

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on February 20, 2004 in Room 519-S of the Capitol.

All members were present.

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:

Others attending:

See Attached List.

Chairman Edmonds called for any bill introductions. Seeing none, he directed the committee's attention to **HB 2599**.

*The Chairman recognized Representative Siegfried who make a motion to amend **HB 2599** by striking Section 11 in its' entirety. The motion was seconded by Representative Goering.*

*Representative Siegfried moved his amendment.*

*Vote was taken motion passed.*

*Representative Siegfried made a motion that **HB 2599** be moved out of the committee favorably as amended. Representative Goico seconded the motion.*

Chairman Edmonds opened the floor for discussion on the amended bill.

Representative Larkin opposed passing the bill out favorably. He stated that he felt that there are a number of things that can be done as a committee to help make the law that was passed last year work better.

Representative Sawyer also opposed **HB 2599** as amended. He stated that he felt it would be a big mistake for the committee to pass out a bill that essentially repeals destination sourcing for a long period of time. He felt it sent a wrong message to businesses and gave them a false hope.

Representative Miller voiced his opposition to the amended **HB 2599** stating he agreed with the same issues as Representative Sawyer.

It was the opinion of Representative Schwab that **HB 2700** was a better way to go, but he will support **HB 2599**.

Next to opine on **HB 2599** was Representative Owens who stated that the more thought he gave to the bill, the more he came to the conclusion that this was the right bill to pass. It was his feeling that the original bill was passed in haste. He also feels that Congress needs to deal with this as it is a national problem.

Representative Gordon stated that she is in full support of the amended **HB 2599**.

In the opinion of Representative Kirk, she stated she was equally concerned about small business, but delaying the bill is not going to protect the small businesses. In her opinion the real issue is how to mitigate the problems they are experiencing and there are things that could be done with the existing bill that would help mitigate the problem. Something needs to be done to support small businesses, but postponement is not the answer. She opposes the **HB 2599**.

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on February 20, 2004 in Room 519-S of the Capitol.

Representative Goico stated that last year in the middle of the night **HB 2599** was passed without consideration or discussion of the details that would affect small businesses. It was implemented last summer and almost overnight the small businesses were forced to try to comply with the legislation. He stated that he believes that by giving extra time to businesses to understand their compliance and prepare for the future that they are actually being given an opportunity to be better prepared. He is in support of **HB 2599**.

Representative Thull stated that small business in his district were shocked at the legislation of **HB 2599**, but had worked to comply. They are struggling to maintain the vitality of the downtown businesses and retailers who have been there for many years and it is those businesses who are being "hammered" by unfair competition. Therefore, he opposes the bill.

Next to voice opinion on **HB 2599** as amended was Representative Davis who stated that this legislation has added a burden to small businesses, but they have worked to make adjustments and done their best to comply with the law. He feels that we need to look at the larger picture. The loss of \$6.5 million dollars will have to be cut from somewhere in the State program. Representative Davis also wished to express his gratitude to the Secretary of Revenue for all she has done in this situation. He opposes the bill.

Representative Owens was recognized and stated that he wished to express his appreciation to the Secretary of Revenue in trying help small businesses try to comply. Small businesses have reported to him that the SSTP (Streamlined Sales Tax Project) is a terrible burden. It is his feeling that **HB 2599** allows a continued March, but allows some of the weight to be relieved from the shoulders who are suffering. This bill will stall the implementation of this and remove it from the backs of people who have been hurt by it while the determination is made on how to better function with it and better work with it and better encourage Congress to do something with it. He stands in support of the bill.

Representative Larkin opined that **HB 2599** was passed the last day and last hour of the Session. Destination sourcing and local use tax were always a part of the bill. The only change that was made in the final hour was the fact that the implementation date was moved from July 1, 2004 to July 1, 2003.

Chairman Edmonds asked Representative Siegfried to closed.

In his closure, Representative Siegfried wished to express his appreciation of the Department of Revenue and their efforts. He stated that the amended **HB 2599** was a better bill that wouldn't require so much of their effort to make it work. He also stated that there was precious little benefit for the State of Kansas until Congress acts. This bill is specifically crafted to keep Streamlined Sales Tax alive without harming the small businesses until Congress acts. With those comments Representative Siegfried moved his bill.

Vote was taken motion passed to pass the bill out favorably as amended.

Those wishing to have their votes recorded were:

Representative Siegfried	Yes
Representative Schwab	Yes
Representative Goico	Yes
Representative Goering	Yes
Representative Brunk	Yes
Representative Faber	Yes
Representative Gordon	Yes
Representative Tafanelli	Yes
Representative Owens	Yes
Representative Jack	Yes
Representative O'Malley	Yes

Next on the agenda was the request for adoption of the minutes from January 27<sup>th</sup>, January 28<sup>th</sup>, January 29<sup>th</sup> and February 3<sup>rd</sup>.

CONTINUATION SHEET

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Representative Larkins make a motion that the minutes be adopted as read. Representative Schwab seconded the motion.

Minutes were adopted as read.

With no further business before the committee, the meeting was adjourned.

