

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on February 5, 2004 in Room 519-S of the Capitol.

All members were present except:

Representative Tom Sawyer- excused
Representative Vaughn Flora- excused

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisors of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Representative David Huff
Julie Smith, Safe Home
Sandy Barnett, Kansas Coalition Against Domestic Violence
David Owen
Tracey Shafer, Chairperson of Miniature Fantasies
Richard Cram, Department of Revenue
April Holman, Kansas Action for Children

Others attending:

See Attached List.

Chairman Edmonds opened the meeting for bill introductions recognizing April Holman of Kansas Action for Children which seeks to improve the economic security of Kansas children and their families through the policy and advocacy efforts of Fiscal Focus. They advocate for:

- A tax expenditure report be published by the state each year.
- A tax incidence report demonstrating the impact of tax policy on tax payers of various income levels be published by the state periodically
- Pertinent tax information be made public for companies availing themselves of certain economic development and tax incentives (See Attachment 1 for bill introduction)

With no objection, The Chairman accepted those three bills for introduction.

With no further bill introductions, Chairman Edmonds opened the meeting for hearings on **HB 2561**. There were no proponents and no opponents for this bill.

Richard Cram from the Department of Revenue came before the committee at the request of Secretary of Revenue, Joan Wagon with comments regarding sales tax exemptions for non-profit organizations in general. He explained that they don't have a position one way or the other on any particular bill that requested exemptions for a particular organization, but the secretary wished for him to remind the committee that the best tax policy is to have as broad as possible tax base so that the pressure on raising the rate was lessened. She also wished it mentioned that back in 1970 a committee looked at sales tax exemptions for non-profit organizations and determined that the best policy in general was that non-profits should not have special exemptions. The Legislature has deviated from that policy. (No Testimony)

Hearing on **HB 2561** was closed.

Chairman Edmonds opened the hearing on **HB 2550** recognizing Representative David Huff in support of the bill. In his testimony, Representative Huff, pointed out that there are approximately 28 shelter areas for abused women and children in the State of Kansas and he was surprised when he found that these shelters, which have provided a place to escape an abusive lifestyle, have to pay taxes on necessities.

(Attachment 2)

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on February 5, 2004 in Room 519-S of the Capitol.

Next to testify in support of **HB 2550** was Julie Smith, SAFEHOME Board Member. SAFEHOME is Johnson County's only provider of shelter and supportive services for victims of domestic violence. They have sheltered 287 women and children in the last year and answered 2,323 hotline calls. Providing food and shelter for that number of abused persons is costly. They are requesting a tax exemption for sales taxes on items of necessity. (Attachment 3) Ms. Smith also supplied the committee with information regarding SAFEHOME statistics. (Attachment 4)

Kansas Coalition Against Sexual and Domestic Violence was represented by Sandy Barnett in support of **HB 2550**. Their services include, but are not limited to adult crisis intervention, children's crisis counseling, counseling, personal advocacy, criminal justice advocacy, civil court advocacy, children's advocacy, support groups for children and adults, assistance with protection orders, emergency housing/shelter, and community education. An exemption from state sales tax will generate an estimated \$100,000 to \$125,000 which would help provide additional crisis intervention services. (Attachment 5)


Mr. David Owen, Homeless Come Home, was recognized as an opponent of **HB 2550**, however he was unable to keep his testimony relative to the bill and it was necessary for the Chairman to gavel him from the podium.

With no other person wishing to address the bill, Chairman Edmonds closed the public hearing on **HB 2550**.

The Chairman opened for hearing on **HB 2544** and recognized Tracy Shafer, Chairperson for Miniature Fantasies as a proponent for the bill. Ms. Shafer explained that Miniature Fantasies is a non-profit organization of miniature artisans that have a show yearly to raise funds for local charities and promote their hobby. They have raised money for The Children's Place, Harvester's, The Salvation Army, The Toy and Miniature Museum, and concerned care. They are requesting a tax-exempt status which would generate several hundred dollars which could be donated to a local charity. (Attachment 6)

With no one further wishing to address the bill Chairman Edmonds closed the hearing on **HB 2544**, and with no further business before the committee, The Chairman adjourned the meeting.

FISCAL FOCUS

Budget and Tax Policy in  Perspective

Fiscal Focus 2004 Legislative Agenda

*April Salmon
Bill Introduction*

Kansas Action for Children seeks to improve the economic security of Kansas children and their families through the policy and advocacy efforts of Fiscal Focus. The goal of Fiscal Focus is to ensure a balanced and fair tax system and budget process that protects the wellbeing of children and families and a stable system of state revenues. Families must have the opportunity to meet their children's economic and developmental needs through the provision of food, clothing, transportation, health care, education, and safe, affordable housing. Ensuring this opportunity requires that essential supports for families are a priority in the state budget process, that state finances are managed in a fiscally sound manner, and that the tax system fairly distributes the tax burden among income levels.

During the 2004 Legislative Session, Fiscal Focus will emphasize the need for enhanced accountability in the area of tax credits, exemptions and incentives. Specifically, Fiscal Focus will advocate for:

- A tax expenditure report be published by the state each year,
- A tax incidence report demonstrating the impact of tax policy on taxpayers of various income levels be published by the state periodically, and
- Pertinent tax information be made public for companies availing themselves of certain economic development and tax incentives.

HOUSE TAXATION
ATTACHMENT 1
DATE 2-5-04

HB 2550 (Safehome)

Chairman Edmonds, Ranking member Larkin, and fellow committee members. One of the most terrifying and physical acts of abuse and violence our society witnesses is the abuse of women and children in a home surrounding. This type of physical and mental abuse can go on for months and even years. Where do you go to escape this type of lifestyle?

For many years there was no place to go, especially if you had no relatives in any given area. Today what a blessing it is to have here in Kansas these special locations for these abused women and children.

Today abused women and children can go and get a peaceful nights sleep, a warm meal and guidance to start a new life with no costs involved. There are approximately 28 of these locations across Kansas such as Hiawatha, Coffeyville, Great Bend, Lawrence, Newton, Overland Park, Topeka and Wichita. These Domestic and Sexual Violence centers are all called by different names but do the

HOUSE TAXATION

Attachment 2

Date 2-5-04

same charitable work with very underpaid staff, but very dedicated personnel. The home in Overland Park is called "Safehome". Mr. Chairman, these violence centers literally raise charitable money year round, just to stay open. I have toured these homes and find them to be very humble but clean and warm. They have never turned away any woman or child who has asked for their help. I was very surprised, Mr. Chairman, when I found out that the state of Kansas collects sales tax from this charitable organization when they buy soap, toothpaste and food for their occupants. House bill 2550 offers a sales tax exemption for these charitable Kansas shelters.

S.F.O.



House Bill 2550
Tax Committee

Testimony from: Julie Smith, SAFEHOME Board Member

Chairman: John Edmonds

On behalf of SAFEHOME, Johnson County's only provider of shelter and supportive services for victims of domestic violence, thank you for the opportunity to provide testimony in support of House Bill 2550, an act concerning sales taxation: relating to exemptions; certain domestic violence centers; amending K.S.A. 2003 Supp. 79-3606 and repealing the existing section.

SAFEHOME sheltered 287 women and children last year, answering 2,323 hotline calls. Providing a clean and warm shelter, food, clothing, and household products for 29 women and children at time is a costly enterprise. The expenditures add up. SAFEHOME is much more than a shelter. It is a comprehensive program with many entry points in our community. Within the shelter we offer help with court, housing, economic, vocational and educational issues. We provide case management, therapy for women, and play and art therapy for children and their moms. We also have a transitional living program for 10 families at a time after shelter. We served over 450 clients last year in our Outreach Counseling program for victims and their children in the community. We met with more than 900 victims at the District Court and work with victims at the Johnson County Social and Rehabilitative Office applying for income assistance. We began a program this year providing on-call advocacy to victims at 4 hospitals and one clinic in JOCO and served approximately 100 victims. We provide prevention education to thousands of Johnson County middle and high school students each year.

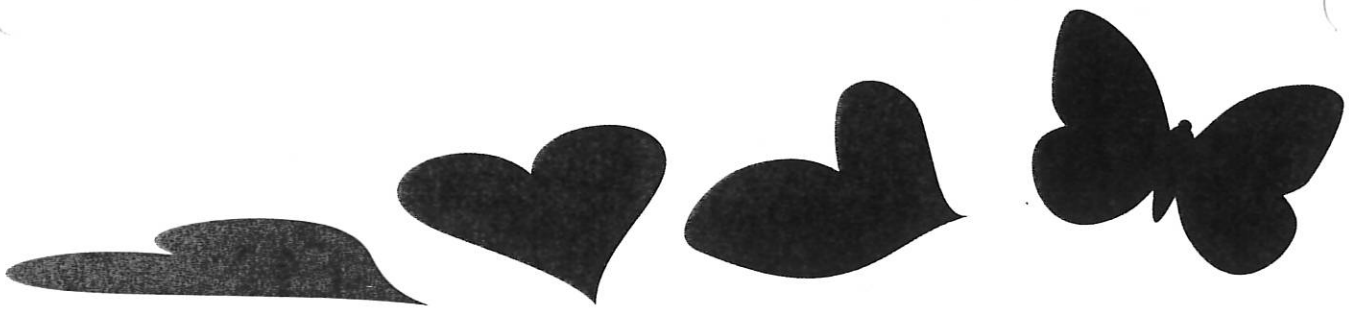
Our revenue comes from many sources. Only 35% comes from local, state, and federal grants. About 5% comes from United Way. The other 60% of our funding is the challenging revenue: private grants, individual, civic groups, churches, and corporate donations, and income from fundraisers. The stagnant economy has had a huge impact on our ability to fund our shelter and continue to offer our much needed services. We often struggle to meet payroll and have cash flow issues. Sales tax relief would have a significant impact on our shaky budget. **We estimate that we spent \$17,427.00 last year in sales tax. This would pay for a 10-week stay for 25 individuals at our shelter.** Our sister shelters in Missouri are often amazed that we must pay sales tax for needed items such as food, cleaning products, medicines, office supplies, services, repairs, computers, equipment, and appliances.

HOUSE TAXATION

Attachment 3

Date 2-5-04

Breaking the cycle of sexual and domestic violence and abuse is our mission, but it cannot be accomplished unless the community helps. Today I ask you to provide all of the Kansas programs with sales tax relief. Thank you for your consideration of our testimony in support of House Bill 2550.



SAFEHOME

www.safehome-ks.org

24-Hour Hotline (913) 262-2868

Office (913) 432-9300

SAFEHOME In The Community

For The Record 2003

- ▶ **Sheltered**
 - 177 women
 - 101 children
- ▶ **24-Hour Hotline**
 - 2,323 calls
- ▶ **Outreach Counseling**
 - 476 clients
 - 3,273 counseling hours
- ▶ **District Court**
 - 935 clients
 - 529 Protection Orders
- ▶ **Community Education**
 - 8,228 reached
- ▶ **Volunteers**
 - 16,572 hours

Community Outreach Counseling

Individual counseling and support groups for victims of domestic violence.

Healthcare Advocacy

24-hour on-site or on-call advocacy and support for victims in hospitals and medical settings identified by healthcare personnel. Training for medical staff.

Johnson County SRS Office Advocacy (OARS Program)

Individualized case plan, safety plan, information and referral service.

Johnson County Domestic Violence Court Advocacy

Informational session and advocacy at first appearances and other hearings. Assistance obtaining Protection From Abuse Orders and Emergency Protection Orders.

Education & Prevention

Educational presentations and classes at schools, business, and civic/religious/social organizations. Professional training for police, hospital personnel, and clergy.

Timitri Transitional Living Program

Supportive living and housing for outreach clients.

Legal Services

In-house attorney services for shelter and outreach clients.

SAFEHOME Vision

- ▶ **The SAFEHOME mission is to break the cycle of sexual and domestic violence and abuse.**
- ▶ **SAFEHOME's shelter opened in 1984 with 15 beds. SAFEHOME now houses 29 women and children, and is the only provider of services for victims of domestic violence in Johnson County.**

SAFEHOME In The Shelter

Women's and Children's Counseling

Individual and group counseling for women including sessions regarding parenting issues. Support groups and individual counseling for children three years and older. Daily structured child care while mothers are in support groups.

Court, Housing, and Economic Advocacy

Advocacy in civil and criminal court cases, assistance finding suitable and affordable housing, vocational assessment, job search assistance.

Health Education/Substance Abuse Program

Health education and limited health services, substance abuse assessment, referrals for long-term treatment, and co-dependency support groups.

Timitri Transitional and Permanent Housing Program

Supportive living for residents completing the 10-week shelter program.

HOUSE TAXATION

Attachment 4

Date 2-5-04



KANSAS COALITION AGAINST SEXUAL AND DOMESTIC VIOLENCE

220 SW 33rd Street, Suite 100 Topeka, Kansas 66611
785-232-9784 • FAX 785-266-1874 • coalition@kcsdv.org

HB 2550

Sales tax exemptions for certain domestic violence shelters

Proponent

February 5, 2004

Chairman Edmonds and Members of the House Taxation Committee:

The Kansas Coalition Against Sexual and Domestic Violence (KCSDV) is a private non-profit organization representing the victims of domestic and sexual violence and the 30 advocacy and service programs in Kansas. The U.S. Department of Justice and the Centers for Disease Control have each sanctioned KCSDV as the entity in Kansas with the responsibilities of training and supporting the community domestic violence and sexual assault centers. Additionally, it is our responsibility to represent the interests of victims of these crimes in matters of public and administrative policy, to support the development of services for victims, and to provide feedback to Congress through these federal agencies.

The 30 programs in Kansas are private non-profit 501 (c) 3 organizations.

- 7 programs provide domestic violence services only
- 3 programs provide sexual assault services
- 20 programs provide both domestic violence and sexual assault services

In 2001 those programs provided the following services to Kansas victims:

- 29,867 crisis calls
- 26,044 victims were served (21,250 DV and 4,794 SA)
- 65% women, 5% men, 30% children (DV)
- 57% women, 8% men, 35% children (SA)
- 71,244 nights of safe shelter

3,752 volunteers provided 78,018 hours of services to the programs.

Core services include, but are not limited to:

- Adult crisis intervention
- Children's crisis counseling
- Counseling
- Personal Advocacy
- Criminal Justice Advocacy
- Civil court advocacy
- Children's advocacy
- Support groups for children and adults
- Assistance with protection orders
- Emergency housing/shelter
- Community education

HOUSE TAXATION

ATTACHMENT 5

DATE 2-5

Each program is funded through competitive grants administered by the Kansas Governor and Attorney General. A total of \$5 to \$7 million is distributed to provide all services these programs offer as well as special projects in prosecutors offices, law enforcement agencies, and the courts. Less than \$1.5 million is generated within in the state of Kansas from marriage license and docket fees.

No general revenue funding is designated for these services.

An exemption from state sales tax will generate an estimated \$100,000 -- \$125,000. A seemingly insignificant amount of money until we consider:

- Only 41% of counties have sexual assault crisis intervention
- Only 38% of counties have domestic violence crisis intervention
- The other core services are even scarcer.

\$125,000 would help provide crisis intervention services in a few more counties. Crisis intervention saves lives by helping domestic violence victims in the most danger plan for their safety, which may include staying in a shelter. Crisis intervention for victims of sexual assault is crucial to the reporting and prosecution process and/or to the eventual healing from this trauma.

KCSDV acknowledges this is one of Kansas' most difficult budget years and any loss to revenue is significant. Yet, when we consider what we can offer to victims of these devastating crimes for these few dollars, the pay back is perhaps even more significant.

KCSDV supports HB 2550

Miniature Fantasies
Eighteenth Annual Show & Sale
Dates: Feb 20th & 21st 2004

To: Chairman John Edmonds and
Members of the House Taxation Committee

From: Tracey Shafer Chairperson for Miniature Fantasies

Date: February 5, 2004

Re: HB 2544

I would like to thank Chairman Edmonds and the committee for allowing me the opportunity to testify before you in support of HB 2544.

Miniature Fantasies is a non-profit organization of miniature artisans that have a show yearly to raise funds for local charities and promote our hobby. Over the past 18 years we have raised more than \$90,000 for organizations such as The Children's Place, Harvester's, The Salvation Army, The Toy and Miniature Museum, and Concerned Care.

We attract visitors from all around the Midwest, raising money with ticket sales and auctions of donated craft items. All of our committee members volunteer their time and materials. We are recognized in the state of Missouri and federally as a tax-exempt organization under Federal tax exclusion section number 501(c) (3).

Because of increasing cost of venue in Missouri we choose to move our show to Kansas several years ago. When we did so we were informed that Kansas doesn't recognize our organization as tax-exempt. As a result we have had to pay taxes on our ticket sales, etc. This is several hundred dollars yearly that could be donated to a local charity. Our show will continue to bring in hundreds of dollars of tax revenue with the sales from the miniature dealers.

HOUSE TAXATION
ATTACHMENT 6
DATE 2-5

With the declining economy we raise less and less money each year, we would like to see as much as possible go towards charity.

I appreciate your time and attention to this matter and would be happy to stand for any questions.

Tracey Shafer
Publicity Chairperson
Miniature Fantasies
8633 W. 90th Terr.
Overland Park, KS 66212
913-642-4137

Concerned Care, Inc.

320 Armour Road, Suite 101 • North Kansas City, Missouri 64116 • 816-474-3026 • Fax/TTY: 816-474-3029

Barbara M. Griggs
Executive Director



February 3, 2004

To Members of the Committee:

Concerned Care is a private, not-for-profit agency that has assisted adults with developmental disabilities to live in their home communities for over 30 years. Through group homes, individualized supported living, and apartment programs, our agency provides room, board, routine care, protective oversight, supervision, and instruction, help and support to 120 individuals with significant disabilities. Most have mental retardation, as well as physical impairments requiring the use of wheelchairs, visual or hearing impairments, epilepsy, autism or other disabilities. In addition to assuring that people have safe, clean, attractive, homelike living environments; balanced, healthy daily diets; and have their daily needs met, our agency provides life skill instruction in areas ranging from tooth brushing to balancing a checkbook. We also provide a full range of community recreation services to over 500 adults and youth with developmental disabilities.

We have been supported in our efforts over the past several years by the fine organization, Miniature Fantasies, Inc. Their donations have enhanced our efforts to ensure the health, safety and well-being of the people we serve. In addition, the people we serve have the opportunity to volunteer as greeters at the door of the annual show. This is a wonderful and valuable opportunity for people who are often marginalized to have a valued, respected, and important public role. The consumers are thrilled to be able to meet the public and contribute in this way, and many of them have been introduced to the magical world of tiny things through the annual event.

We are deeply grateful for Miniature Fantasies, Inc.'s support and hope that your actions will assist their ability to continue to help community based charities in the Greater Kansas City area, such as our agency.

Sincerely,

Barbara M. Griggs, M.Ed., QMRP

Barbara M. Griggs
Executive Director



Concerned Care's Residential Program
is accredited by the Commission on
Accreditation of Rehabilitation Facilities.



Opening doors for citizens with developmental disabilities



*Toy and
Miniature Museum*
OF KANSAS CITY

February 2, 2004

Dear Chairman Edmonds and members of the House Taxation Committee:

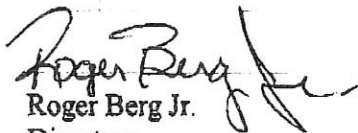
The Toy and Miniature Museum of Kansas City is a not-for-profit museum founded in 1982. The museum has over 30 rooms of antique toys, games, dolls, trains, and scale miniatures. The museum averages 30,000 visitors per year. The vast majority of our visitors are from Missouri and Kansas, but we have had guests from all 50 states and from all over the world.

We rely on admission charges and memberships to help offset operating expenses, but we also are dependent on the generous contributions we receive from groups such as Miniature Fantasies, Inc as we receive no Federal or State funding.

Over the past ten years Miniature Fantasies, Inc. has donated over \$18,000 to the Toy and Miniature Museum. There have been years when the contributions have been reduced due to higher operating expenses for the Miniature Fantasies Show and Sale, but Miniature Fantasies, Inc. has always been very generous in their support of the museum, and we heartily support any and all measures that would enable them to continue their generosity.

We hope that you would help Miniature Fantasies, Inc. to maximize the donations they are able to contribute to organizations such as the Toy and Miniature Museum.

Sincerely,


Roger Berg Jr.
Director



“A Walk in the Park”
Miniature Fantasies
Eighteenth Annual Show & Sale

Dates: Feb 20th & 21st 2004
Place: Reardon Civic Center
520 Minnesota Ave.
Kansas City, KS 66101

Events

Friday

Registered Classes & Mini Workshops
9am to 12pm & 1pm to 4pm
Dealers & Exhibits Open 6pm to 9pm

Saturday

Brunch 8:30am (Reservation Only)
Sales & Exhibits 11am to 6pm
Make it & Take it Table-free for kids
Bargain Table, Door Prizes & Raffles

Price \$6.00 for Adults. Children 3-12 \$3.00
Children 2 & under free.

Please no strollers. Benefits local charities.
For more info call: 913-642-4137 or e-mail
tracey_shafer@hotmail.com
www.miniaturefantasies.org