

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on March 12, 2003 in Room 519-S of the Capitol.

All members were present except:

Representative Vaughn Flora
Representative Jeff Jack

Committee staff present:

Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Gordon Self, Office of the Revisor of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Mark Tallman, Assistant Executive Director for
Advocacy for Kansas Association of School Boards
Karl Peterjohn, Kansas Taxpayers Network
Joan Wagnon, Acting Secretary of Revenue
David Patton, Chairman of BOTA

Others attending:

See Attached Sheet

Chairman Edmonds requested any bill introductions. Hearing none, he opened the meeting for public hearings on **HB 2066** and **SB 162** with Chris Courtwright from Legislative Research giving an overview of the bills. Mark Tallman, Assistant Executive Director for Advocacy for Kansas Association of School Boards was first to address the committee as a proponent of both bills. Mr. Tallman explained that passage of these bills would extend the statewide school district mill levy through 2003-04 and 2004-05 at the current level of 20 mills, with the current \$20,000 residential exemption. If this levy is not extended, or is reduced, it will make the current budget crisis facing Kansas much worse. They believe additional revenue must be raised to fund education adequately, as well as address other important state needs. (Attachment 1) Also included with Mr. Tallman's testimony was an article *The Cost of Quality* (Attachment 2) and *Kansas Education Shines* (Attachment 3)

Karl Peterjohn rose to address the committee in opposition to **HB 2066** and **SB 162**. Mr. Peterjohn stated that Kansas spends more per pupil than surround states and that in the pupil/teacher ratio Kansas tied for second place and that high school completion placed third. (No written testimony) Mr. Peterjohn showed a booklet to the committee entitled *50 STATE COMPARISONS* giving taxation, economic, demographic, government and education information. (This booklet was published by Taxpayers Network, Inc. W67 N222 Evergreen Blvd #202 Cedarburg, Wisconsin 53012)

Chairman Edmonds requested that Mr. Peterjohn obtain a copy of this booklet for each member of the committee.

With no other person wishing to address the bill, Chairman Edmonds closed the hearing on **HB 2066** and **SB 162**.

Hearing on **HB 2147** was opened for hearing with Acting Secretary of the Internal Revenue, Joan Wagnon, appearing as a proponent. This bill proposes to reduce the number of members of the Board of Tax Appeals from 5 to 3. Ms. Wagnon also requested that **HB 2147** be amended as explained in the attached balloon amendments, so that **HB 2147** will be consistent with **SB 115**, as it passed the Senate, and as they suggested that **SB 115** be amended by the House Appropriations Committee. (Attachment 4)

Next to appear as a proponent for **HB 2147** was David Patton, Chairman of BOTA (Board of Tax Appeals) Mr. Patton was appearing on his own behalf and not on behalf of BOTA. Mr. Patton's testimony covered decreasing Board from five to three members, qualifications, and filing fees. (Attachment 5) He also included a chart showing open cases (Attachment 6) as well as BTA Workload Measures Report (Attachment 7), and Small Claims' Workload Measures Report for March 1, 2003. (Attachment 8)

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on March 12, 2003 in Room 519-S of the Capitol.

With no one further wishing to address the bill, Chairman Edmonds closed the hearing on **HB 2147**.

HB 2236 was scheduled to be heard, however, time did not permit, and Chairman Edmonds announced that this bill would be scheduled at later date.

The Chairman called attention to written testimonies submitted regarding **HB 2421** which was heard on Monday, March 10th and Tuesday, March 11th. These testimonies were from Adecco (Attachment 9) and Kansas Board of Regents (Attachment 10). Also submitted by legislative counsel, Ron Hein, was testimony from Mental Health Credentialing Coalition (Attachment 11), Heart of America Staffing Services Association (Attachment 12), Kansas Restaurant and Hospitality Association (Attachment 13), and National Kidney Foundation of Kansas and Western Missouri (Attachment 14).

Representative Huntington called to the attention of the committee an article published in the Kansas City Star on February 4, 2003 entitled *TAXES: Outdated Systems Cited in New Study*.

With no further business before the committee, Chairman Edmonds adjourned the meeting at 10:34 a.m.

HOUSE TAXATION COMMITTEE

Page ____ of ____

GUEST LIST

DATE Mar 12

NAME	REPRESENTING
Austin Richard	Kearney & Associates
Christy Caldwell	Topeka Chamber of Comm
George Brown	KFN
George Brown	EKOCA
Jack Glaves	Dukes-KM-Y-H
Mark Tallman	KASB
Bernie Koch	Wichita Area Chamber
Carl Peterson	KS Taxpayers Network
Anne Spiess	KTHA
Don Donney	Unified Govt Wg Co
Michelle Peterson	Gov. Governmental Consulting
James Cecil	Federal Cards
Keith Kempfke	Federal Consulting



Testimony on
HB 2066 and SB 162 – Extending the Statewide School District Mill Levy

Before the
House Committee on Taxation

By

Mark Tallman, Assistant Executive Director/Advocacy

March 12, 2003

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you on behalf of the Kansas Association of School Boards. I have also been asked to represent members of the School Finance Coalition, including Kansas National Education Association.

We appear today as proponents of both HB 2066 and SB 162, which would extend the statewide school district mill levy through 2003-04 and 2004-05 at the current level of 20 mills, with the current \$20,000 residential exemption. If this levy is not extended, or is reduced, it will make the current budget crisis facing Kansas much worse. Passage of this legislation is assumed in the Governor's budget recommendations for FY 2004, and assumed in projections for FY 2005.

New revenue projections show that even if this legislation is passed, the state will not be able to fund the budget at the levels proposed by the Governor. The budget division reports that state revenues will fall short by \$105 million in the current year and \$125 million next year. Because elementary and secondary schools receive approximately 50 percent of the state general fund, public education would have to be cut by \$115 million over the next two years if proportionate cuts in spending were to be made across the board.

We therefore believe that renewal of that statewide levy is critical. However, as I indicated in testimony earlier this week, we believe additional revenue must be raised to fund education adequately, as well as address other important state needs.

The alternative to increased state funding for schools – as educational costs continue to rise – is to pass the tax increase responsibility to local school districts through the local option budget and other local sources; to continue to raise fees and cut services to families, and ultimately to close schools and fire educators. We believe the consequences of these actions outweigh the arguments against a general tax increase at the state level.

Thank you for your consideration.

House Taxation
Attachment 1

Date 3-12-03

The Cost of Quality

What Schools Will Need to Meet Student Achievement Goals

Public school advocates are often asked why schools continue to seek increased funding. There are many reasons but the simplest one is this: public schools are continually asked to do more for their students than ever before. Despite the difficult budget problems facing the State of Kansas, the demands on our schools will continue to grow in upcoming years. Without adequate funding, Kansas public schools will not be able to meet those demands.

Many of the new requirements for schools come from the federal No Child Left Behind Act (NCLBA), proposed by President Bush and passed by Congress at the beginning of 2002. To comply with that law and address other concerns, the Kansas State Board of Education has adopted new regulations that will impose additional requirements on schools. All of these requirements will increase the financial challenges facing public schools. Those challenges include:

- **Closing the student achievement gap.** The new federal law sets a goal of bringing all children to “proficiency” in core academic areas within twelve years. But student achievement is not equal among student groups. Children in poverty, with disabilities, and from certain other subgroups are far more likely to be unsuccessful, and often require more help to succeed. Without additional resources, serving these students will be at the expense of “regular education” children.
- **Raising standards for teacher qualifications.** The federal law will require Kansas schools to meet new standards for employing teachers in core academic areas and for teacher aides. But schools already face significant problems in hiring fully-qualified employees. A major reason: school salaries are often lower than jobs with comparable qualification requirements.
- **Increasing educational requirements.** The State Board has increased high school graduation requirements in math, science and fine arts. For many high schools, this will require hiring more staff – in areas where shortages already exist. The State Board also adopted additional curriculum and student service requirements in order for a school to be accredited.
- **Complying with the No Child Left Behind Act.** The new federal law will require additional student testing and data management. Schools that do not show “adequate progress” will be required to spend federal funds on additional transportation and supplemental services costs.
- **Overcoming differences in local needs and resources.** With limited state funding, school districts have had to increase local funding for schools. But local resources to support education vary greatly. So do local needs. Only the state can ensure suitable funding for all schools.

In the face of these challenges, the Legislature has received a report that it commissioned to determine the cost of a “suitable” public education in Kansas. That report indicated that the state was substantially under funding school districts based on the state’s own requirements and stated goals. It is important to stress that study’s recommendations were not based simply on a “wish list” from educators, but on what schools that were meeting accreditation and performance standards were already spending, and on what it would take to accomplish higher levels of student achievement. The relatively few states with higher student achievement than Kansas on some measures also spend more per pupil than Kansas. The evidence is clear: to meet higher educational goals, Kansas must invest more in its school system.

Kansas Education Shines

Kansas remains tied for fourth place in the nation for having the highest percentage of students graduate from high school. Currently, 92 percent of Kansas' young people complete high school or its equivalency. National Education Goals Panel

Kansas is one of the top 14 states in the nation with the highest percentage of high school graduates who go immediately on to college. NCES, Digest of Education Statistics 2000 and 2001

Kansas high school students continue to excel on the ACT national college entrance exam. In 2002, the composite score for students taking the test was 21.6 which tops the national average of 20.8. Kansas' results are even more impressive when compared to other states. This year, 76 percent of Kansas seniors took the test and no other state with an equal or greater percentage of students taking the test scored higher. Since 1994, ACT college entrance examination scores in Kansas have risen twice as fast as the national average. ACT, Inc.

In 2002, Kansas students once again exceeded the national averages on the SAT national college entrance test which measures verbal and mathematical reasoning. This year, Kansas attained an average score of 578 on the verbal portion of the test, as compared to the national average of 504. Kansas high school students scored 580 on mathematics, well above the national average of 516. The College Board

Kansas ranks among the best – fourth out of 50 states – in proportion of high school graduates with scores in the top 20% nationally on either the ACT or SAT College Entrance Examinations. National Center for Public Policy and Higher Education, Measuring Up 2000: The State-by-State Report Card for Higher Education

Ninety-three percent of public schools in Kansas have Internet access. There is one computer available for instruction for every 2.8 public school students in Kansas, making Kansas one of the top three states in computer availability for students. Market Data Retrieval, Technology in Education 2001.

One hundred seventy-seven Kansas high school students were named National Merit semifinalists in 2002. Nationally, over 16,000 high school students were named semifinalists.

In the American Legislative Exchange Council's "Report Card on American Education: A State-by-State Analysis 1976-2001, October 2002" in ranking of states by academic achievement, Kansas was ranked 6th in the nation.

In the 2000 NAEP mathematics test, the average score for Kansas fourth grade students was 232, compared to the national average of 226. Kansas fourth grade students tied for seventh on the 2000 NAEP mathematics assessment. Kansas eighth grade students had an average score of 284, compared to the national average of 274, which placed Kansas eighth graders fourth in the nation. Kansas was one of only two states to be among the top performers for both grade levels. In the 1998 NAEP reading test, Kansas fourth graders had an average scale score of 222, compared to the national average of 215, which placed Kansas fourth graders eighth in the nation. Kansas eighth graders had an average scale score of 268, as compared to the national average of 261. Kansas eighth graders ranked fifth in the nation.

Kansas public school students lead the nation in scoring high on the Advanced Placement (AP) examination. Kansas students rank among the top six states on their AP exam scores. College Board, 2001 AP State and National Summary Report

Kansas is one of the top two states in the country in the percentage of public school 8th graders attending school without a tardiness and absenteeism problem. Education Week, Quality Counts, 2002

Regional Comparisons of Kansas School Funding and Performance

Spending Per Pupil (2002)

Nebraska	\$7,547
Iowa	\$7,126
Kansas	\$6,906
Texas	\$6,833
Missouri	\$6,574
Colorado	\$6,244
Oklahoma	\$6,184
US Average	\$7,524

National Assessment of Education Progress – Percent of Student Scoring “Proficient”

Fourth Grade Math		Eighth Grade Math		Fourth Grade Reading		Eighth Grade Reading	
Kansas	30	Kansas	34	Iowa	35	Kansas	35
Iowa	28	Nebraska	31	Kansas	34	Colorado	30
Texas	27	Texas	24	Colorado	34	Missouri	29
Nebraska	24	Missouri	22	Oklahoma	20	Oklahoma	29
Missouri	23	Oklahoma	19	Missouri	29	Texas	28
Oklahoma	16	Iowa	*	Texas	29	Iowa	*
Colorado	*	Colorado	*	Nebraska	*	Nebraska	*
US Average	25	US Average	28	US Average	29	US Average	31

* Did not participate

1st
 2nd
 3rd
 5th
 6th
 7th

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K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE
OFFICE OF THE SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

Testimony to House Tax Committee
Joan Wagnon
Secretary of Revenue

March 12, 2003

Chairman Edmonds and Members of the Committee:

I am testifying on behalf of the Governor and the Department of Revenue in support of House Bill 2147, which proposes to reduce the number of members of the Board of Tax Appeals from 5 to 3. A similar bill in the Senate, Senate Bill 115, has passed the Senate and was heard by the House Appropriations Committee yesterday. I am also requesting that House Bill 2147 be amended as explained in the attached balloon amendments, so that House Bill 2147 will be consistent with Senate Bill 115, as it passed the Senate, and as we suggested that Senate Bill 115 be amended by the House Appropriations Committee yesterday. The first amendment would add a requirement that 2 of the 3 Board members must be admitted to the practice of law in Kansas and for at least 5 years, have actively practiced law or been a judge, or practiced as a certified public accountant who has maintained registration as an active attorney in Kansas. The second amendment proposes to establish in the State Treasury a case filing fee fund for appeals filed with the Board, to be administered by the Board.

I would be pleased to answer any questions that you may have.

House Taxation
Attachment 4
Date 3-12-03

HOUSE BILL No. 2147

By Committee on Taxation

1-31

AN ACT concerning the state board of tax appeals; relating to membership thereof; amending K.S.A. 74-2433 and repealing the existing section.

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

Section 1. K.S.A. 74-2433 is hereby amended to read as follows: 74-2433. (a) There is hereby created a state board of tax appeals, referred to in this act as the board. The board shall be composed of five three members who shall be appointed by the governor, subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto. After January 15, 1999, three of such members shall: (1) Have been regularly admitted to practice law in the state of Kansas; and (2) for a period of at least five years, have engaged in the active practice of law as a lawyer, judge of a court of record or any other court in this state, or as a certified public accountant who has maintained registration as an active attorney with the Kansas supreme court, or any combination thereof. No successor shall be appointed for the two members of the board whose terms of office expired on January 15, 2003, and if any such appointment is made prior to the effective date of this act, any such member's term of office shall expire on the effective date of this act. Except as provided by K.S.A. 46-2601, no person appointed to the board shall exercise any power, duty or function as a member of the board until confirmed by the senate. Not more than three two members of the board shall be of the same political party. Members of the board shall be residents of the state. Subject to the provisions of K.S.A. 75-4315c, and amendments thereto, no more than one shall be appointed from each any one of the congressional districts of Kansas and the remainder from the state at large. The members of the board shall be selected with special reference to training and experience for duties imposed by this act and shall be individuals with legal, accounting or appraisal training and experience. Members shall be subject to the supreme court rules of judicial conduct applicable to all judges of the district court. The board shall be bound by the doctrine of stare decisis limited to published decisions of an appellate court other than a district court. Members shall hold office for terms of four years and until their successors are appointed and confirmed. Except as otherwise provided,

After the effective date of this act, two of such members shall: (1) Have been regularly admitted to practice law in the state of Kansas; and (2) for a period of at least five years, have engaged in the active practice of law as an attorney, judge of a court of record or any other court in this state, or as a certified public accountant who has maintained registration as an active attorney with the Kansas supreme court, or any combination thereof.

1 such terms of office shall expire on January 15 of the last year of such
2 term. If a vacancy occurs on the board, the governor shall appoint a
3 successor to fill the vacancy for the unexpired term. The governor shall
4 select one of its members to serve as chairperson. The votes of ~~three~~ two
5 members shall be required for any action to be taken by the board. Meet-
6 ings may be called by the chairperson and shall be called on request of a
7 majority of the members of the board and when otherwise prescribed by
8 statute.

9 (b) Any member of the state board of tax appeals may be removed
10 by the governor for cause, after public hearing conducted in accordance
11 with the provisions of the Kansas administrative procedure act.

12 (c) The state board of tax appeals shall appoint, subject to approval
13 by the governor, an executive director of the board, to serve at the plea-
14 sure of the board. The executive director shall: (1) Be in the unclassified
15 service under the Kansas civil service act; (2) devote full time to the
16 executive director's assigned duties; (3) receive such compensation as
17 determined by the board, subject to the limitations of appropriations
18 thereof; and (4) have familiarity with the tax appeals process sufficient to
19 fulfill the duties of the office of executive director. The executive director
20 shall perform such duties as directed by the board.

21 (d) Appeals decided by the state board of tax appeals which are
22 deemed of sufficient importance to be published shall be published by
23 the board.

24 (e) After appointment, members of the state board of tax appeals shall
25 complete the following course requirements: (1) A tested appraisal course
26 of not less than 30 clock hours of instruction consisting of the fundamen-
27 tals of real property appraisal with an emphasis on the cost and sales
28 approaches to value; (2) a tested appraisal course of not less than 30 clock
29 hours of instruction consisting of the fundamentals of real property ap-
30 praisal with an emphasis on the income approach to value; (3) a tested
31 appraisal course of not less than 30 clock hours of instruction with an
32 emphasis on mass appraisal; (4) an appraisal course with an emphasis on
33 Kansas property tax laws and; (5) an appraisal course on the techniques
34 and procedures for the valuation of state assessed properties with an em-
35 phasis on unit valuation; and (6) a tested appraisal course on the tech-
36 niques and procedures for the valuation of land devoted to agricultural
37 use pursuant to K.S.A. 79-1476, and amendments thereto. The executive
38 director shall adopt rules and regulations prescribing a timetable for the
39 completion of the course requirements and prescribing continued edu-
40 cation requirements for members of the board.

41 (f) The state board of tax appeals shall have no capacity or power to
42 sue or be sued.

43 Sec. 2. K.S.A. 74-2433 is hereby repealed.

Insert Section 2
from next page

3

1 Sec. 4. This act shall take effect and be in force from and after its
2 publication in the Kansas register.

4

Insert between lines 42 and 43 on p. 2 of HB 2147

Section 2. (a) The executive director of the state board of tax appeals shall charge and collect a filing fee, established by rules and regulations adopted by the state board of tax appeals, for any appeal in any proceeding under the tax protest, tax grievance or tax exemption statutes or in any other original proceeding for such board to recover all or part of the costs of processing such actions incurred by the state board of tax appeals.

(b) There is hereby created in the state treasury the BOTA filing fee fund.

(c) The executive director of the board of tax appeals shall remit to the state treasurer at least monthly all tax appeal filing fees received by the state board of tax appeals. Upon receipt of any such remittance, the state treasurer shall deposit the amount in the state treasury to the credit of the BOTA filing fee fund.

(d) All expenditures from the BOTA filing fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive director of the state board of tax appeals or a person or persons designated by such executive director.

PRESENTATION TO HOUSE TAXATION COMMITTEE
ON HB 2147
BY
DAVID L. PATTON, CHAIRMAN
BOARD OF TAX APPEALS

1. Appearing on my own behalf and not on behalf of the Board of Tax Appeals
2. Decreasing Board from five to three members.
 - a. The number of cases has decreased, including open cases. As of March 1, 2003, we had 3,569 open cases. See Attachments "A and B".
 - b. Hear the same number of cases whether have five or three members
 - c. Other bodies such as the KCC and the Court of Appeals hear cases with three members.
 - d. Has been proposed before.
 - e. The number of cases that go to hearing has decreased due to status conference process and Small Claims.
3. Qualifications.
 - a. The need for qualifications increases if number of Board members decreases.
 - b. The Board is a quasi-judicial body that acts like a District Court.
 - c. The Board is the court of record for tax matters.
 - d. With attorneys on the Board, have same qualifications as District Court judge.
 - e. Board members have to deal with complex procedural and substantive legal issues.
 - f. At status conferences, instant legal decisions are often required.
 - g. At hearings, instant legal decisions have to be made on motions.
 - h. Non-lawyers would not make the legal decision, but would defer to staff attorneys who are not appointed.
 - i. The number of complaints about the Board have decreased since qualifications were put into place.
 - j. Judicial ethics requirements are essential.
4. Filing fees.
 - a. Amendment proposed that would grant the Board of Tax Appeals the authority to promulgate regulations to establish filing fees.
 - b. The Governor's budget for FY 04 includes a reduction in the Board of Tax Appeals' General Fund budget by \$300,000. This amount would be replaced by establishing filing fees. The \$300,000 figure was arrived at by the Governor's office and the Division of Budget as follows:

	Proposed Filing Fee	Typical # of cases filed with Board per year	Dollar amount raised
Economic Development and Industrial Revenue Bond Exemptions	\$250.00	115	\$ 28,750
Other Tax Exemptions	\$ 50.00	3,800	\$190,000
Division of Taxation Appeals	\$250.00	200	\$ 50,000
Property Valuation Appeals	\$250.00	5	\$ 1,250
Equalization and Payment Under Protest Appeals	\$75.00	1,000	\$ 75,000
Total Revenue Generated			\$345,000

The above fees apply only to cases filed with the Regular Division of the Board. There would be no fee to file an appeal with the Small Claims Division of the Board. The economic development exemptions are granted under the Kansas Constitution Article 11, § 13 and the industrial revenue bond exemptions are granted under K.S.A. 79-201 *second*. The "Other Tax Exemptions" include all other tax exemption applications that are filed with the Board. The Division of Taxation cases are appeals from the Department of Revenue involving primarily corporate income and sales and use taxes. Homestead and individual income tax cases are excluded. The Property Valuation cases are primarily state assessed public utility property valuation appeals. The Equalization and Payment Under Protest appeals are the valuation appeals involving multi-family residential properties and commercial and industrial properties. Single-family residential properties, farmsteads and agricultural land valuation appeals are not included.

We have looked into a sliding fee for the equalization and payment under protest appeals based on the valuation of the property at issue. Again, single-family residential properties, farmsteads and agricultural land valuation appeals are not included. As an example, the following has been considered:

Valuation as shown on the County Notice of Valuation:

\$500,000 or less valuation	\$25.00/parcel
500,001 to \$5,000,000 valuation	\$50.00/parcel
\$5,000,001 to \$10,000,000 valuation	\$75.00/parcel
\$10,000,001 or greater valuation	\$100.00/parcel

All of the above filing fees are suggestions and are open to discussion and changes.

	<u>Jan-02</u>	<u>Feb-02</u>	<u>Mar-02</u>	<u>Apr-02</u>	<u>May-02</u>	<u>Jun-02</u>	<u>Jul-02</u>	<u>Aug-02</u>	<u>Sep-02</u>	<u>Oct-02</u>	<u>Nov-02</u>	<u>Dec-02</u>
Cases Opened/Pre-docketed/Pending Info/S/C to BTA	1369	1631	1621	1681	1511	1118	1561	1552	1237	1378	1112	1150
Status Conference Pending/Set	1945	1540	866	821	660	649	657	889	1395	1443	1412	1330
Cases to be Scheduled	205	170	147	149	111	87	93	94	274	489	398	348
Hearings/Prehearings/Oral Arguments Set	404	366	353	294	182	203	234	218	252	261	359	365
Heard Pending Draft/Order/Sigs / Heard Pending Briefs	729	931	719	391	407	489	433	321	485	408	486	376
Being Reviewed/Dismissal Pending/Possible Stip/Other	119	163	666	621	819	938	623	622	468	135	144	193
No Hearing Order Pending	<u>26</u>	<u>12</u>	<u>4</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>6</u>	<u>9</u>	<u>9</u>	<u>7</u>	<u>4</u>
	4797	4813	4376	3957	3691	3484	3601	3702	4120	4123	3918	3766

	<u>Jan-03</u>	<u>Feb-03</u>	<u>Mar-03</u>	<u>Apr-03</u>	<u>May-03</u>	<u>Jun-03</u>	<u>Jul-03</u>	<u>Aug-03</u>	<u>Sep-03</u>	<u>Oct-03</u>	<u>Nov-03</u>	<u>Dec-03</u>
Cases Opened/Pre-docketed/Pending Info/S/C to BTA	1399	1234	0	0	0	0	0	0	0	0	0	0
Status Conference Pending/Set	1297	1332	0	0	0	0	0	0	0	0	0	0
Cases to be Scheduled	283	101	0	0	0	0	0	0	0	0	0	0
Hearings/Prehearings/Oral Arguments Set	322	423	0	0	0	0	0	0	0	0	0	0
Heard Pending Draft/Order/Sigs / Heard Pending Briefs	429	660	0	0	0	0	0	0	0	0	0	0
Being Reviewed/Dismissal Pending/Possible Stip/Other	173	178	0	0	0	0	0	0	0	0	0	0
No Hearing Order Pending	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	3905	3930	0	0	0	0	0	0	0	0	0	0

Open Cases

Attachment A

BTA Workload Measures Report for March 1, 2003

	Fiscal Year											87 to 03	Rcvd	S/C
	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	Total Filings	Not Dcktd	Xsfers BTA
<u>BOTA Regular Division</u>														
<u>Case Type Docketed</u>														
<u>Appeal Filings</u>														
Division of Property Valuation (PV)	17	35	12	10	8	12	9	23	13	11	5	155	0	0
Division of Taxation (DT)	111	130	130	166	142	94	306	76	416	256	199	2,026	1	0
Economic Development Exmpt (EDX)	38	45	73	70	73	63	70	79	65	67	43	686	0	0
Equalization (EQ)	1,524	1,870	1,780	2,352	2,216	1,930	2,571	1,566	1,624	1,670	949	20,052	0	24
Industrial Revenue Bond Exmpt (IRBX)	46	38	38	26	26	41	48	46	54	62	28	453	0	0
No-Fund Warrants (NFW)	21	35	22	15	8	13	14	4	3	12	4	151	0	0
Other (CP,MLD,PVX,RAP,TSC)	16	13	17	7	8	5	7	10	9	8	8	108	0	0
Payment under Protest (MRP,PR,PJR)	6,024	3,695	2,348	1,417	1,027	761	1,040	1,082	778	467	274	18,913	14	0
School District (SC)	0	2	1	2	2	1	2	3	2	2	0	17	0	0
Tax Exemption (TX)	8,897	5,267	5,036	4,119	3,946	3,546	5,229	3,876	3,834	3,939	2,263	49,952	30	0
Tax Grievance (TG)	3,108	2,661	2,396	2,460	2,083	2,056	1,588	994	1,304	1,134	843	20,627	16	0
Sub-total Filings	19,802	13,791	11,853	10,644	9,539	8,522	10,884	7,759	8,102	7,628	4,616	113,140	61	24
Industrial Revenue Bond Filings (IRB)	62	92	84	77	67	107	90	97	90	77	57	900		
Informal Co. Review Filings	8,261	6,887	210	0	0	0	0	0	0	0	0	15,358		
Total All Filings	28,125	20,770	12,147	10,721	9,606	8,629	10,974	7,856	8,192	7,705	4,673	129,398		
Hearings/Conf Set by Filing	4,219	7,288	6,819	5,180	3,403	3,028	8,145	13,227	8,626	12,560	4,556			
Hearing @ BOTA by Filing	3,134	2,878	2,154	2,869	1,951	1,247	1,196	1,348	2,030	943	567			
Oral Arguments by Filing	0	0	0	0	0	23	186	123	204	72	12			
Prehearing by Filing	0	2,103	2,319	1,013	271	17	3	1	0	0	0			
Scheduling Conferences	0	0	0	0	0	1,279	4,987	8,806	4,590	8,461	2,790			
Orders Written/Certified by Filing	21,372	16,530	23,048	13,866	10,663	8,151	11,028	10,812	10,188	10,628	5,245			
Cases Closed by Filing	21,268	14,433	15,696	11,313	8,488	7,481	10,171	8,772	9,209	8,171	4,696	Crt Reviews		
Open Cases by Filing	11,295	10,653	6,810	6,141	7,192	8,233	8,946	7,933	6,826	6,283	6,203	2,634		
												Open Cases		3,569
Crt Case Filings/Pendings to be Certified	488	395	434	212	218	127	176	90	99	355	94	2,688		
Accumulative Crt/Pendings Certified to Co	488	883	1,317	1,529	1,747	1,874	2,050	2,140	2,239	2,594	2,688			

House Taxation
Attachment 7
Date 3-12-03

Small Claims' Workload Measures Report for March 1, 2003

<u>BOTA Small Claims Division</u>	<u>Fiscal Year</u>					<u>Total Filings</u>	<u>Received Not Docketed</u>
	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>		
<u>Case Type Docketed</u>							
<u>Appeal Filings</u>							
Equalization (EQ)	1,952	2,451	2,715	2,562	243	9,923	69
Payment under Protest (PR)	82	355	476	496	267	1,676	0
Tax Grievance (TG)	69	129	2	0	0	200	0
Tax Exemption (TX)	0	3	0	0	0	3	0
<u>Division of Taxation (DT)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>
Total Filings	2,103	2,938	3,193	3,058	511	11,803	11,803
Cases Closed	682	2,223	2,914	3,349	2,463	11,631	
<u>Cases Filed to BOTA</u>	169	699	939	902	613	3,322	
Total Open Cases						172	
Hearings Set by Filing	1,026	2,805	3,389	3,813	1,966	12,999	
Hearings Held	915	2,333	2,937	2,973	1,383	10,541	
Telephone Hearings Held	6	19	25	55	20	125	
Decisions Written/Mailed	433	2,467	2,956	3,332	2,419	11,607	

House Taxation
Attachment 8
Date 3-12-03



Jyrl James Washington
Senior Vice President and General Counsel
Adecco Group North America
175 Broad Hollow Road
Melville, NY 11747-8905
Tel. (631) 844-7660
Fax (631) 844-7266

March 10, 2003

Representative John Edmonds
Chairman of the House Tax Committee
300 S. W. 10th Avenue
Room 171-W
Topeka, KS 66612-1504

Re: Kansas House Bill 2421

Dear Representative John Edmonds:

Adecco is the largest temporary staffing company in the United States, employing 515,000 temporary workers in 2002 alone. We have over seven business locations, including franchise offices, in Kansas and employ over 2,800 Kansas residents annually. Among these employees are former welfare recipients, individuals re-entering the workforce, retirees, single parents, minorities and women. A great number of these employees work with companies conducting business in the light industrial, manufacturing, distribution, retail, professional, banking and other sectors. Last year we paid wages to Kansas residents in excess of \$12.9 million.

I am writing on behalf of Adecco to ask you to oppose HB 2421, which would impose an excise tax on staffing services. Taxes on staffing services are a tax on jobs and wages. Industry studies show that by increasing the cost of staffing services, a tax will reduce the demand for those services and put temporary employees out of work or reduce their wages.

This will cause a negative ripple effect throughout the state economy. Support services associated with providing temporary help, such as telephone service and other utilities, will also be affected; a tax will cost jobs in those industries as well. The dampening effect of the resulting higher unemployment on consumer spending will likely offset much of the anticipated tax revenue.

In addition, the cost of goods and services generated by Kansas businesses would increase, resulting in a higher price for those goods and services, compared to their cost in other states where staffing services are not taxed. The result would be the erosion of the market for goods and services produced in Kansas, while at the same time strengthening the Kansas marketplace for goods and services produced by out-of-state companies.

House Taxation
Attachment 9
Date 3-12-03

A reduction in the availability of temporary jobs will also make it more difficult for those transitioning into the marketplace – the unemployed, the underemployed – to gain valuable work experience. The effect on Kansas's ability to attract and retain skilled workers is clear. The negative impact of an excise tax on staffing on the overall economy will make it harder to attract workers and businesses to Kansas. This will put us at a serious competitive disadvantage relative to the great majority of states that do not impose such taxes.

Finally, bill supporters say an excise tax is needed because temporary employees are less likely than permanent workers to receive health insurance and could be dependent on local services for health care. In fact, most temporary workers have access to health insurance and virtually any temporary employee who wants benefits can find a staffing firm that offers them. In fact, according to the Bureau of Labor Statistics, nearly 50% of all temporary employees have health insurance from some source. Further, over 75% of staffing firms with \$50 million or more in sales (which employ the majority of U.S. temporary employees) offer health coverage. Approximately 60% of these offer 401(k) plans.

Adecco appreciates your serious consideration of the foregoing in casting your vote against HB 2421.

Thank you.

Sincerely,

Jyrl James Washington
Senior Vice President and General Counsel



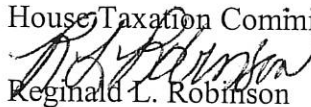
KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

March 11, 2003

MEMORANDUM

TO: House Taxation Committee
FROM: 
Reginald L. Robinson
President and CEO
RE: **HOUSE BILL 2421**

The Board of Regents expresses great concern regarding the proposed elimination of sales tax exemptions on all sales of personal property and services purchased directly by the State of Kansas and educational institutions, and the requirement that educational institutions assess state sales tax on all sales of goods and services.

Removal of the sales tax exemptions would be tantamount to imposing additional budget cuts on higher education institutions, and would have a significant negative impact on the state universities. Assuming they paid sales tax at the rate of 5.3% on all of the expenditures made from their OOE budgets, this proposal would reduce the combined OOE purchasing power of the state universities by about \$30 million, \$10 million from General Use expenditures and \$20 million from Restricted Use expenditures.

The requirement for educational institutions to assess state sales tax on sales of goods and services is particularly onerous when applied to tuition charged for the sale of educational services. Currently, the state universities collect approximately \$250 million in tuition revenues. As state revenues have declined, the universities have been forced to increase tuition to maintain current levels of service to students. Requiring students to pay an additional 5.3% in sales tax would represent an additional tuition increase, with no value added to their educational experience. The alternative would be for the universities to absorb the sales tax assessment; at the rate of 5.3% assessed on \$250 million, this would cost the universities about \$13 million.

These reductions would add to the \$44.8 million in FY 2003 budget cuts and unfunded mandated cost increases at the universities; and would also add to the \$9.6 million of unfunded mandated cost increases the universities face in FY 2004. Elimination of the sales tax exemptions and requirements for assessment of sales tax on sales of goods and services would also have similar significant and adverse impacts on the community colleges, technical schools and Washburn University.

Cc: Kansas Board of Regents
Institutional CEOs

House Taxation
Attachment 10
Date 3-12-03

HEIN LAW FIRM, CHARTERED

5845 SW 29th Street, Topeka, KS 66614-2462

Phone: (785) 273-1441

Fax: (785) 273-9243

Ronald R. Hein

Attorney-at-Law

Email: rhein@heinlaw.com

**Testimony re: HB 2421
House Taxation Committee
Presented by Ronald R. Hein
on behalf of the
Mental Health Credentialing Coalition
March 10, 2003**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Mental Health Credentialing Coalition. The Coalition is comprised of the members of the Kansas Association for Marriage and Family Therapy, the Kansas Association of Masters in Psychology, and the Kansas Counseling Association/Kansas Mental Health Counselors Association.

MHCC opposes HB 2421 which provides for taxation of services which are not currently taxed in the state of Kansas, and provides for elimination of all sales tax exemptions currently provided for in statute, other than ones that are mandated by federal law. The taxing of these services, and the removal of these exemptions in general will have a profound impact on all taxpayers of Kansas, individuals and businesses alike.

Generally the services which have not previously been subject to taxation in Kansas are those services which can easily be performed outside the state of Kansas, especially considering today's communications and telecommunications technology. Many other services that are not currently subject to taxation involve delivery of mental or physical healthcare services to individuals. The taxation of these services would be extremely detrimental to the public welfare by virtue of the high impact that these taxes will have on the sick and the poor in our society. In addition, the administrative burden and confusion of taxing of such services giving the various reimbursement methodologies utilized in healthcare today, including Medicare, Medicaid, private insurance, and other governmental programs, as well as direct pay, would cause many more problems than would be solved with the passage of this legislation.

Thank you very much for considering my views.

House Taxation

Attachment 11

Date 3-12-03

HEIN LAW FIRM, CHARTERED

5845 SW 29th Street, Topeka, KS 66614-2462

Phone: (785) 273-1441

Fax: (785) 273-9243

Ronald R. Hein

Attorney-at-Law

Email: rhein@heinlaw.com

**Testimony re: HB 2421
House Taxation Committee
Presented by Ronald R. Hein
on behalf of
Heart of America Staffing Services Association
March 10, 2003**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for Heart of America Staffing Services Association, representing the temporary and full-time staffing service firms in Kansas.

HASSA opposes HB 2421 which provides for taxation of services which are not currently taxed in the state of Kansas, and provides for elimination of all sales tax exemptions currently provided for in statute, other than ones that are mandated by federal law. The taxing of these services, and the removal of these exemptions in general will have a profound impact on all taxpayers of Kansas, individuals and businesses alike.

Generally the services which have not previously been subject to taxation in Kansas are those services which can easily be performed outside the state of Kansas, especially considering today's communications and telecommunications technology. Temporary services and executive recruitment services can be provided anywhere, and taxation of this profession would remove many jobs from Kansas, and their commensurate economic development and tax revenue from other sources, such as income tax.

Thank you for considering my views.

House Taxation
Attachment 12
Date 3-12-03

HEIN LAW FIRM, CHARTERED

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Ronald R. Hein

Attorney-at-Law

Email: rhein@heinlaw.com

**Testimony Re: HB 2421
House Taxation Committee
Presented by Ronald R. Hein
on behalf of
Kansas Restaurant and Hospitality Association
March 10, 2003**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association. The KRHA is the Kansas professional association for restaurant, hotel, lodging and hospitality businesses in Kansas.

KRHA opposes HB 2421 which provides for taxation of services which are not currently taxed in the state of Kansas, and provides for elimination of all sales tax exemptions currently provided for in statute, other than ones that are mandated by federal law. The taxing of these services, and the removal of these exemptions in general will have a profound impact on all taxpayers of Kansas, individuals and businesses alike.

The removal of all the sales tax exemptions which currently exist in Kansas law would be a bad policy for the state of Kansas for numerous reasons. Removal of many of these exemptions would put Kansas at a competitive disadvantage as opposed to other states, and would discourage activity in this state that results in revenue through salaries and other ramifications of such economic development.

Most of the exemptions fall under one or more of the following categories. One, elimination of the exemption would have an adverse impact on economic development in the state. Examples of this would be exemptions for component parts and utilities used in production, which, if removed, would serve as a deterrent to industries moving into or staying in the state of Kansas.

Two, those exemptions relating to services which would adversely impact the poor, the sick, the disabled, or others within our society who are least able to pay. This category includes healthcare oriented exemptions (both physical and mental health).

Three, exemptions for governmental or charitable organizations, including purchases made by existing governmental units and other not-for-profit entities.

Thank you for considering my views.

House Taxation
Attachment 13

Date 3-12-03

HEIN LAW FIRM, CHARTERED

5845 SW 29th Street, Topeka, KS 66614-2462

Phone: (785) 273-1441

Fax: (785) 273-9243

Ronald R. Hein

Attorney-at-Law

Email: rhein@heinlaw.com

**Testimony re: HB 2421
House Taxation Committee
Presented by Ronald R. Hein
on behalf of
National Kidney Foundation of Kansas and Western Missouri
March 10, 2003**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for and a Board member of the National Kidney Foundation of Kansas and Western Missouri. NKF KS/MO is a regional office of the National Kidney Foundation with a service area of the entire state of Kansas and the western portion of the state of Missouri. Its mission is to assist patients with kidney disease. It fulfills this mission through numerous services including raising funds for research; providing direct patient care and treatment; providing early intervention screenings; providing a camp for children with kidney disease, including kids on dialysis; organ donation awareness and numerous other programs.

For those of you who don't know, my wife, Julie, unselfishly donated a kidney to me in 1996, after my kidneys failed as a result of childhood onset Type I Diabetes. As a result of that experience, and for other reasons, I not only serve on the Board and Julie and I donate time and money to the organization, we also lobby for them without remuneration.

The NKF of Kansas and Western Missouri opposes HB 2421 which repeals the sales tax exemptions for the 501(c)(3) health associations, including the National Kidney Foundation of Kansas and Western Missouri.

The fiscal impact to the state of Kansas by eliminating this exemption would be to save approximately \$3,000 or less. The net impact of eliminating the sales tax exemption would be to reduce the amount of services, whether by early intervention screenings or other program costs by that same amount.

We urge your opposition to the removal of this sales tax exemption in HB 2421.

Thank you very much for permitting me to testify and I will be happy to yield to questions.

House Taxation
Attachment 14
Date 3-12-03