stock is business income examined. In re Tax Appeal of Chief Industries, Inc., 255 K. 640, 641, 644, 875 P.2d 278 (1994).

EXHIBIT 4

92-12-11. Credits for income taxes paid to other states. The credit allowed by K.S.A. 79-32,111 shall be limited to income taxes and shall neither be taken on account of interest or penalties to another state nor be applied against interest or penalties due to the state of Kansas. The credit may be taken either at the time of filing returns under the act or subsequently and may be applied against the entire tax until the credit is exhausted. Receipts showing the payment of these taxes, and a copy of the return or returns upon the basis of which the taxes are assessed shall be filed with the director of taxation, at, or before, the time credit is claimed. Credit for income taxes paid to another state on income for any year may be applied only against taxes due under the act on income for the same year. The term "state" includes states, the District of Columbia, and territories of the United States. (Authorized by K.S.A. 79-3236; implementing K.S.A. 79-32,111; effective Jan. 1, 1968; amended Jan. 1, 1974; amended May 1, 1982.)

EXHIBIT 5

C. David Newbery is a partner in the Topeka law firm of Newbery & Ungerer, where his practice is concentrated in federal and state taxation, estate planning, probate and general business matters. He received his B.A., M.B.A. and J.D. from the University of Kansas and is a certified public accountant. From 1976 to 1979 he was director of taxation for the State of Kansas; from 1982 to 1988 he was assistant professor of taxation at Washburn University School of Business. Mr. Newbery currently teaches estate and gift taxation as an adjunct professor at Washburn University Law School and in the past has taught State and Local Taxation at Washburn Law School. Mr. Newbery is the Kansas correspondent for the weekly publication, *State Tax Notes*. He is a member of the American, Kansas and Topeka bar associations, the Kansas Society of Certified Public Accountants, and the Institute of Business Appraisers.

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	1996-1997
Category	Budget
Income	
Bookfair	1,050.00
Bumper Stickers	0.00
Calendar	200.00
Cookbook	1,400.00
Donations	2,050.00
Hawkfest	500.00
Membership Dues	950.00
Other Income	75.00
School Socials	1,500.00
School Supplies	150.00
Skating Parties	300.00
Summer Film Series	75.00
T-shirts	400.00
Worlds of Fun	280.00
Total Income	8,930.00
Prior Years XS Cash	625.79
Total Available To Spend	9,555.79
Expenses	
Admin Dinner	50.00
Area Cncl Dues	35.00
Art Smart	100.00
Awards/Recognition	250.00
Babysitting	100.00
Ballet GR5,6	150.00
Book Publishing	150.00
Bountiful Harvest	15.00
Chat N Chew	200.00
Classrm Gft Crt	600.00
Clothing Fund	40.00
Convention	500.00
Cultural Arts	1,130.00
DARE	300.00
Directory	150.00
Ecological Habitat	150.00
Exchange City	150.00
Field Day	100.00
Field Trips	775.00
Gen Mtg Speaker	350.00
Historian	75.00
Hospitality	400.00
Just Say No	50.00
Kndgtn Roundup	100.00
Legislative	60.00
Liability Ins	155.00
Library Support	200.00
Mathletics	50.00
Membership	75.00
Miscellaneous	50.00
Parent Involvement	75.00
Pool Party	50.00
Postage	100.00
Pres Disc Fund	255.79
Prin Emerg Fund	75.00
Publicity	75.00
Safety Patrol	50.00
School Gift	150.00
School of Instr	40.00
SMEF	25.00
Spirit Wk	425.00
Stat & supply	650.00
Teacher App	525.00
Technology	100.00
Wildwood	450.00
Total Expenses	9,555.79
Balance	0.00

Senate Assessment & Taxation
2-18-97
Attachment 2

Itemized Category Report
 6/1/96 Through 2/14/97

Date	Num	Description	Memo	Category	✓	Amount
Inc/Exp						
Income						
<u>Calendar</u>						
10/7/96	1769	Kansas Income Tax		Calendar	✓	-7.46
1/6/97	1812	Kansas Sales Tax		Calendar	✓	-5.31
Total Calendar						-12.77
<u>Cookbook</u>						
10/7/96	1769	Kansas Income Tax		Cookbook	✓	-109.77
1/6/97	1812	Kansas Sales Tax		Cookbook	✓	-11.63
Total Cookbook						-121.40
<u>Hawkfest</u>						
1/6/97	1812	Kansas Sales Tax		Hawkfest	✓	-117.30
Total Hawkfest						-117.30
<u>School Socials</u>						
10/7/96	1769	Kansas Income Tax		School Socials	✓	-73.39
Total School Socials						-73.39
<u>School Supplies</u>						
10/7/96	1769	Kansas Income Tax		School Supplies	✓	-76.84
Total School Supplies						-76.84
<u>Silent Auction</u>						
1/6/97	1812	Kansas Sales Tax		Silent Auction	✓	-106.80
Total Silent Auction						-106.80
<u>T-shirts</u>						
10/7/96	1769	Kansas Income Tax		T-shirts	✓	-78.16
1/6/97	1812	Kansas Sales Tax		T-shirts	✓	-0.51
Total T-shirts						-78.67
Total Income						-587.17
Total Inc/Exp						-587.17

Senate Assessment + Taxation
 2-18-97
 Attachment 3



Kansas City, Kansas Council of PTA

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FEBRUARY 15, 1997

TAXATION COMMITTEE
STATE CAPITOL
TOPEKA, KS

SENATOR,

FEBRUARY 17, 1997 MARKS AN IMPORTANT MILESTONE IN THE LIVES OF CHILDREN THROUGHOUT THE U.S. AND IT'S ARMED FORCES BASES THROUGHOUT THE WORLD. ON THIS DATE, 100 YEARS AGO, THE CONCERN OF THREE WOMEN FOR THE PLIGHT OF CHILDREN AND YOUTH BEGAN A MOVEMENT WHICH HAS GROWN INTO A CHILDREN'S ADVOCACY GROUP NUMBERING 7 MILLION STRONG. THAT GROUP IS THE NATIONAL PTA, WHO PLAYED AN INTEGRAL ROLE IN THE FOUNDING OF THE SCHOOL LUNCH PROGRAM, MAKING KINDERGARTEN PART OF THE PUBLIC EDUCATION SYSTEM, AND IN THE FIGHT TO REQUIRE CHILDREN TO BE IMMUNIZED.

KANSAS PTA IS NEARLY 68,000 MEMBERS STRONG, AND WORKS DILIGENTLY EACH YEAR TO INFORM AND EDUCATE PARENTS, COMMUNITY, AND OUR LEGISLATIVE BODIES ABOUT IMPORTANT ISSUES CONCERNING CHILDREN, WHICH WILL, IN SOME WAY TOUCH EACH CONSTITUENT OF THIS STATE NOW, AND IN THE FUTURE PREPAREDNESS OF OUR YOUTH TO CARRY ON.

KANSAS CITY, KANSAS PTA COUNCIL INCLUDES 44 UNIT PRESIDENTS, 88 COUNCIL DELEGATES, 5 VOTING PRINCIPAL REPRESENTATIVES, NEARLY 30 CHAIRMAN, 6 ELECTED OFFICERS, ALL PAST COUNCIL PRESIDENTS, AND THE KCK USD 500 SUPERINTENDENT. WE ALSO WORK TO INFORM EDUCATE, AND TRAIN MEMBERS AND THE COMMUNITY ON ISSUES CONCERNING CHILDREN AND PUBLIC EDUCATION. AN ISSUES WE FACE CONSISTANTLY IS THE IMPORTANCE OF INCREASING PARENT INVOLVEMENT. STATISTICS PROVE, BEYOND A DOUBT, THAT CHILDREN WHO HAVE INVOLVED PARENTS HAVE A GREATLY INCREASED SUCCESS RATE BOTH IN SCHOOL AND BEYOND. PERHAPS THAT IS WHY PARENT INVOLVEMENT PLAYS SUCH AN IMPORTANT ROLE IN THE QPA PROCESS, AS WELL AS IN OUR OWN DISTRICT IMPROVEMENT PLANS! THE INCREASING STRUGGLE IS FINDING CREATIVE AND INNOVATIVE WAYS TO BRING PARENTS INTO THE SCHOOLS. WITH THE GROWING NUMBER OF TWO-WAGE EARNING HOUSEHOLDS, SINGLE-PARENT FAMILIES, AND THE EFFECTS OF DRUGS AND CRIME ON FAMILIES THAT CHANGE THE WHOLE CARETAKING STRUCTURE, CAUSING EXTENDED, AND OFTEN ELDERLY FAMILY MEMBERS TO RAISE CHILDREN, THE TASK OF CONVINCING PARENTS, AND EMPLOYERS, THE IMPORTANCE OF MAKING THE TIME FOR CHILDREN IS DAUNTING.

- Kathy Richardson
President
- Patty Jurich
1st Vice President
- Sandra McMillan
2nd Vice President
- Terrie Gebaur
Recording Secretary
- Tanya Canady
Treasurer
- Carolyn Moore
responding Secretary

*Senate Assessment + Taxation
2-18-97
Attachment 4*



Kansas City, Kansas Council of PTA

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Kathy Richardson
President

Patty Jurich
1st Vice President

Sandra McMillan
2nd Vice President

Terrie Gebaur
Recording Secretary

Tanya Canady
Treasurer

Carolyn Moore
Corresponding Secretary

THE FISCAL NOTE OF A PTA SALES TAX EXEMPTION WAS ESTIMATED IN JULY OF 1995 TO BE \$458,333, WHICH OUR RESEARCH SHOWS TO BE HIGH. WE FEEL A CLOSER ESTIMATE OF THE FISCAL IMPACT IS NEARER TO \$250,000. THAT IS A DROP IN THE BUCKET COMPARED TO THE NEARLY 8 BILLION DOLLAR STATE BUDGET. THE KCK PTA COUNCIL HAS DONE A RANDOM SAMPLING OF UNITS WITHIN OUR COUNCIL. WE SAMPLED LARGE AND SMALL SCHOOLS, ACTIVE AND LESS ACTIVE SCHOOLS, AND FROM VARIED AREAS THROUGHOUT THE CITY. OF THE SEVEN SCHOOLS SAMPLED, THE TOTAL 1996 SALES TAX PAID WAS \$2,026, WHICH AVERAGES OUT TO \$169 A MONTH, OR \$24 PER UNIT PER MONTH. THESE TAXES WERE PAID ON DONKEY BASKETBALL GAMES, CANDY SALES, T-SHIRT AND CONCESSION SALES, SECRET SANTA SHOPS, SCHOOL CARNIVALS, ETC. GRANTED THESE FIGURES SEEM MINIMAL, BUT THE \$24 A MONTH IN A UNIT MIGHT HAVE PAID FOR A DINNER TO ENTICE PARENTS IN FOR AN EDUCATIONAL PROGRAM, FAMILY MATH TRAINING, AIDS PROGRAM, OR PARENTING CLASSES. THINK OF THE PEOPLE THAT COULD HAVE BEEN IMPACTED!

ANOTHER HUGE OBSTACLE THAT A PTA HAS TO OVERCOME IS FINDING SOMEONE TO ACCEPT THE POSITION OF TREASURER. PEOPLE WHO HOLD THESE OFFICES ARE NOT TRAINED CPA'S, AND IN FACT, OFTEN HAVE LITTLE OR NO BUSINESS TRAINING OR EXPERIENCE. THEY ARE OFTEN AFRAID TO ACCEPT THIS POSITION FOR FEAR OF MAKING A MISTAKE ON THE TAXES AND ENDING UP BEING PERSONALLY PROSECUTED FOR AN HONEST MISTAKE. WE DO PROVIDE TRAINING FOR AS MANY PEOPLE AS POSSIBLE, AND BRING IN JIM WIDAU, FROM THE KANSAS DEPT. OF REVENUE, TO DO TRAINING ALSO. THE LANGUAGE OF STATE REGULATIONS DO NOT HELP. I QUOTE FROM KANSAS ADMINISTRATIVE REGULATION 92-19-67 (c)- "REGULARLY ENGAGED IN THE BUSINESS MEANS THE PERIODIC, HABITUAL OR RECURRING SALE OF TANGIBLE PERSONAL PROPERTY OR A TAXABLE SERVICE AT RETAIL. A PERSON IS A RETAILER UNDER THE ACT IF THE PERSON SELLS TANGIBLE PERSONAL PROPERTY AT RETAIL OR PROVIDES A TAXABLE SERVICE IN THE NORMAL COURSE OF IT'S BUSINESS OPERATIONS, NOTWITHSTANDING THE FACT THAT THE SALES MAY BE FEW OR INFREQUENT, OR THAT RETAIL SALES MAY COMPRISE A SMALL PORTION OF THE TOTAL GROSS INCOME. WHEN A PERSON ACQUIRES TANGIBLE PERSONAL PROPERTY FOR THE PURPOSE OF RESALE, THE PERSON IS A RETAILER AND SHALL COLLECT SALES TAX ON THE RETAIL SALE OF THE PROPERTY, REGARDLESS OF WHETHER THE PERSON'S LINE OF BUSINESS, FUNCTION OR INTENTION INVOLVES RETAIL SALES OF TANGIBLE PERSONAL PROPERTY." IF YOU WERE AN UNTRAINED PARENT, WOULD YOU ACCEPT A POSITION THAT INCLUDED LANGUAGE LIKE THAT, WHICH MIGHT HAVE LEGAL IMPLICATIONS IF YOU MADE



Kansas City, Kansas Council of PTA

2208 Forest Lane • Kansas City, Kansas 66106 • (913) 677-1230

3

Kathy Richardson
President

Patty Jurich
1st Vice President

Sandra McMillan
2nd Vice President

Terrie Gebaur
Recording Secretary

Tanya Canady
Treasurer

Carolyn Moore
Corresponding Secretary

A MISTAKE OR MISUNDERSTOOD IT'S MEANING? LET ME CLARIFY THAT PTA IS NOT A FUNDRAISING ORGANIZATION! OUR MAIN SOURCE OF FUNDING IS OUR MEMBERSHIP DUES, WHICH ARE MINIMAL TO MAKE IT AVAILABLE TO EVERYONE. FUNDRAISING IS ONLY DONE TO MEET THE NEEDS OF THE UNIT OR COUNCIL.

FOR THREE YEARS, WE HAVE COME TO YOU WITH OUR PLIGHT. EACH OF THOSE YEARS, WE HAVE DONE OUR BEST TO EXPLAIN HOW WE ARE A TOTALLY VOLUNTEER ORGANIZATION FROM THE MEMBER TO THE NATIONAL PRESIDENT. WE OWN NO BUILDINGS OR FLEETS OF CARS, BUT INSTEAD ARE TRULY A "MOM AND POP" ORGANIZATION WHOSE ONLY GOAL IS TO PROMOTE PUBLIC EDUCATION AND BETTER THE LIVES OF ALL CHILDREN. EACH YEAR WE WATCH BUSINESSES COME TO YOU ASKING FOR TAX-EXEMPT STATUS ON EQUIPMENT OR OTHER ASPECTS OF THEIR BUSINESS. NOW WE PLEAD FOR TAX-EXEMPT STATUS ON OUR BUSINESS-CHILDREN, WHICH WILL BENEFIT EVERY CONSTITUENT OF THIS STATE! SUCCESSFUL CHILDREN GROW INTO SUCCESSFUL, CONFIDENT, TAXPAYING CITIZENS, NOT DRAINS ON THE TAX DOLLAR THROUGH PRISONS, UNEMPLOYMENT, AND WELFARE. EVERY DOLLAR EARNED BY PTA GOES RIGHT BACK INTO THE SCHOOL FOR PROGRAMS, SERVICES, AND TRAINING. IN A TIME WHEN WE ARE SEARCHING FOR INCREASED FUNDING FOR EDUCATION, ISN'T THIS A STEP IN THE RIGHT DIRECTION?

I WOULD BE HAPPY TO ANSWER ANY QUESTIONS THAT YOU MIGHT HAVE, SO PLEASE FEEL FREE TO CALL. KCK PTA COUNCIL'S THEME IS "PTA...IT'S HEART WORK" BECAUSE NO ONE WOULD WORK THIS HARD FOR FREE IF THEIR HEART WASN'T TRULY IN IT! PLEASE HELP US HELP THE CHILDREN OF THE STATE OF KANSAS. VOTE TO REPEAL SALES TAX PAID BY PTA.

SINCERELY,

KATHY RICHARDSON
PRESIDENT
KANSAS CITY, KANSAS PTA COUNCIL
2208 FOREST LANE
KANSAS CITY, KANSAS 66106
(913) 677-1230

February 13, 1997

Senator Chris Steineger
Taxation Committee
State Capitol
Topeka, KS

Dear Senator Steineger,

An ancient Chinese proverb says, "One parent is worth a thousand teachers." A key factor in a child's academic achievement is parental involvement from birth through adulthood. Studies prove that parent participation is a more important factor in a child's school progress than the parents' level of education, their occupations, or the family's socio-economic status. If children are to achieve, parents must become involved in their education.

Unfortunately, the lack of parental involvement in schools is a major concern. Parents find many demands placed on their free time, and often due to work schedules cannot visit or volunteer time at schools.

PTAs offer a variety of excellent programs and services to teach parents how to help their child be successful academically. However, these programs and services do not help the parent or the child if the parent does not have access to the information.

If sales tax monies were allowed to remain with the PTA unit, these monies could be used to pay for copies and mailings to reach parents in their homes. The money could be used for refreshments or a family dinner to entice parents into the school for an educational program.

THE ONLY WAY SALES TAX MONEY WILL BE ALLOWED TO REMAIN IN A PTA UNIT IS TO HAVE LEGISLATION ENACTED REPEALLING THE CURRENT LAW.

Research for the past 20 years confirms children are more successful when their parents are involved. I would urge all of the Senators and Representatives to work with the Kansas PTA and its constituent bodies so that our children have every opportunity to excel.

Sincerely,

Jerri Lynn Ruiz
Legislative Chairman
KCK PTA Council
2834 South 23 Street
Kansas City, KS 66106
(913) 722-6271



Kansas City, Kansas Council of PTA

2208 Forest Lane • Kansas City, Kansas 66106 • (913) 677-1230

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Carolyn Moore
Responding Secretary

FEBRUARY 15, 1997

THE KANSAS CITY, KANSAS PTA COUNCIL IS MADE UP OF 44 INDIVIDUAL PTA UNITS. LAST YEAR, APPROXIMATELY 4,360 PTA MEMBERSHIPS WERE SOLD. FOLLOWING IS A BREAKDOWN PER UNIT:

F.L SCHLAGLE	-	135	J.F. KENNEDY	-	117
J.C. HARMON	-	90	LINDBERGH	-	23
SUMNER	-	302	M.E. PEARSON	-	54
WYANDOTTE	-	54	MARK TWAIN	-	32
ARGENTINE	-	77	MORSE	-	81
ARROWHEAD	-	126	NEW STANLEY	-	86
CORONADO	-	153	N. PRENTIS	-	117
EISENHOWER	-	126	PARKER	-	32
NORTHWEST	-	63	QUINDARO	-	36
ROSDALE	-	162	ROOSEVELT	-	153
WEST	-	401	SILVER CITY	-	99
BANNEKER	-	7	ST. PT. NORTH	-	288
BETHEL	-	189	ST. PT. SOUTH	-	135
CHELSEA	-	9	T. A. EDISON	-	221
CLAUDE HUYCK	-	153	VANCE	-	77
DOUGLASS	-	108	WELBORN	-	144
EMERSON	-	113	WHITE CHURCH	-	113
E. WARE	-	90	WHITTIER	-	90
			WM. A. WHITE	-	104

MEMBERSHIP ARE PURCHASED BY PARENTS, STUDENTS, EXTENDED FAMILY MEMBERS, TEACHERS, ADMINISTRATORS, LOCAL BUSINESS PEOPLE, AND OTHER INTERESTED COMMUNITY MEMBERS.

THE MEMBERSHIP NUMBERS SHOW THAT AT LEAST ONE TIME DURING THE SCHOOL YEAR, A "PARENT" READ A PTA NEWSLETTER OR NOTE, AND ACTED ON IT BY PURCHASING A PTA MEMBERSHIP AT AN OPEN HOUSE/SCHOOL FUNCTION TO SUPPORT THE PTA IN THEIR CHILD'S SCHOOL.

KATHY RICHARDSON

KCK PTA COUNCIL
PRESIDENT

KR/jr

STATE OF KANSAS



PAT HUGGINS PETTEY
REPRESENTATIVE, THIRTY-FIRST DISTRICT
WYANDOTTE COUNTY
3500 GIBBS
KANSAS CITY, KANSAS 66106
(913) 236-7463

STATE CAPITOL—RM. 281-W
TOPEKA, KANSAS 66612-1504
(913) 296-7669

TOPEKA
—
HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER EDUCATION, LOCAL GOVERNMENT, JOINT COMMITTEE ON CHILDREN AND FAMILIES
Taxation

July 17, 1995

Kathy Richardson
2208 Forest Lane
Kansas City, Kansas 66106

Fiscal Note for HB2415

The division of the budget provided on February 14, 1995 an estimate of the impact that HB2415 would have on all state funds.

HB2415 would exempt purchases and sales made by parent teacher associations and organizations from the retail sales tax.

The Director of the budget, Gloria Timmer, estimated that this exemption would reduce funds by \$458,333.

Many of us feel that this is high. An original estimate came in at about \$250,000. This is out of a total state budget of nearly \$8 Billion dollars.

I have asked for another estimate and will share this with the PTA at the state meeting.

Sincerely,

Pat Huggins Pettey

HOUSE OF REPRESENTATIVES
STATE OF KANSAS



REPRESENTATIVE, 26TH DISTRICT
JOHNSON COUNTY
1451 ORLEANS DRIVE
OLATHE, KANSAS 66062
HOME (913) 764-0457
WORK (913) 677-1717

STATE CAPITOL, ROOM 381-W
TOPEKA, KANSAS 66612-1504
(913) 296-7662

TOPEKA

COMMITTEE ASSIGNMENTS
CALENDAR AND PRINTING, CHAIRMAN
INTERSTATE COOPERATION
LEGISLATIVE COORDINATING COUNCIL

VINCENT K. SNOWBARGER
MAJORITY LEADER

February 7, 1996

Jerrie Ruiz
2834 S. 23 St.
Kansas City, Kansas 66106

Dear Ms. Ruiz:

Thank you for the card about PTA sales tax. As you may be aware, the House passed such legislation last year.

You have asked for a hearing in the Senate. As a House member, I have no say in that. Also, I have been unable to find any legislation in the Senate on this matter.

There are two bills in the House which have been referred to the Taxation Committee. I will convey your requests for a hearing to them.

You may want to redouble your efforts with the Senators. They appear to be the roadblock.

Thanks for sharing your concern.

Sincerely,

VINCENT K. SNOWBARGER
House Majority Leader

KANSAS SENATE

PAUL BUD BURKE
SENATE PRESIDENT

26391 CEDAR NILES CIRCLE
OLATHE, KANSAS 66061



OFFICE OF THE PRESIDENT

STATE CAPITOL
TOPEKA, KANSAS 66612-1504
913-296-2419

CHAIRMAN
LEGISLATIVE COORDINATING COUNCIL
ORGANIZATION, CALENDAR AND RULES
MEMBER
COMMERCE
INTERSTATE COOPERATION
LEGISLATIVE BUDGET
STATE FINANCE COUNCIL
TRANSPORTATION & UTILITIES
PAST PRESIDENT
NATIONAL CONFERENCE OF STATE
LEGISLATURES
GOVERNING BOARD AND
EXECUTIVE COMMITTEE
COUNCIL OF STATE GOVERNMENTS

July 18, 1995

Jerri Ruiz
President
Kansas City Kansas Council of PTA
2834 S. 23rd
Kansas City KS 66106

Dear Jeri:

Thank you very much for the kind letter from you and Kathy Richardson. It is very gratifying to be recognized by you for our work during the last legislative session.

I share your concern for and dedication to the children of Kansas. They are the future of our state. Anything that we may do as a legislature to help our children is in everyone's best interests! As you know, the Governor has created a Tax Equity task force, which will study the overall tax structure in our state and will hopefully present to the 1996 legislature recommendations that will be helpful to the future of our children and beneficial to all Kansans.

Again, thank you for your warm letter of appreciation. We look forward to seeing you in the same seats in the Senate gallery next session and to helping you in any way we can!

Sincerely yours,

Paul Bud Burke
President of the Senate

PBB:mh

February 14, 1997

To Whom it concerns:

I have been a PTA Treasurer on and off for over fifteen years. Several times each year I have had to fill out a sales tax form. This can be very stressful. Keeping track of the many different, but small amounts of incomes and the tax owed on them is difficult for most of us volunteers.

Many people will refuse to hold the office of treasurer merely because of the fact that they would have to fill out the sales tax form and sign it with their name. They are afraid that if they have made an honest mistake somewhere on the form, which is very easy to do, that they personally will be subject to prosecution.

It seems to me that if the little league team selling over \$10,000 of candy does not have to worry about this, that it is unfair for a PTA unit to have to worry about paying tax on \$6,000 of a candy sale income.

Janey M. Brandes

July 8, 1995

My name is Julie Richardson. I am a teacher at J.A. Edison Elementary School. I also was the past treasurer of the P.T.A. from 1992-1994. When I took over being treasurer of the P.T.A., I knew I was accepting a very responsible position within a fine organization. I knew my job would be time consuming and very demanding. The only part I found difficult to do as treasurer was the sales tax. Luckily, the treasurer before me, was a friend and knew what she was doing. Whenever sales tax was ~~due~~ due, I had to ask her for help. I never knew how to fill out the forms, what to pay and what not to pay. I never did learn how to do it on my own. Thank goodness when the term was over, this same friend has continued to help the current treasurer do the sales tax. If the current treasurer had asked me, I wouldn't have been able to help her. I feel like this was a very difficult task to undertake and a great responsibility to put on one individual's shoulder. I always worry if we were doing it correctly. I also worried if we may have paid too much or too little. Being Treasurer, like I said before, was a great responsibility especially when you are held accountable to all the people at the school. But, to be held accountable to the state for sales tax was a Treasurer's nightmare

Thank goodness for my friend. Being Treasurer
of the P.S.A. is a job. I wouldn't want to
accept again.

Sincerely,

Jessie Richardson

4th/5th Grade Teacher

3rd Edition Elementary

1000 Locust

Kansas City, KS. 66103

913 - 441-8339 (home)

July 8, 1995

Dear Resolutions Committee:

In a phone conversation July 8, 1995 with Linda Kent, Turner
PTA Council:

Two years ago, Linda Kent was PTA President at Pierson Jr.
High School in Kansas City, Kansas.

Her treasurer moved and then resigned.

During her term as president, the Department of Revenue
called the school to say they were going to swear out a
warrant for an arrest because taxes were not being paid
correctly.

The Department of Revenue had the school on a monthly
billing system and the treasurer had not been completing the
paperwork each month. She would put 2 or 3 months
information on 1 form.

Linda had to go back 2 or 3 administrations, and spend 3
hours with the Department of Revenue to straighten out the
mess.

Pierson Jr. High was not in arrears. They did have to pay
penalties -- not much for an elementary; but a big deal for
a Jr. High.

Even after meeting with Linda, the Department of Revenue
never corrected the problem with the billing and by the end
of the year, they were back where they started. Donna Swall
(Past Turner Council PTA President) again had to meet with
the Department of Revenue to straighten out the payments.

They did not have to hire an accountant or an attorney to
correct this problem.

If you require additional information regarding this
documentation, please contact Linda Kent at (913) 384-4739.

Sincerely,

Jerri L. Rulz
President
KCK PTA Council

SPENCER FANE BRITT & BROWNE

ATTORNEYS AND COUNSELORS AT LAW

AMES T. BRITT
WILLIAM H. WOODSON **
ROBERT P. LYONS
RICHARD H. SPENCER
DONALD W. GIFFIN **
LOWELL L. SMITHSON
JAMES R. WILLARD
GAD SMITH **
EDWARD A. SETZLER
RICHARD W. SCARRITT
JACK L. WHITACRE
BASIL W. KELSEY **
MENDEL SMALL
JAMES G. BAKER
JACOB F. MAY, JR. **
CARL H. HELMSTETTER **
JAMES W. KAPP, JR.
JAMES R. HÜDEK
STANLEY E. CRAVEN

RONALD L. LANGSTON
SANDRA L. SCHERMERHORN
MICHAEL C. KIRK
MICHAEL F. DELANEY
I. EDWARD MARQUETTE
RUSSELL W. BAKER, JR.
GARDINER B. DAVIS
J. NICK BADGEROW **
TERRY W. SCHACKMANN **
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WILLIAM C. MARTUCCI
RICHARD H. HERTEL **
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DAVID L. WING **

SUITE 500, 40 CORPORATE WOODS
9401 INDIAN CREEK PARKWAY
P.O. BOX 25407
OVERLAND PARK, KANSAS 66225-5407
PHONE (913) 345-8100
FAX (913) 345-0736

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300 WALNUT STREET
KANSAS CITY, MISSOURI 64106-2140
PHONE (816) 474-8100
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WASHINGTON, D.C. OFFICE
1133 CONNECTICUT AVENUE, N.W.
SUITE 1000
WASHINGTON, D.C. 20036
PHONE (202) 775-2376
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GREGORY D. LAWREN
ELAINE DRODGE KOCH **
KENNETH A. MASON
TERESA A. WOODY
MICHAELA M. WARDEN **
MICHAEL D. HOCKLEY **
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SHIRLEY EDMONDS GOZA
STEPHANIE A. MATHEWS **
LINDA M. LAARMAN ***
MARY S. SHAFER
EDWARD C. FENSHOLT **
THERESE M. SCHUELE **
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THOMAS L. WOODK **
NANCY M. LANDIS **
MARY NAN DUPONT **

LINNE M. BOULOUAS **
MARLIN P. DUNN **
MICHAEL L. MCCANN **
DALE K. RAMSEY
DANIEL B. BOATRIGHT **
J. BRADLEY LEITCH **
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ELIZABETH BRAND SIX **
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LENNERA DOWNES **
LAURA W. MCKNIGHT
BRETT R. GORDON

CHARLES S. SCHNIDER
MITCHELL S. PETTIT *
GEORGIANN H. EGLINSKI **
OF COUNSEL

* ADMITTED IN KANSAS
** ADMITTED IN KANSAS AND MISSOURI
*** ADMITTED IN DISTRICT OF COLUMBIA
ALL OTHERS ADMITTED IN MISSOURI

PLEASE REPLY TO THE KANSAS OFFICE

FILE NO

Firm/Client Relations

July 12, 1995

Ms. Kathy Richardson
President, Parent Teachers Association
2208 Forest Lane
Kansas City, Kansas 66106

Re: Sales Tax Problems

Dear Ms. Richardson:

You have requested Spencer Fane Britt & Browne to make a proposal to handle sales tax problems which may be encountered by PTA members of the State association of Parent Teachers Associations. We are happy to make this proposal, and hope that your PTA, and the other members of the State association, will call on us as such problems arise in the future.

Essentially, matters of this nature are handled on an hourly basis, with the client receiving a monthly statement for services rendered by the law firm based on an agreed hourly rate. Spencer Fane Britt & Browne makes it a practice to bill on a monthly basis; further, our statements are itemized and detailed, so that our clients are fully aware of our activities.

Depending on the complexity and size of the sales tax dispute in which a client might find itself engaged, we would propose that the matter be handled by my partner, Richard H. Hertel. His regular hourly rate is \$180.00. However, for public, service and charitable organizations, we often are able to work out a reduced rate. We would be willing to perform the work outlined above at the rate of \$150.00 per hour for Mr. Hertel, with lower applicable rates for associate lawyers and legal assistants.

It is impossible to give an estimate of the ultimate amount of fees which may be generated in any given matter, as each matter is

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SPENCER FANE BRITT & BROWNE

Ms. Kathy Richardson

July 12, 1995

Page 2

different, depending on the amount in dispute, the length of time the challenged practice has taken place, and the uniqueness of any issues raised. Obviously, litigation over any matter can be an expensive process. We would be glad to discuss each new matter as it arises, and to make an estimate of the fees and costs to be incurred based on a judgment of the facts of such a matter. We will also re-visit the estimate on a recurrent basis to ensure that it remains as accurate as possible.

We appreciate your calling on us, and look forward to working with you and the other members of the State association on sales tax matters, as well as any other matters on which we can be of assistance.

Sincerely,

J. Nick Badgerow

JNB/me

4-14

BLACKWELL SANDERS
MATHENY WEARY & LOMBARDI L.C.

FACSIMILE
(913) 344-6375

Stephen T. Adams
Direct Line (913) 344-6312

40 CORPORATE WOODS, SUITE 1200
9401 INDIAN CREEK PARKWAY
OVERLAND PARK, KANSAS 66210
(913) 345-8400

TWO PERSHING SQUARE
2300 MAIN STREET - SUITE 1100
P.O. BOX 419777
KANSAS CITY, MISSOURI 64141-6777
(816) 274-6800

July 13, 1995

Ms. Kathy Richardson
P.T.A. President
2208 Forest Lane
Kansas City, KS 66106

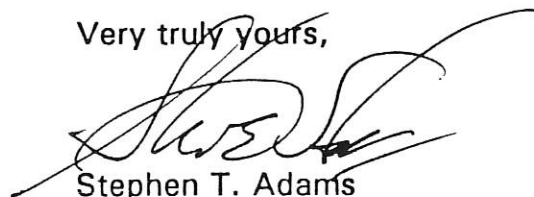
Dear Ms. Richardson:

This is a follow-up to our telephone conversation of Wednesday regarding the possible cost to a PTO in the event that it became involved in a sales tax collection dispute with the state because of differing interpretations of what sales or purchases sales tax might apply, or for other reasons.

As I mentioned to you, without having a better idea of the scope of a particular problem and depending upon the magnitude of the issues involved in the specific situation (all of which are very fact specific), it is a little difficult to estimate the legal fees (or other costs) that might be involved in resolving such a dispute. I would certainly expect, however, that one could assume at least an expense of \$200 and more likely more than that, possibly up to several thousand dollars. In addition, depending upon the nature of the matter, other professionals such as accountants might need to be engaged. As you can appreciate, dealing with governmental agencies and determining the appropriate representatives or parties to deal with often takes a substantial amount of time itself which adds to the cost of resolving any dispute.

Hopefully, this is the information that you were looking for, albeit it rather general, but if there is anything further I can assist with, please don't hesitate to call upon me.

Very truly yours,



Stephen T. Adams

STA/lc

PAYNE & JONES

CHARTERED

HOWARD E. PAYNE (1901-1976)
W. C. JONES (1908-1970)

ROBERT P. ANDERSON
KEITH MARTIN
H. THOMAS PAYNE
JOHN H. JOHNTZ, JR.
EDWARD M. BOYLE
BARRY W. MCCORMICK
THOMAS K. JONES
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COMMERCE TERRACE
COLLEGE BOULEVARD AT KING
11000 KING
P. O. BOX 25625
OVERLAND PARK, KS 66225-5625
(913) 469-4100
KANSAS CITY
FACSIMILE (913) 469-8180

MARKET STREET PLACE
309 SOUTH MARKET, SUITE 200
LEE'S SUMMIT, MO 64063

JAMES J. GRAMER
DONALD R. WHITNEY
DAVID R. SMITH
JON W. GILCHRIST
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MICHAEL R. LOWE
JULIE A. N. SAMPLE
DIRK L. HUBBARD
STEVEN L. PASSER
J. TYLER PETERS
SCOTT M. ADAM
SCOTT C. LONG
ROGER H. TEMPLIN
ROBERT E. JAMES

July 12, 1995

Kathy Richardson
2208 Forest Lane
Kansas City, KS 66106

RE: Reasonable hourly rates for Sales Tax disputes

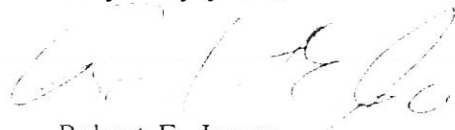
Dear Mrs. Richardson:

You recently inquired as to the hourly rate an organization such as a PTA could expect to pay an attorney for representation in a dispute with the Kansas Department of Revenue over Sale Tax. Although some attorneys would charge more and others less, it is reasonable to expect an hourly rate of about \$125.00 for handling this type of matter.

The number of hours involved is, of course, dependent upon the complexity of the dispute. Some problems may be so small as to require just a few hours of attorney time, while others could involve 100 hours or more.

I hope you find this information helpful. I should also tell you that our firm does handle this type of matter. Several attorneys with our firm are registered lobbyists with the State of Kansas. If you have any questions, please do not hesitate to give me a call.

Very truly yours,



Robert E. James
for Payne & Jones, Chartered

REJ

Enclosure

4-14

FACT SHEET

MEMBERSHIP

55,719 members, 270 local units, 12 councils statewide
Members include parents, school administrators, students, and other child advocates.

PURPOSE

The KANSAS PTA is chartered under the National PTA and shares the same purposes: it is a volunteer organization seeking to unite home, school, and community in promoting the education, health and safety of children, youth, and families.

PRESIDENT

Debbie Taylor
Sabetha, KS

(October 1995-
October 1997)

Administration theme: *PTA...CATCH THE VISION OF 100 YEARS*

HISTORY

The Kansas Congress of Parents and Teachers was formed in 1914 when several branches of nationally chartered local PTA units from all over the state of Kansas came together in Topeka to form a state branch of the National Congress of Parents and Teachers.

KANSAS PTA
PROGRAM &
PROJECTS

The KANSAS PTA participates in the following programs projects sponsored by the National PTA:

AIDS EDUCATION

PLANNING YOUR PTA YEAR

REFLECTIONS

IN SOMEONE ELSE'S SHOES: A GUIDE TO INCLUSIVENESS

OPENING DOORS: COMMUNICATING WITH YOUR TEENAGER

PARENT PLUS PROGRAM

WAY TO RIDE: A BIKE SAFETY PROGRAM

In addition, the KANSAS PTA sponsors a citizenship essay and poetry contest for students of fifth through ninth grade in Kansas schools with a PTA unit. The contest theme is "I Can Be A Good Citizen In My School By..."

PTA ALCOHOL AND OTHER DRUG AWARENESS WEEK
OBSERVANCES CHILD SAFETY AND PROTECTION MONTH
FOUNDERS DAY (February 17)
WORLD AIDS DAY (December 1)
TEACHER APPRECIATION WEEK (First full week in May)

LEGISLATIVE PROGRAM COMMUNICATING VIEWS TO LEGISLATORS
MEMBER-TO-MEMBER LEGISLATIVE NETWORK

PUBLICATION THE KANSAS PTA BULLETIN - a monthly newsletter (published nine times a year) keeps units up-to-date on upcoming events, contest deadlines, and activities. It contains timely and informative articles written by members of the Kansas PTA Board of Managers from their field of expertise.

CONVENTION The KANSAS PTA state convention will be in Salina, October 18-20, 1996. Delegates from all over the state will convene to vote on bylaws, resolutions and to elect a treasurer and secretary. They will also attend information workshops on leadership training, current issues, and parenting skills, as well as hear enlightening keynote speakers.

CONFERENCES The Legislative Conference is held in February each year in Topeka. Excellent speakers will be in attendance to present the latest information on Kansas legislative issues that deal with children and youth. Highlights of the conference will be an in-depth advocacy training. All attendees will be able to become more effective in their efforts for children and youth.

The 1996 Leadership Conferences are held in ten different regions. These seminars provide training, information and guidance for officers, committee chairmen and members of local units and councils.

OFFICE The state office of the KANSAS PTA is located 715 SW 10th Street, Topeka, KS 66612

The state office is staffed by two part-time employees: an office supervisor and a secretary. All other positions on the Kansas PTA Board of Managers, and in all local units and councils are held by volunteers.