

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on February 10, 2004 in Room 519-S of the Capitol.

All members were present except:

Representative Ed O'Malley- excused
Representative John Edmonds, Chairman - excused
Representative Tom Sawyer- 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 Tom Sloan
Dennis Schwartz, Kansas Rural Water Association
Representative Patricia Barbieri-Lightner
Kiersten Adkins, Office Administrator for Advice and Aid Pregnancy Centers, Inc.
Barb Gosa, Executive Director of Advice and Aid Pregnancy Centers, Inc.

Others attending:

See Attached List

Vice-Chairman Dave Huff called the meeting to order and opened the floor for bill introductions.

Representative Bob Bethel requested a bill that would allow teacher to return to work in the school district from which they retired.

With no objections, this bill will be accepted for introduction.

There being no further bill introductions, the Vice-Chairman opened the meeting for public hearing on **HB 2284** and recognized Representative Tom Sloan as a proponent for the bill.

Representative Sloan affirmed in his testimony historically waste water treatment systems have not paid sales taxes on purchases, while some drinking water systems did. The Legislature provided a one-time opportunity for drinking water systems to select a fee payment option in lieu of paying sales taxes on purchases. **HB 2284** recognizes that some water systems that did not select the simple fee payment system would like a second chance and thus provides them with that option. (Attachment 1)

Next to address the committee as a proponent of **HB 2284** was Dennis Schwartz, Director of Kansas Rural Water Association and Manager of Shawnee County RWD 8 (Rural Water Department). This bill would provide needed resources to enable the Kansas Water Office to better address water supply and resource needs of the State of Kansas. It would also provide much needed additional funding so that water sources can be addressed. (Attachment 2)

There being no further proponents for **HB 2284** and no opponents, Vice-Chairman Huff closed the hearing.

Next the meeting was opened for public hearing on **HB 2543**. Representative Patricia Barbieri-Lightner came before the committee to thank them for allowing the hearing to take place, and for allowing the organization, Advice and Aid Pregnancy Centers, Inc. to, plead their case for tax exemption. She stated that they are an organization that provides valuable services to young new families who would not have the resources otherwise. (No Written Testimony)

Representative Barbieri-Lightner introduced Kiersten Adkins, Office Administrator for Advice and Aid Pregnancy Centers, Inc. who in turn introduced Barb Gosa, Executive Director of the organization who

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on February 10, 2004 in Room 519-S of the Capitol.

presented testimony in support of **HB 2543**. Ms. Gosa explained that the Advice and Aid Pregnancy Centers, Inc. provided many types of services to women who were facing an unplanned pregnancy. These services included legal support, counseling, mentoring as well as supplying such things as food clothing and personal care items. They feel that if **HB 2543**, which would make them exempt from paying sales tax, was passed, the savings could be passed on in the way of support for those who otherwise would be unable to obtain such services. (Attachment 3)

With there being no further proponents and no opponents, Vice-Chairman Huff closed the hearing on **HB 2543**.

The Vice-Chairman requested approval of the minutes from January 14th, 15th, 20th and 21st. Representative Goico made motion to adopt the minutes as read. Representative Siegfried made a second to the motion. The requested sets of minutes were adopted.

With no further business before the committee, the meeting was adjourned at 9:50 a.m.

JOE SLOAN
 REPRESENTATIVE, 45TH DISTRICT
 DOUGLAS COUNTY

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TOPEKA

HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENT
 CHAIRMAN: HIGHER EDUCATION
 MEMBER: UTILITIES
 ENVIRONMENT
 GENERAL GOVERNMENT &
 HUMAN RESOURCES
 BUDGET

Testimony on HB 2484

Mr. Chairman, members of the committee:

I appreciate the opportunity to present information relevant to HB 2484. As many of you know, I am chairman of a Douglas County Rural Water District.

Background: Historically, waste water treatment systems have not paid sales taxes on purchases, while drinking water systems did. Aside from an equity problem, the tax laws created practical problems for municipalities and vendors. For example, if a city purchases pipes and valves for use by both parts of its combined water/wastewater department, how is the material taxed?

To address this bookkeeping nightmare, the Legislature provided a one-time opportunity for drinking water systems to select a fee payment option in lieu of paying sales taxes on purchases. Working with the Department of Revenue, water systems were authorized to pay approximately 3 cents per 1,000 gallons of treated water sold at retail. Most municipal and rural water districts public drinking water systems elected to pay the Clean Drinking Water Fee because of its simplicity. The approximately \$3 million collected holds the state "harmless".

HB2484: Recognizes that some water systems that did not select the simple fee payment system would like a second chance, thus the provision on page 1, Section 1(b)(2) permitting that second chance. Note that the movement from paying sales tax to the fee is irrevocable. This is a conscious recognition that drinking water systems should not be able to switch to the fee system when planning a major investment in equipment and then return to the sales tax option when that is more advantageous. The Department of Revenue could not effectively audit such actions and the State's revenues from water systems would be unpredictable.

Beginning on page 1, Section 2 (b)(2) addresses the use of the clean drinking water fee monies. Currently the money is remitted to the State General Fund. Drinking Water systems agreed that the State's revenue decline necessitated such legislative action. However, water systems repeatedly made the point in 2002 that ultimately the money should be targeted to programs that directly benefit drinking water systems and their customers.

Recognizing the dual need to maintain the SGF and fund water programs, HB 2484 states that commencing on January 1, 2006, the Clean Drinking Water Fee monies shall be credited to the State Water Plan fund for use in (1) protecting and renovating lakes which are used as a

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source of water for public water supply systems, and (2) providing on-site technical assistance to drinking water systems. The approximately \$3 million per year would directly benefit the persons paying the Clean Drinking water fee.

Summary: In conversations with the Kansas Water Office prior to introducing HB 2484, the KWO leadership indicated that the Clean Drinking Water Fee money would nearly restore full funding to the State Water Plan. The KWO staff further stated that lake preservation/restoration and on-site technical assistance are essential actions if drinking water systems are to meet increasingly strict EPA regulations.

The bill is drafted so that the SGF is protected until January 2006 in recognition of the State's continuing revenue pressures. However, after January 1, 2006, the legislative commitment to use the Clean Drinking Water Fee monies directly to benefit water systems operations and water customers is kept.

Other conferees can provide more detail about the equity and need issues. I will be pleased to respond to committee member questions.



KANSAS
RURAL
WATER
association

Quality water, quality life

P.O. Box 226 • Seneca, KS 66538 • 913/336-3760 • FAX 913/336-2751

COMMENTS ON HOUSE BILL 2484
BEFORE THE HOUSE TAXATION COMMITTEE
February 3, 2004

Mr. Chairman and Members of the Committee:

The Kansas Rural Water Association appreciates this opportunity to comment on HB 2484. Kansas Rural Water provides training and technical assistance to municipal and rural water systems and has more than 725 city and rural water system members.

HB 2484 would provide needed resources to enable the Kansas Water Office to better address water supply and resource needs of the State of Kansas. HB 2484 would provide much needed additional funding so that water supply resources can be addressed. The restoration of water supply reservoirs is a major concern to many public water systems. We believe there must be additional attention given to further protecting these facilities from additional silting.

Not only are there needs with the physical aspects of water resource management, there are the continual needs for local water systems to deal with ever-increasing and ever more complex sets of regulations. Combining that factor with declining human capital and local expertise available in hundreds of small public water systems, the on-site technical assistance that has been provided through the State Water Plan has been invaluable to water loss reduction and improved management and operation of these utilities. You will rarely find a newspaper headline in Kansas telling of a small town or rural water district that is without service because of equipment failure or problems of broken pipelines. The excellent record of service is because of the dedication of local communities to provide good service and it's also in great measure to the assistance that is provided to communities to help them. Scores of problems are addressed proactively, before they become crises. There needs to be a way to ensure funding for the continued excellent work on water loss, leak detection and other conservation measures for which the State of Kansas has received national recognition. If the maintenance of public water systems is important to the state, then the state and systems must work cooperatively to find ways so that systems that need help get help.

The Clean Drinking Water Fee was created by SB 322 in the 2001 session. The deposits to that Fee are generated from 3 cents per thousand gallons of water sold at retail by 780 cities and rural water districts. SB 322 provided for the Clean Drinking Water Fee in lieu of these public water systems continuing to deal with the very difficult administration of sales tax application on their purchases. Approximately 90 systems opted to continue to pay sales tax. HB 2484 will allow those another opportunity to pay the Fee vs. sales tax.

The Kansas Rural Water Association respectfully requests your favorable support of HB 2484.

Dennis Schwartz
Director, Kansas Rural Water Association
Manager, Shawnee County RWD 8

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Attachment 1

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Advice and Aid Pregnancy Centers, Inc.

11031 W. 75th Terrace, Shawnee, KS 66214 • Phone (913) 962-0200 • Fax (913) 962-0295
Satellite office: 801 S. Clairborne, Olathe, KS 66062 • Phone (913) 829-2272

February 6, 2004

The Honorable John Edmons
300 SW 10th Street
Topeka, KS 66612-1504

Dear Representative Edmons:

We would like to thank you for providing the opportunity to review Advice and Aid Pregnancy Center, Inc. tax exemption status. We are a 501 (c) (3) under the Internal Revenue Service non-profit status. We function solely from the donations of caring individuals, supportive churches and community grants. We have been serving the community for more than 20 years as a compassionate outreach ministry to families facing an unplanned pregnancy. All of our services are provided free of charge

Advice and Aid respects that a woman has a legal right to choose and goes to great lengths to assist women in making an educated choice. Our experience demonstrates that most of the women who are facing an unplanned pregnancy and contemplate abortion, do not *want* to have an abortion. There are often perceived obstacles in their life that make terminating the pregnancy feel like the only viable option. By providing solutions to those perceived obstacles, we make freedom of choice a reality.

Our organization is dedicated to caring for our clients. Through the generosity of our donors, we are able to address their physical needs, providing food, clothing, diapers, personal care items, car seats, cribs, and many other items that are needed during pregnancy and the first few years of caring for a child. Donors have also given cars, furniture, temporary lodging and other large items that go directly to clients in need.

We provide lay counseling, mentoring and support groups. We have structured workbooks that help in thinking through their decision to parent or place for adoption. We provide instruction on childbirth, fetal development, nutrition and exercise, parenting, relational topics, time management, budgeting and decision making. We refer to physicians, attorney and professional counselors who serve our clients either at a reduced cost, for no charge or in exchange for community service.

Our goal in serving the community in this area is to give support to people that would otherwise feel hopeless, provide encouragement to clients to take positive steps to enrich their lives to ensure a hopeful and prosperous future.

Respectfully,

Barb Gosa
Executive Director

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Attachment 3

Date 2-10-04