

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 8:35 a.m. on April 5, 2002, and at 11:10 a.m. in Room 243-N of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list.

**8:35 a.m.**

Senator Corbin informed the Committee that, within fifteen minutes before meeting time, he became aware of new budget information which reduces the budget target from \$320 million to \$218 million. He announced that the Committee would reconvene at 11:00 a.m. to allow time to further investigate the new information.

The minutes of the April 3 and 4, 2002, meetings were approved.

The meeting was adjourned at 8:37 a.m.

**11:10 a.m.**

Senator Corbin explained that the new budget target of \$218 million was calculated by lowering the ending balance to five and one-half percent whereas the need for \$320 million was determined by leaving it at seven and one-half percent. He then proposed to modify Senator Donovan's proposal by reducing the sales and use tax rate from 5.5 percent to 5.25 percent and slowing the food tax phase out. (Attachment 1) Senator Donovan pointed out that, with the reduction in sales tax to 5.25 percent, the rebate credit on food would be reduced to \$2.5 million each year.

Committee discussion followed at which time Senator Lee expressed her opinion that Senator Corbin's proposal was a regressive plan. Senator Jenkins expressed her concern about some of the elements of the plan and indicated that she needed an opportunity to look at other options which had been surfacing. Senator Pugh commented that the proposal increases taxes without first knowing the budget needs.

Noting that he sensed that there was not sufficient support for his proposal, Senator Corbin adjourned the meeting at 11:20 a.m.

The next meeting is scheduled for April 10, 2002.

# SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: April 5, 2002

NAME	REPRESENTING
<i>Patrick Hurley</i>	<i>Et Hup / etc.</i>
<i>Whitney Gamm</i>	<i>KS Auto Dealers Assn</i>
<i>Judy Keller</i>	<i>Am Lung Assn of KS</i>
<i>KEVIN M. WAIKEL</i>	<i>AMERICAN HEART ASS'N.</i>
<i>Dodie J. Wesshead Johnson</i>	<i>Patrick Hurley &amp; Co.</i>
<i>Sally Finney</i>	<i>Ks. Public Health Assn.</i>
<i>Ann Surkes</i>	<i>DOB</i>
<i>Mark Carpenter</i>	<i>KCCI</i>
<i>Hal Nielson</i>	<i>NFIB / KS</i>
<i>Todd Johnson</i>	<i>KLA</i>
<i>Russell P. ...</i>	<i>Ks Beer Wholesalers</i>
<i>Amy Campbell</i>	<i>KABR</i>
<i>Phil Pedigo</i>	<i>Governor's Office</i>
<i>Sen. Duane Chubbey</i>	<i>Legislature</i>
<i>Sen. John Kratil</i>	<i>Senate</i>
<i>Rae Holtzous</i>	<i>Hein Law Firm</i>
<i>Rebecca Reed</i>	<i>KDA</i>
<i>Janet McPherson</i>	<i>Ks. Farm Bureau</i>
<i>Ernesta Ann Smith</i>	<i>KCMHA</i>

SENATE ASSESSMENT AND TAXATION COMMITTEE  
GUEST LIST

DATE: 4-5-02

NAME	REPRESENTING
Troy Smith	Senator Unkergren
Mike Beam	K2, Luth, Ann.
Jim Jurek	BOFING
Bill Yarek	KS Assn of REALTORS
Richard Cunn	KDOR
EO JASKINIA	THE ASSOCIATED LANDLORDS OF KANSAS

Senator Corbin (Donovan 4/3/02 with 5.25% sales tax and slower food tax phase out)

	Sales and Use Tax Rate to 5.25% on June 1, 02; Groceries to 3.0% on 6/1/04; to 1.5% on 6/1/05; and Exempt on 6/1/06		Changes to FS Rebate Credit: Expand to June 1, 02 33 \$35 & \$70 65 for TY 02 03, 04, 05 Repeal 06		June 1, 02 to 12% Tob Products	June 1, 02 to 50 cents Cigs 26 c incr	Motor Fuels Accelerator from 7/1/03 to 6/1/06	Two Cent Additional Motor Fuels Increase but NOT Diesel 6/1/02	M Veh Reg New Run with Cars up \$2 and trucks up max of \$10 7/1/02	Tax Provisions <u>Total F Note</u>
	Sales	Use	Sales and Use Net							
FY 2003	\$113,287	\$20,571	\$133,858	(\$4,300)	\$839	\$49,200	\$17,825	\$28,156	\$5,080	\$230,658
FY 2004	\$116,969	\$21,600	\$138,569	(\$4,300)	\$902	\$50,700	---	\$28,396	\$5,156	\$219,423
FY 2005	\$4,323	\$22,679	\$27,002	(\$4,300)	\$970	\$50,700	---	\$28,636	\$5,233	\$108,241
FY 2006	(\$76,259)	\$23,813	(\$52,446)	(\$4,300)	\$1,043	\$50,700	---	\$28,876	\$5,309	\$29,182
FY 2007	(\$162,891)	\$25,004	(\$137,887)	\$25,000	\$1,121	\$50,700	---	\$29,116	\$5,385	(\$26,565)
5-Yr Total	(\$4,571)	\$113,667	\$109,096	\$7,800	\$4,875	\$252,000	\$17,825	\$143,180	\$26,163	\$560,939

7,200

Senate Assessment & Taxation  
4-5-02  
Attachment 1