

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on March 12, 2004 in Room 519-S of the Capitol.

All members were present except:

Representative Lee Tafanelli- 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 Stephanie Sharp
Representative Jeff Goering
Representative Steve Brunk
Jan Bonine, Elder Care
Laurel Alkire, Senior Services of Wichita
Sharon Geiss, Mid America Nutrition Program
Shirley Spittles, North Central Flint Hills Area Agency on Aging
Jane Metzger, Executive Director Meals on Wheels Shawnee and Jefferson County

Others attending:

See Attached List.

Chairman Edmonds opened the meeting asking for any bill introductions.

Representative Brunk requested the introduction of a bill that tweaks an existing STAR Bond bill. It is peculiar to a project in Sedgwick County and will not affect anything else.

Hearing no objections, the Chairman will accept that for introduction.

With no further bill introductions, Chairman Edmonds opened the public hearing on **HB 2884**. Representative Stephanie Sharp brought testimony to the committee supporting **HB 2884** which would exclude from the definition of "selling price" for sales tax purposes cash rebates granted by manufacturers to purchasers and lessees of new cars, provided such rebates are paid directly to retailers as a result of the original sales. (Attachment 1) Representative Sharp also submitted a letter from David & Margaret King of Shawnee, Kansas relating their experience in the purchase of a new automobile in the fall of 2003 when they were charged sales tax on the listed price rather than on the actual sales price. (Attachment 2)

Next to give testimony supporting **HB 2884** was Don McNeely, KADA President (Kansas Automobile Dealers Association) stating that this would exclude manufacturer cash rebates from the taxable selling price of a new motor vehicle. (Attachment 3)

There were no other proponents of **HB 2884** and no opponents, therefore the Chairman closed the public hearing on the bill.

Next on the agenda was the opening of the public hearing on **HB 2866** the Chairman recognizing Representative Jeff Goering who testified in favor of the bill which would grant a sales tax exemption for organizations that provide nutrition programs for homebound Kansans such as Meals on Wheels (Attachment 4)

Jan Bonine, Executive Director, ElderCare, Inc. came before the committee also favoring the passage of **HB 2866**. This agency provides senior nutrition services in a 28 county region. They average 1450 meals per day. They have an estimated average of \$4500 per year in tax obligation and if this bill passed they would be able to serve an additional 2250 meals. (Attachment 5)

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on March 12, 2004 in Room 519-S of the Capitol.

Supporting **HB 2866** was Laurel Alkire, Executive Director of Senior Services, Inc. Of Wichita. They are the sole provider of the Meals on Wheels program in Wichita and serve close to 900 people in their homes 5 days a week. They pay close to \$10,000 in sales tax for items such as plastic trays, warming ovens, as well as maintenance on kitchen equipment. The savings which passage of **HB 2866** would allow them would to serve an additional 2, 347 meals to homebound older people in Wichita. (Attachment 6)

Representing Mid-America Nutrition Program, Inc. was the Executive Director, Sharon Geiss. They also favor the passage of **HB 2866**. Each year they serve more than 200,000 meals over a five county area. They feel that a balance meal is an essential and economical way to help keep these elderly people healthy and independent in their own homes. If they had the savings from sales tax exemption, they could leverage that money to make differences in additional lives of the elderly. (Attachment 7)

Appearing before the committee in support of **HB 2866** was Shirley Spittles, Director of Field Services of the North Central-Flint Hills area Agency on Aging. They operate 46 dining centers in an 18 county area of north Central Kansas. They are motivated by the fact that their customers regularly report significant benefits and health improvements as a result of their services. They serve approximately 1827 hot, nutritious meals daily. The benefits from the passage of **HB 2866** would save their program about \$7,000 a year which would provide approximately 1,640 additional meals. (Attachment 8)

Jane Metzger, Executive Director, Meals on Wheels of Shawnee and Jefferson Counties, Inc., requested the committee recommend **HB 2866** favorable for passage. He testimony addressed an evaluation by Kansas State University that reported 28% of those served home delivered meals said that they would not have been able to remain in their homes without the meals, and 88% of those interviewed reported that the meals helped them maintain their security, dignity and independence. During fiscal year 2003, the agency spent approximately \$3, 317 on sales tax which would be an additional 609 meals. (Attachment 9)

Representative Steve Brunk also addressed the committee in support of **HB 2866** relating the importance of the services provided to many home bound individuals and requesting the consideration of an extended sales tax exemption to these worthy organizations. (Attachment 10)

With no other person wishing to address **HB 2866**, the Chairman closed the public hearing.

The adoption of minutes for February 10th, 11th, 12th, 17th, 18th, 19th and 20th was requested.

Representative Huff made a motion to adopt the minutes as read. The motion was seconded by Representative Owens. Motion passed. Minutes were adopted.

Chairman Edmonds turned the committees' attention to **HB 2627**. When the bill was assigned to the committee, it included a tax provision as well as some provisions that were more appropriate to the higher education committee. On examination by the author, it proved that the tax provisions were, in fact, redundant. What needed to be done to move the bill along was to strike Section 1 and to advance the amended bill when then will be pulled into the House Higher Education Committee.

Representative Huff moved that Section 1 be deleted. Representative Goico made a second to the motion. Vote taken. Motion passed.

Representative Huff made a motion that **HB 2627** be moved out of committee favorable for passage as amended. Representative Brunk made a second to the motion. Vote taken. Motion passed.

The Chairman then requested the committees' attention be directed to **SB 147** dealt with a sales tax issue in Chase County which was amended into conference committee report on **HB 2005** last year, therefore, **SB 147** is not needed. The Chairman desired to gut the bill and replace that bill with the contents of **HB 2560** as it passed the committee.

Representative Goering made a motion to gut **SB 147**. A second to the motion was made by Representative Brunk. Vote take. Motion passed.

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on March 12, 2004 in Room 519-S of the Capitol.

Chairman Edmonds requested a motion to insert the contents of **HB 2560** as passed by the committee into **SB 147**.

Representative Goico moved that the contents of **HB 2560** be inserted into **SB 147** as passed by the committee. The motion was seconded by Representative Brunk. Vote taken. Motion passed.

Representative Huff made a motion that the bill be amended to read Douglas County. Representative Davis seconded the motion. Vote was taken. Motion passed.

Representative Schwab made a motion to pass **SB 147** favorable for passage as amended. Representative Siegfried made a second to the motion. Vote taken. Motion passed.

Chairman Edmonds turned to **HB 2255** as the next item on the agenda. Representative Goico proposed an amendment to **HB 2255**. Basically, it would add language that does no represent a substantial capital improvement to such property and would delete, landscaping planting of trees, flower beds, shrubbery and lawns. It also would add the language repainting exterior surfaces of buildings on the property, replacing comparable quality roofing materials, or replacing comparable quality as well as that would be required to maintain the property in the property's original state of appearance. Representative Goering seconded the motion. Vote was taken. Motion passed. Bill is amended.

Representative Goico made a motion that **HB 2255** be moved out favorable for passage as amended. The motion was seconded by Representative Goering.

In discussion Representative Larkin stated that he felt it was a huge mistake to try to rewrite the appraisal policy. He strongly opposed the bill as amended. Representative Larkin made a motion to table the bill. Representative Davis seconded the motion. A vote was taken. Motion to table passed.

Representative Goico and Representative Siegfried requested to be recorded as voting no.

Chairman Edmonds brought attention to **HB 2544** stating that his intention was to amend three other bills into the bill. These bills are **HB 2550**, **HB 2650** and **HB 2866**.

Representative Huff moved that **HB 2544** be amended with **HB 2550**, **HB 2650** and **HB 2866**. The motion was seconded by Representative Gordon. Vote was taken. Motion passed.

Representative Goico made a motion to amend **HB 2911** into **HB 2544**. Representative Goering seconded the motion.

Chairman Edmonds called for discussion on this motion. Representative Larkin questioned the fiscal note which Mr. Courtwright of the Legislative Research Department stated was \$5.6 million.

Representative Owens stated that he felt amending **HB 2911** into **HB 2544** might jeopardize **HB 2550**, **2650** and **HB 2866** that were previously amended into **HB 2544**.

A vote was taken on the motion by Representative Goico to amend **HB 2911** into **HB 2544**. Motion failed.

The Chairman turned attention back to **HB 2544**.

Representative Jack moved that the miniature fantasies exemption be struck from **HB 2544**.

Asked to explained his reason, Representative Jack explained that it was his understanding that miniature fantasies was more of a hobby than a business. Representative Huntington and Representative O'Malley concurred and Representative Brunk concurred with Representative Jack.

Back on the motion, Representative Jack moved his motion. Vote taken. Motion passed.

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on March 12, 2004 in Room 519-S of the Capitol.

Representative Huntington moved that **HB 2175** be amended into **HB 2544**. Representative Owens seconded the motion. Vote taken. Motion passed.

Representative Sawyer moved that **HB 2084** be amended into **HB 2544**. Representative Larkin seconded the motion. Vote taken. Motion passed.

Representative O'Malley made a motion to amend **HB 2544**, Section 3, Page 20 to read this act take effect and be in force from January 1, 2005. Representative Jack seconded the motion. Vote taken. Motion adopted.

A motion was made by Representative Powers make an amendment to exempt coin sales in the State of Kansas from sales tax collection. Representative Faber made a second to the motion. Motion failed.

Once again Chairman Edmonds returned to the amended **HB 2544**. Representative Gordon made a motion to pass out **HB 2544** favorable for passage as amended. Representative Owens made a second to the motion.

Representative Brunk wished to add one more exemption to **HB 2544**.

Representative Gordon withdrew her motion.

Representative Brunk made a motion to amend the Spina Bifida Association of Kansas into **HB 2544** for exemption. The Chair interpreted the motion to be conceptual in nature. Representative Gordon made a second to the motion. Vote was taken. Motion passed.

Representative Gordon made a motion to pass out favorable for passage **HB 2544** as amended. The motion was seconded by Representative Owens. Vote was taken. Motion passed.

The Chairman adjourned the meeting and announced the committee would meet again at 11:00 a.m.

State of Kansas

House of Representatives

STEPHANIE SHARP
REPRESENTATIVE, 17TH DISTRICT
300 SW 10TH AVENUE
STATE CAPITOL, ROOM 175-W
TOPEKA, KANSAS 66612-1504
(785) 296-7616
(800) 432-3924
TTY (785) 296-8430
sharps@house.state.ks.us



TOPEKA

COMMITTEE ASSIGNMENTS
MEMBER: COMMERCE AND LABOR
HEALTH AND HUMAN SERVICES
ETHICS AND ELECTIONS
INSURANCE

SERVING LENEXA AND SHAWNEE

Testimony in support of HB 2884
House Assessment and Taxation Committee
March 12, 2004

Chairman Edmonds and Members of the Committee:

Thank you for affording me the time to come before you today in support of HB 2884, a bill to exclude from the definition of "selling price" for sales tax purposes cash rebates granted by manufacturers to purchasers and lessees of new cars, provided such rebates are paid directly to retailers as a result of the original sales.

The original fiscal estimate was a mere \$3.6 million. Since its introduction, the estimate has been readjusted to reflect the increasing aggressive use of rebates to encourage new car sales. Unfortunately, the new estimate is more than double that amount, but I would still like to make the committee aware of this issue.

I requested this bill be introduced because a constituent contacted me with a very legitimate concern. Under current law, someone buying a \$20,000 Chevy Malibu and receiving a \$2,000 manufacturers' rebate is charged sales tax on a \$20,000 transaction in lieu of an \$18,000 transaction. This issue causes a good deal of consternation among our constituents, and this committee in fact approved during the 2002 session this very legislation. HB 2884 holds that sales tax would be charged on the net transaction of \$18,000 in our example, the amount the consumer actually spent.

I would not presume to be as knowledgeable as the committee about tax policy in Kansas. That being said, it has always been my understanding that the intent of sales tax was to tax consumers on what they spend. Please see my constituent's written testimony for a personal accounting of his experience.

Thank you for your time and consideration of this issue.

A handwritten signature in cursive script that reads "Stephanie Sharp".

Representative Stephanie Sharp

HOUSE TAXATION
Attachment 1
Date 3-12-04

State of Kansas

House of Representatives



TOPEKA

STEPHANIE SHARP
REPRESENTATIVE, 17TH DISTRICT
300 SW 10TH AVENUE
STATE CAPITOL, ROOM 175-W
TOPEKA, KANSAS 66612-1504
1785) 296-7616
1800) 432-3924
TTY 1785) 296-8430
sharps@house.state.ks.us

COMMITTEE ASSIGNMENTS
MEMBER: COMMERCE AND LABOR
HEALTH AND HUMAN SERVICES
ETHICS AND ELECTIONS
INSURANCE

SERVING LENEXA AND SHAWNEE

Dear Representative Sharp:

The following is my experience in paying sales tax on a new vehicle purchased in the fall of 2003:

We purchased a new Cadillac Deville from Van Chevrolet-Cadillac which is located in Kansas City, MO. The sticker price on the vehicle was \$47,800. After our negotiations we agreed on a price that we would pay and that was \$35,200. The actual sales contract listed a cash price of \$43,700 less \$8,500 in rebates for a total balance we would pay Van Chevrolet-Cadillac of \$35,200. \$6,000 was listed as manufacturer's rebates and \$2,500 was for discounts from using our GM credit card.

When I went to get my registration and license tags at the Kansas Motor Vehicle Dept., I was charged sales tax on \$43,700 rather than what I actually paid for the car. I was so shocked that I left the counter convinced this was some kind of mistake. After numerous calls I was finally convinced that that was correct even though it didn't make sense. When I talked to the finance manager at Van's (which is in Missouri), he told me if I lived in Missouri I would only pay sales tax for the actual sales price and not on the rebate dollars. My total sales tax was \$3,311. According to my figures, we paid \$642 in sales tax on dollars we did not pay. No one pays actual sticker price. Dealers and buyers play all kinds of games in buying a car. When it is all over you arrive at a number that you are willing to pay and the dealer is willing to sell it for. The games the dealer and manufacturer play shouldn't influence the taxable selling price.

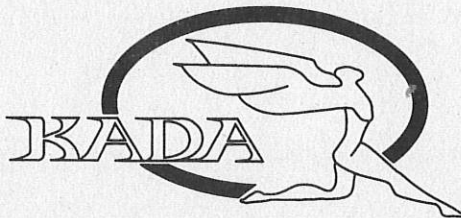
We very much appreciate your pursuing this bill. Thank you.

David & Margaret King
13411 W. 71st
Shawnee, KS 66216
Temp. phone# 239-731-3646

HOUSE TAXATION

Attachment 2

Date 3-12-04



KANSAS AUTOMOBILE DEALERS ASSOCIATION

March 12, 2004

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

From: Don L. McNeely, KADA President

Re: HB 2884 - Support

Good morning, my name is Don McNeely and I serve as President of the Kansas Automobile Dealers Association. I appear before you this morning in support of HB 2884, which would exclude manufacturer cash rebates from the taxable selling price of a new motor vehicle. The last time, we had the opportunity to speak to this issue was during the 2001 Legislative Session in front of this Committee.

It is no secret that motor vehicle manufacturers' rebates and incentives are an integral part of the pricing of many new vehicles, especially as inventories of a particular model increases or as the economy slows, which of course has been the case over the last couple of years. Under current law, only dealer-sponsored discounts and/or incentives are allowed to reduce the taxable selling price of motor vehicles in Kansas. Thus, our members are placed in the difficult position of explaining why the "\$1500 Manufacturer Cash Rebate" the consumer receives from the automobile manufacturer is subject to Kansas Sales Tax, when the dealer's own discount or incentive is not.

This explanation and discussion with the consumer has increased considerably over the last several years, due to the fact the Missouri Legislature exempted manufacturers' rebates and incentives from Missouri Sales Tax. Yes, it is true if a Kansas consumer purchases a motor vehicle in Missouri; the Kansas County Treasurer in which the vehicle is to be domiciled should collect the sales tax on any manufacturer rebate or incentive. But, as I suggested in 2001, we believed this was not always occurring, and unfortunately, the recent Legislative Post Audit on Taxes on Motor Vehicle Sales confirmed our suspicions, as the Missouri dealer's bill of sale did not have the manufacturer's rebate or incentive subtracted from the taxable selling price of the vehicle.

On behalf of the Kansas Automobile Dealers Association, I thank the Members of the Committee for allowing me to appear before you this morning, and I would be happy to answer any questions you may have.

HOUSE TAXATION

Attachment 3

800 S.W. Jackson, Suite 1110 • Topeka, KS 6661 Date 3-12-04

Telephone (785) 233-6456 • Fax (785) 233-1462

EFF GOERING

REPRESENTATIVE, 105TH DISTRICT

1829 SMARSH

WICHITA, KANSAS 67212

(316) 773-2167

STATE CAPITOL BUILDING—ROOM 175-W

TOPEKA, KANSAS 66612-1504

(785) 296-7641



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENT

MEMBER: CORRECTIONS AND JUVENILE JUSTICE
JUDICIARY
TAXATION**TESTIMONY IN FAVOR OF HB 2866**

Thank you Mr. Chairman and members of the committee for the opportunity to testify in favor of HB 2866, which would grant a sales tax exemption for organizations that provide nutrition programs for homebound Kansans such as Meals on Wheels.

Social Services, Inc. of Wichita serves close to 900 meals a day, five days per week, to homebound people in Wichita. In most cases, this is probably the only time these people get a good, nutritious meal. While Social Services, Inc. of Wichita is exempt from sales tax on food items, they are not exempt from sales tax on other items necessary to deliver meals, such as plastic trays, warming ovens, and maintenance and repair of kitchen equipment.

Social Services, Inc. of Wichita has been hit hard in recent years by the funding cuts in the social services budget. HB 2866 would not cost the state a great deal of money, but would provide organizations such as Social Services, Inc. of Wichita with some much needed relief. This, in turn, will allow these organizations to continue to provide a safety net for low income Kansans who are most in need of social service assistance.

HOUSE TAXATION

Attachment 4Date 3-12-04

Testimony

Submitted to the
House Taxation Committee
Rep. John Edmonds, Chair

Regarding
Sales Tax Exemption for Meal on Wheels

By Jan Bonine
Exec. Director, ElderCare, Inc.
March 12, 2004

Providers of Meals on Wheels (senior nutrition services) throughout Kansas request that the current sales tax exemption, which applies only to purchases of food, be expanded to include all sales of goods and services for Meals on Wheels. We ask for a favorable vote on HB 2866.

We recognize the difficulties you face in balancing the state budget, and are appreciative of the efforts you make on behalf of the people of Kansas.

We are faced with the difficulties of balancing our own agency budgets with ever escalating costs and limited resources. If it is unrealistic to expect that federal and state funding can be increased, could you at least cut us a break in the amount we are expected to pay the state in sales tax?

Senior meal providers are funded and governed in varying ways, and the obligation to pay sales tax varies as well. Some providers are part of a county or city unit of government, or are part of a hospital, and are thus exempt. Most of the providers in the state are private nonprofit agencies, having neither the purchasing power of the larger entities or the tax exemptions. Most businesses we buy from think we are tax exempt, until we tell them we are not. We are asking you to expand the tax exemption from 'food' to 'all goods and services' purchased for our meal programs.

Our agency, ElderCare, provides senior nutrition services in the 28 county region served by the SouthWest Kansas Area Agency on Aging. Funding for our meal program as roughly 41% federal, 11% state, and 49% contributions/payments from customers for the

HOUSE TAXATION

Attachment 5

Date 3-12-04

meal they receive. We average 1450 meals per day served over this quarter of the state's geography, working with 42 local senior centers and Meals on Wheels programs. We do not currently have a waiting list at any existing service site. However – there are still many communities without senior meal service of any kind in our area. So in effect, seniors in those communities are waiting for Meals on Wheels to be developed in their community. This year we are going to receive monies from the Meals on Wheels Check-off and are working with additional local communities to expand meal service into their communities.

The sales tax amount our agency pays varies from year to year depending on our need, and our financial capacity, to replace vehicles, kitchen equipment, and computers. We estimate an average of \$4500 per year in tax obligation. If we could save \$4500, we could serve an additional 2250 meals. Our clients contribute 49% of the cost of meals, so the leverage provided by a \$4500 savings is considerable.

Please vote to pass HB 2866 which will broaden the sales tax exemption for senior meal services from food purchases only, to all goods and services. Thank you for your consideration of this request.

Testimony n favor of HB 2866
Sales Tax Exemption on Tangible Property used by
Older Kansans Nutrition Programs
March 12, 2004

Chairman Edmonds and honorable committee members,

I am Laurel Alkire and I am the Executive Director of Senior Services, Inc. of Wichita. We have been the sole provider of the Meals on Wheels (MOW) program in Wichita since 1968. Thousands of older homebound people in Wichita depend on the program for a meal, many as the only source of good nutrition that they will get.

Many of our vendors, clients and volunteers assume that we are sales tax exempt because we are a not-for-profit social service agency serving those in need. We must constantly explain that we are only exempt from sales tax on food items used for Meals on Wheels. Other nutrition programs in the state are sales tax exempt as they are housed under governmental organizations or other entities such as the American Red Cross, that already have sales tax exemption. We feel that this puts program like ours at a disadvantage, as we incur more costs for a comparable service which in essence keeps us from serving more people. Private, not-for-profit agencies typically administer the MOW program with a lower overhead (approximately 10% for Senior Services, Inc.) and we have the ability to leverage the private dollars we raise and to recruit volunteers to assist us in providing our service.

In serving close to 900 a people in their home 5 days a week, supplies, materials and equipment are costly and in 2003, Senior Services, Inc. paid close to \$10,000 in sales tax for the items such as plastic trays to hold the meals, new warming ovens, and maintance and repair of aging kitchen equipment.

While funding for nutrition programs vary from program to program, most rely on public funding for the bulk of their revenue. As public funding decreases, efforts are made to increase other sources of revenue. In recent years, the Meals on Wheels program, like many other social service programs, has been hit hard by funding cuts and decreases in private donations and client income. In 2003, Senior Services, Inc. was hit with an \$88,000 cut in state general funding for the MOW program that is scheduled to be stretched over 3 years (at \$29,000 per year). Private donations and client income revenue are also down, about \$17,500 in 2003, and our United Way of the Plains funding for 2005 is in question as that organization will use a new system to allocate funds next year. In reaction to recent cuts, evening meal delivery was discontinued and the number of staff in MOW was decreased.

If Senior Services, Inc. of Wichita can save \$10,000 a year in sales tax for MOW purchases, this would allow us to make up for other funding cuts and continue to serve the clients that depend so much on that nutritious meal. The \$10,000 saved in tax expense would allow us to serve approximately 2, 347 meals to homebound older people in Wichita (based on cost of \$4.26 per meal)

HOUSE TAXATION

Attachment 6

Date 3-12-04

Thank you for your consideration of this matter. I will stand for questions.

Laurel Alkire
Executive Director
Senior Services, Inc. of Wichita



MID-AMERICA NUTRITION PROGRAM, INC.

1538 Industrial Avenue • Ottawa, Kansas 66067

785-242-8341 FAX: 785-242-0055

Testimony in Support of HB 2866

Sales Tax Exemption on Tangible Property used by Older Kansans Nutrition Programs
March 12, 2004

Chairman Edmonds and honorable committee members,

My name is Sharon Geiss. I am the Executive Director of Mid America Nutrition Program, Inc. Mid America Nutrition Program, Inc. has been providing Meals on Wheels and Congregate meals to Seniors in a five county area of East Central Kansas for more than 25 years. Each year we provide more than 200,000 meals to more than 2500 of the elderly in Anderson, Franklin, Coffey, Osage and Miami Counties. Some live in isolated rural communities where there is no grocery store or café. A balanced meal is an essential and economical way to help keep these elderly healthy and independent in their own homes.

As a private not for profit we work hard to keep our meal costs as low as possible. At \$3.83 per meal we have one of the lowest per meal costs in the state. Federal, state and county tax money cover 65% of the cost of each meal leaving 35% to be covered by donations, fundraising or grants. Exemption from sales tax on tangible property would save our program approximately \$9000 each year. Enough to purchase 2350 meals which would feed 10 elderly a hot meal, five days a week for a year. This would care for all the seniors we are currently providing meals to in the towns of Quenemo, Kincaid and Colony.

Mid America Nutrition Program, Inc. like all nutrition programs has struggled to balance our budget as funding remains the same each year (or decreases as it did in 2003). We spend more time each year raising money and asking our participants for donations. As our population ages it makes sense to help private not for profits in little ways like this exemption because we in turn can leverage that money to make real differences in so many lives of the elderly.

Thank you for allowing me the opportunity to express my support for HB 2866. I will stand for questions.

Sharon Geiss
Executive Director
Mid America Nutrition Program, Inc.

HOUSE TAXATION

Attachment 7

Date 3-12-04

. Morning.

I am Shirley Spittles, Director of Field Services of the North Central-Flint Hills Area Agency on Aging. I direct the Older Kansans Employment Program, Housing Section 8 Choice Voucher Program and have directed the Nutrition Program since 1991.

Representative Edmonds, I appreciate the opportunity to address this committee. I wish to speak specifically to the need to vote in favor of House Bill 2866 which will broaden the sales tax exemption for senior meals services to include all goods and services.

Nutrition services have been provided as a direct service of the North Central-Flint Hills Area Agency on Aging for more than 25 years. The Agency has effectively provided congregate and home-delivered meal programs in the 18-county area. The staff is committed to providing high-quality nutrition services and continually strives to increase excellence and accessibility of the program.

All prepared meals contain at least one-third of the required daily amount of nutrients for older adults. Menu item choices are frequently available and customers may request special diets for diabetes, hypertension and diverticulosis to support individual health concerns.

At North Central-Flint Hills Area Agency on Aging Nutrition Services Program , we believe life can be beautiful at any age. We also know that working to maintain our health is a valuable investment for our future! That's why we offer a complete range of health-promoting nutrition services, including prepared meals, nutrition counseling, nutrition education and health promotion programs.

We operate 46 dining centers in an 18-county area of North Central Kansas. We are motivated by the fact that our customers regularly report significant benefits and health improvements as a result of our services. Ninety-seven percent of our customers surveyed indicated that Senior Center programs enhance their life and contribute to their independence in the community. As a direct service of the Area Agency on Aging, we are able to witness first-hand the socio-economic value a well-nourished older population brings to the long-term continuum.

We serve approximately 1,827 hot, nutritious meals a day to older Kansans in our region. The tax exempt status on food has benefited our nutrition program. If we received an additional benefit, it would save our program approximately \$7,000 a year. That \$7,000 would provide approximately 1,640 meals.

I can say with confidence that the Kansas Community Nutrition Service providers are proud of their record of providing top-quality nutrition services in partnership with the Kansas Department on Aging and senior citizen organizations throughout the state.

We urge the committee to consider our request to vote in favor of House Bill 2866 to expand the tax exemption on all sales of goods and services for meals.

HOUSE TAXATION

Attachment 8

Date 3-12-04

**Testimony of
Jane C. Metzger
Executive Director, Meals on Wheels of Shawnee and Jefferson Counties, Inc.**

**Submitted to the
House Taxation Committee
Rep. John Edmonds, Chair
Regarding
HB 2866
March 12, 2004**

Good Morning, my name is Jane Metzger and I am the Executive Director of Meals on Wheels of Shawnee and Jefferson Counties. We ask that a favorable vote be taken on HB 2866. Our program is both urban and rural. Every Monday through Friday we serve approximately 600 home bound frail, elderly or handicapped individuals a home delivered meal and approximately 400 individuals 60 years of age or older take part in the Friendship Meals Congregate dining program.

The cost effectiveness of the senior nutrition program is well documented. In our program alone we calculate that our volunteer program which uses over 1,000 volunteers a month saves us \$1,385 a day or \$349,000 a year a day in delivery costs.

Outcomes of the meal program are impressive. An evaluation by Kansas State University reported that 28 percent of those served home delivered meals said they would not have been able to remain in their homes without the meals, and 88 percent of those interviewed reported that the meals helped them maintain their security, dignity and independence.

Other studies of homebound participants have shown they were hospitalized less frequently than those on waiting lists and had shorter lengths of stay and reduced hospital costs, possibly due to improved immunity in these chronically ill senior Americans. Meals improve the nutritional status of the homebound, minorities, and persons with diabetes.

The American Dietetic Association in one of its studies stated that when compared to well-nourished hospital patients, malnourished patients have two to 20 times more complications, have hospital stays that are as much as 100% longer and compile costs \$2,000 to \$10,000 higher. Our programs mission is to maintain sound nutritional health to the population we serve.

HOUSE TAXATION

Attachment 9

Date 3-12-04

Funding for the Topeka meal program is as follows: 35.83% federal, 12.1% county, 2.64% City, 27.53% client contribution, 6.95% United Way and 14.85% agency fundraising. Our average meal cost is \$5.45. During fiscal year 2003 our agency spent approximately \$3,317 on sales tax. Translated into meal service that equals 609 meals that could have been purchased for the older adults in our community. With the client contributions and USDA reimbursement that leverages further into an additional \$1,249 that would be available for meal purchase. Please help the seniors of our state and vote favorably to pass HB 2866 which will broaden the sales tax exemption for Meals on Wheels programs across the state.

Thank you for your consideration.

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

STEVEN R. BRUNK
REPRESENTATIVE, 85TH DISTRICT
4430 JANESVILLE
WICHITA, KANSAS 67220
(316) 744-2409

STATE CAPITOL, ROOM 531-N
TOPEKA, KANSAS 66612-1504
(785) 296-7692
brunk@house.state.ks.us



TOPEKA

COMMITTEE ASSIGNMENTS
MEMBER: ECONOMIC DEVELOPMENT
FEDERAL AND STATE AFFAIRS
FINANCIAL INSTITUTIONS
TAXATION

March 12, 2004

Mr. Chairman:

Meals on wheels is a program known to many of you. They provide an invaluable service to thousands of home bound individuals, most of them elderly.

While they are a not for profit organization, they are not exempt from sales tax on nonfood items.

Like many other organizations that provide services, the public and private monies that fund those services are decreasing, while the need for the services is increasing.

Mr. Chairman, committee, I ask that we extend a sales tax exemption to this very worthy organization. Thank you,

Steve Brunk
District #85

HOUSE TAXATION

Attachment 10

Date 3-12-04