

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by the Chairman Edmonds at 9:00 a.m. March 12 in Room 519-S of the Capitol.

All members were present except: Representative Mays, excused  
Representative Powell, excused

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor  
Winnie Crapson, Secretary

Conferees appearing before the committee:  
Representative Larkin  
Representative Findley  
Sandi Gerstner  
Chelsea Winters  
J.J. Adams  
Nathan Dressman

Others attending: See attached list.

Hearing was opened on:  
HB 2282 - Food sales tax refund enhancements

Representative Larkin explained that this bill had been introduced at the request of students from Frankfort High School who had been studying sales tax on food. He noted the program for rebate of food sales tax had been expanded in 1988 and put on the income tax form. Provisions proposed would raise the annual income eligibility from \$25,000 to \$30,000 per household; raise the allowance for each member from \$60 to \$70 and eligibility to \$15,000 per individual, and raise the allowance from \$30 to \$40 for incomes from \$15,000 to \$30,000.

Testimony in support of **HB 2282** was presented by Sandi Gerstner, Nathan Dressman, Chelsea Winters and J. J. Adams, speaking on behalf of their class at Frankfort High School.

Sandi Gerstner said it was the original intent of their class to request removal of all sales tax from food but realized it would be difficult to do away with it because of the revenue involved. They would propose money from the lottery would be used to replace the sales tax lost.

Nathan Dressman testified they realized funds from other sources would have to replace funds from sales tax on food and an option would be an increase in taxes on alcohol and tobacco products.

Chelsea Winters discussed changes proposed by the bill.

J. J. Adams testified from his work part time in a grocery store he recognizes that lower income families spend a higher percentage of their income for groceries and have a smaller percentage for other necessities.

Members of the Committee thanked the students for taking the time to study this and similar issues and for coming to appear before the Committee. They expressed the hope the students would continue their interest in the matter.

Hearing on **HB 2282** was closed.

CONTINUATION SHEET

Hearing was opened on:

HB 2436 - Food sales tax refund income eligibility requirements

Representative Findley presented testimony in support of **HB 2436** (Attachment #1), noting the changes proposed to enhance and expand the Food Sales Tax Refund program.

Hearing on HB 2436 was closed.

Chairman Edmonds reopened consideration of **HB 2408, Blue Valley Recreation System** as recommended by the Revisor for the purpose of correcting technical problems with the bill as amended and recommended by action of the Committee on March 8.

Representative T. Powell moved reconsideration of HB 2408 recommended favorably for passage as amended for the purpose of making technical amendments recommended by the Revisor. Representative Gatewood seconded and the motion was adopted.

Representative Larkin moved further amending HB 2408 as recommended by the Revisor (Attachment #2). Representative T. Powell seconded. Motion was adopted.

Representative T. Powell moved that HB 2408 as amended March 8 and further amended today be reported favorable for passage. Representative Sharp seconded and motion was adopted.

Meeting adjourned at 9:20 a.m. Next scheduled meeting is March 13.

GUEST LIST

DATE Mar. 12

NAME	REPRESENTING
George Petersen	KTN
Crystal Gotewood	
Richard Cunn	Kool
John Schneider	SRS
TRAVIS FULHAM	FHS
Nathan Robert Dressman	FHS
Bruce Junter	FHS Student Sponsor
Gabe Seematter	
Robyn Myers	
Justin Miller	
Brendon Hunsy/ise	FHS
Ryan Bailey	
Jarrod Scheiner	
Melvin	
David Schi	
Dylan Hushew	
John Patterson	FHS
Cole Hougren	
Chelsea Winters	
Paul Koeder	
Caleb Buel	
Amanda Sandmann	





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TOPEKA

HOUSE OF  
 REPRESENTATIVES

DEMOCRATIC POLICY CHAIR  
 COMMITTEE ASSIGNMENTS  
 RANKING MEMBER: REDISTRICTING  
 MEMBER: ETHICS & ELECTIONS  
 NEW ECONOMY  
 TAXATION

## TESTIMONY IN SUPPORT OF HOUSE BILL 2436

Chairman Edmonds and Members of the House Taxation Committee thank you very much for this opportunity to testify in support of HB 2436, which seeks to expand the Food Sales Tax Refund Program. HB 2436, if enacted into law, would increase the income threshold for participation in the program to \$40,000.

As a member of the House Taxation Committee, I was proud to be part of the efforts over the last several years to enhance tax relief to low and middle income Kansans and their families. In 1997, we expanded the traditional homestead property tax relief program and enacted the \$20,000 school finance "homestead" property tax exemption. In 1998, we increased standard deduction amounts for many individual income tax payers, exempted residential remodeling labor services from state and local sales taxes, and created the Kansas version of the Earned Income Tax Credit.

Also in 1998, we substantially expanded the food sales tax refund program that HB 2436 before you today is focused upon. Indeed, prior to the 1998 legislation, the program was actually a rebate program very similar to the more traditional homestead property tax relief program still in place today. Our 1998 changes were made in response to a concerted effort by a number of us in both parties who desired to see the total removal of the sales tax on food. That year, of course, while a sweeping tax relief package was approved by the Legislature and signed into law by the Governor, the removal of the food sales tax was not included.

Instead of removing the food sales tax, the compromise proposal advanced and enacted into law, transformed the existing rebate program into refundable income tax refund program. It also increased the income eligibility ceiling from \$13,000 of total household income to \$25,000 of Kansas Adjusted Gross Income (KAGI). By changing the program from a rebate program to a refundable income tax program the intent was to

Date 3/12/01 *House Taxation*

Att. No. 1

Page 1 of 2

increase the number of Kansans benefiting from the program while targeting tax relief from the regressive food sales tax to those most in need.

HB 2436 seeks to build upon the progress made in the 1998 Tax Relief package by providing a refund of \$60 per exemption for claimants with an income of under \$20,000 and a refund of \$30 per exemptions for claimants with an income of more than \$20,000 but less than \$40,000. Current income thresholds are \$12,500 and \$25,000 respectively.

I believe it is important to continue expanding this program, particularly as it appears sales tax rates will continue to rise across our state in the future. Sales tax is increasingly becoming a very popular source of revenue for local units of government who desire lighten the load of their property taxpayers. Sales tax is also widely mentioned as a likely target for the Kansas Legislature as well if, and when, we decide to revise the School Finance formula.

While it remains my hope that somewhere over time the Legislature will be able to remove the food sales tax in its entirety, absent that event, continuing to enhance and expand the Food Sales Tax Refund program is one way to help relieve the burden of the sales tax on many Kansans and their families who are struggling to make ends meet.

Thank you again for this opportunity to testify in support of HB 2436. I would urge the committee's favorable consideration of this measure and would be pleased to stand for questions.

Date 3/12/01  
AH No. 1  
Page 2 of 2

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Taxation** recommends **HB 2408** be amended on page 1, in line 16, by striking "The" and inserting "Except as provided by subsection (b), the";

On page 2, after line 24, by inserting "Prior to adopting the budget pursuant to subsection (a), the Blue Valley recreation commission appointed by the Blue Valley unified school district No. 229 shall submit its proposed budget to the board of education of such school district. The school board either shall approve, or modify and approve, the proposed budget. The recreation commission shall adopt such budget as approved, or modified and approved, by the board."; in line 25, before "Any" by inserting "(c)";

On page 3, in line 3, by striking "(c)" and inserting "(d)"; in line 9, by striking "(d)" and inserting "(e)"; in line 13, by striking "(b)" and inserting "(c)"; in line 20, by striking "(b)" and inserting "(c)"; in line 26, by striking "(e)" and inserting "(f)";

On page 5, in line 8, after "purchased" by inserting "or leased, including any renewal thereof, for a term exceeding three years"; in line 11, by striking all after the first "and"; in line 12, by striking all before the period and inserting "providing publication notification thereof once each week for three consecutive weeks in one or more newspapers of general circulation in the Blue Valley recreation system area"; in line 27, by striking all after the period; by striking all in lines 28 through 30; in line 31, by striking all before "No"; in line 35, after the period by inserting "Any levy made pursuant to this section shall be subject to the maximum annual mill levy allowable for the general fund pursuant to K.S.A. 12-1927, and amendments thereto."; and the bill be passed as amended.

House Taxation  
Chairperson

Date 3/12/01

AH No. 2

Page 1 of 1