

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 7, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Revisor of Statutes  
Richard Cram, Department of Revenue  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Virgil Peck  
Senator Lee Tafanelli  
Mike Davis, J.C. Penny  
Marlee Carpenter, KS Chamber of Commerce  
David Cunningham, KS Association of School Boards  
Don Moler, League of KS Municipalities  
Torrey Head, Western Hills Golf Course, Topeka  
Meril Vanderpool, Village Greens, KS Golf Course Owners Association  
Chris Flattery, KS Golf Course Owners Association  
Bill Cobb, Johnson County Recreation Commission, Overland Park  
Erik Sartorius present testimony of Jim Cox, City of Overland Park  
\*John Wright, Reflection Ridge, Wichita  
\*Jeanne Goodvin, City of Wichita  
\*written only

Others attending:

See attached list.

**HB 2601 - Sales tax holiday for sales of school supplies, clothing and computers purchased during a specific time period.**

Chris Courtwright said that many states have adopted the concept of allowing a sales tax holiday for back to school shoppers. It carries a \$3.7 million fiscal note and DOR have raised several concerns regarding the stream-lined sales tax agreement and New Section 2 of the bill.

The Chairman opened the public hearing on **HB 2601**.

**Proponents:**

Representative Virgil Peck, sponsor of the bill, said that the bill would be good for Kansas families and Kansas businesses. He cited experiences when neighboring states have had the sales tax holiday, when hundreds of Kansans crossed the border to take advantage of the savings. The only negative comment he had heard was that the Missouri shopping malls were terribly crowded during that time. He questioned the accuracy of the fiscal note, due to numbers based on questionable factors. His bill would allow cities and counties to adopt an ordinance or resolution to waive the collection of local sales tax on the exempt items during the four-day time period. He urged the Committee to pass out **HB 2601** (Attachment 1).

Mike Davis, Store Manager, J. C. Penny, Oak Park Mall, Overland Park testified that there is considerable competitive pressure between retail stores and their Kansas store experienced a loss for the day, while the Missouri store experienced a 101% gain. He suggested the dates should be changed to reflect the start of the main back-to-school shopping season (Attachment 2).

Marlee Carpenter, KS Chamber of Commerce, said that a sales tax holiday provides direct tax savings to consumers, spurs economic growth and development, and provides immediate and tangible tax relief (Attachment 3).

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 7, 2006 in Room 519-S of the Capitol.

### **Neutral:**

Don Moler, League of KS Municipalities, said that the League does not take a position on the current bill, because cities and counties have the ability to opt-in to the program and are not required to participate. Many cities cannot afford further tax giveaways if they are to maintain city services at a level expected by the public. He questioned whether there was really increased spending or if shoppers simply modified their shopping and deferred purchases until they were tax exempt (Attachment 4).

### **Opponent:**

David Cunningham, KS Association of School Boards, said that **HB 2601** will decrease state revenues at a time when the need for resources is critical. Adequately school financing is a priority and unless this revenue is replaced, there is concern that this diminution of revenue, along with other tax cuts previously passed and being considered by the Committee, will create difficulties in funding schools at the levels necessary to address the Supreme Court's decision in the school finance case (Attachment 5).

The Chairman asked Richard Cram if it were possible to define geographically by zip code, some retail sales collections for specific time periods for Kansas and would Missouri provide like numbers on a year-to-year comparison. It was suggested that the time frame be increased to a couple of months before and after, to determine if people deferred purchases until the holiday sales. Richard Cram agreed to check on those figures.

The Chairman closed the public hearing on **HB 2601**.

Representative Goico introduced his intern, Nick Goellner, a student at Kansas University.

### **HB 2596- Taxation of green fees charged at municipal golf courses for sales tax purposes.**

Chris Courtwright said the bill would require municipalities to collect sales tax on the sale of green fees at municipal golf courses. Sales tax is currently charged at private golf courses. This fee structure has been on the books for several decades. He said that currently municipal golf courses tax accessory sales and carts, but not green fees.

The Chairman opened the hearing on **HB 2596**.

### **Proponents:**

Torrey Head, Western Hills Golf Course, Topeka said that they were not asking to remove sales taxes on green fees for privately owned golf courses, however, they are asking for sales taxes to be applied equally on all green fees throughout the state. The passage of the bill is not a tax increase, but an implementation of a fair and equitable tax (Attachment 6).

Senator Lee Tafanelli testified in support of **HB 2596** because it levels the playing field and puts equity in the current system (No written testimony).

Meril Vanderpool, Village Greens, KS Golf Course Owners Association, stated that municipal golf courses are not required to collect sales tax on green fees as do privately owned golf courses. He requested that they approve the legislation that would put them on a level playing field with competitors (Attachment 7).

Chris Flattery, KS Golf Course Owners Association said that they pay sales tax but found it increasingly difficult to compete with municipal courses who are able to reduce their prices because they do not pay taxes. He urged passage of the bill that would allow them to compete fairly (Attachment 8).

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 7, 2006 in Room 519-S of the Capitol.

John Wright, Reflection Ridge, Wichita, submitted written testimony that stated as private golf course owners they are providing quality recreation at a reasonable cost to citizens statewide. In interest of the state budget and fair business to all tax paying businesses statewide, he asked that **HB 2596** be enacted (Attachment 9).

**Opponents:**

Bill Cobb, Johnson County Recreation Commission, Overland Park, submitted written testimony and responded to the Chairman's question on how they justified the perceived unfairness of the current system to owners of private golf courses. He said that golf at their park district facilities is supported entirely by the users, which includes retirement of all capital expenses for the original golf course construction. They operate on such a tight margin that inclusion of tax on green fees may cause them to be in default of the bonds. He stated that the comparison wasn't fair, as most municipal courses are not in the same league as privately owned courses and were developed for seniors, juniors and children (Attachment 10).

Written testimony was distributed from James Cox, City of Overland Park. In his absence, Erik Sartorius responded to Committee questions. He stated the detrimental effect would be an increase in green fees that currently are between one third to fifty percent less than any fees players would pay on any other publicly assessable course in Johnson county (Attachment 11).

Written testimony from Jeanne Goodvin, City of Wichita, was distributed (Attachment 12).

The Chairman closed the public hearing on **HB 2596**.

The meeting was adjourned at 10:30 A.M. The next meeting is February 8, 2006.



STATE OF KANSAS

**VIRGIL PECK, JR.**

REPRESENTATIVE, DISTRICT 11  
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## **Testimony Regarding HB 2601 February 7, 2006**

Mr. Chairman, Mr. Chairman in Training, Ranking Member and distinguished members of the House Taxation Committee.

I became primary sponsor of HB 2601, The Sales Tax Holiday, because I believe it will be good for Kansas families and Kansas businesses. Therefore, it will be good for our beloved State.

As you are well aware this is not a new idea. Currently there are about a dozen other states that have some form of a sales tax holiday. The reports I have heard, from persons in those states or others who have been in those states during the period of time in which no state sales tax is collected, are all positive. That is, of course, discounting the comments about how crowded the malls, shopping centers and stores are during those days.

The comments about the stores being crowded tells me that people are shopping and spending their money. This stimulates the economy, which is good for all involved. Even if it is for a short time.

Our neighboring state to the east had a sales tax holiday for the first time in 2005. I know many Southeast Kansas residents headed to Joplin, Missouri to shop and spend their money. And I understand there were untold thousands in the Kansas City Metropolitan area who did the same.

The Kansas Chamber of Commerce reported to me the results one of their members experienced during Missouri's three day weekend. This retailer, (I was not given the name) has a store in the Metro North Shopping Center on the Missouri side and a store in the Oak Park Mall in Kansas. On a typical day the Oak Park store in Kansas does double the volume of the Metro North store in Missouri. Such was not the case during the Sales Tax Holiday weekend. Sales at the Metro North location (Missouri) were **up 72%** while sales at the Oak Park Mall location (Kansas) were **down 1.9%**. I understand this particular retailer has 11 stores in Missouri and 3 in Kansas. The Missouri stores each experienced increased sales, while all of the Kansas stores saw a decrease.

House Taxation  
2-7-06  
Attachment 1

As a freshman, I continue to learn from my senior colleagues in the House. Therefore, regarding the fiscal note, I discovered last week, from Representative Huff, how to categorize a fiscal note I disagree with.

Seriously, I know that it is impossible to figure out the positive side of HB 2601 since Kansas has never done this before. I believe this to be a practice step in economic enhancement for our State. Parents across Kansas will fuel up their cars, load up their kids, shop, stop for lunch and pick up extra items that aren't covered under the provision. It's easy to spend a little more on extras when you have saved a few dollars somewhere else.

I'm convinced that during those four days, the state will collect extra income tax because retailers will need more employees on duty during that time. Stores will order extra merchandise to have available, or they will order merchandise after the fact to replenish their shelves. This will have dollars flowing in Kansas to suppliers and shippers.

Counties and cities may adopt an ordinance or resolution to waive the collection of local sales tax on the exempt items during the four-day period.

This committee spent many hours working on a bill I support, the C&I/M&E exemption, and we have a bill which will phase out the franchise tax. Both are good for business. HB 2601 does something for working families in Kansas by reducing the sales taxes they pay for a few days.

We must not forget the fact that not only will this keep many of our eastern residents spending their money in Kansas, but will bring in out of state dollars, especially in the southern part of Kansas.

I could say more, but I believe we all understand this bill and what it would do for Kansas.

I'll answer questions when the Chairman says the time is right.

###

February 7, 2006

HB 2601

Before the House Taxation Committee

Representative Wilk and members of the Committee;

I am Mike Davis, Store Manager with JC Penney's at Oak Park Mall here in support of HB 2601.

Missouri has enacted a sales tax holiday. This is a competitiveness issue. When Missouri's sales tax holiday is in effect, people shop in Missouri, not Kansas. In 2004, the first day of the sales tax holiday, the Missouri JC Penney's had a 101% sales gain while my store on the Kansas side of the line had a slight loss for the day.

The timing of the event laid out in the bill is a concern and the dates listed are actually before the main back to school shopping season. We would urge the committee to closely look at the dates before passing this bill out of committee.

Thank you for your time and I will be happy to answer any questions.

# Legislative Testimony

HB 2601

February 7, 2006

**Testimony before the Kansas House Taxation Committee  
By Marlee Carpenter, Vice President of Government Affairs**

Mr. Chairman and members of the Committee:

My name is Marlee Carpenter with the Kansas Chamber of Commerce and the Kansas Retail Council here today in support of HB 2601, which would enact a state sales tax holiday.

The sales tax holiday proposed in HB 2601 would exempt only state sales tax the last Wednesday through Saturday of July to provide relief to families for back-to-school shopping. It would exempt sales tax for clothing and computer software purchases of up to \$300, school supplies purchases up to \$100, and computer purchases of \$2,000 or less. The date of the holiday should be closely look at so that the maximum benefit is obtained by both consumers and retailers in the state.

The proposed sales tax holiday will coincide with back-to-school shopping. The National Retail Federation states that the average family spends approximately \$250 on back-to-school shopping.

There may be a fiscal note associated with this bill but there are several additional factors that should be considered. Tax receipts may increase due to the increased sales of taxable goods during the holiday periods. In addition, a sales tax holiday will increases the flow into the state during the holidays especially in boarder communities. Finally, consumers are likely to buy more products (taxable and non-taxable) since the decrease in the price for the exempt purchases has increased their level of income, thus allowing them more money to spend on other items.

Many states have now passed legislation to have an annual state sales tax holiday, including Missouri. States that have enacted a sales tax holiday have experienced an enormous increase in sales the days of the holiday.

A sales tax holiday provides direct tax savings to consumers, spurs economic growth and development, and provides immediate and tangible tax relief. The Kansas Chamber of Commerce and the Kansas Retail Council urges your support of HB 2601 and the enactment of a sales tax holiday in Kansas. I would be happy to answer any questions that you may have.

*The Kansas Chamber, with headquarters in Topeka, is the statewide business advocacy group moving Kansas towards becoming the best state in America to do business. The Kansas Chamber and its affiliate organization, The Kansas Chamber Federation, have more than 10,000 member businesses, including local and regional chambers of commerce and trade organizations. The Chamber represents small, medium and large employers all across Kansas.*

House Taxation  
2-7-06  
Attachment 3



The Force for Business

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League of Kansas Municipalities

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**To:** House Taxation Committee  
**From:** Don Moler, Executive Director  
**Re:** Testimony on HB 2601  
**Date:** February 7, 2006

First I would like to thank the Committee for allowing the League to testify today concerning HB 2601. We are appearing in a neutral posture at this time because of new Section 2 which provides for an opt-in to the sales tax holiday for cities and counties. So long as the opt-in provision remains in the legislation, the League's posture on this bill will be neutral. However, should the bill be modified to require the participation of cities in this sales tax holiday, our posture would have to change to being one of an opponent to the legislation as it would further reduce local sales tax revenues, which would further burden local units of government and our taxpayers.

Some general comments concerning sales tax holidays I think are in order at this point. After doing some research on other states which have experimented with this approach, it becomes clear that there are a number of pitfalls of which we should be aware. There currently is a sales tax holiday in Missouri, and based on a *Kansas City Star* report from August 11, 2004, it is estimated that it is costing the State of Missouri as much as \$2.5 million annually in lost sales tax revenue, and \$875,000 annually in lost revenue to cities and counties. Because at the time of the writing of this testimony I do not have a fiscal note from the State of Kansas, I will rely on the numbers from the State of Missouri for the time being. One of the key issues that comes up in states where these holidays have occurred is whether or not increased sales actually take place, or whether consumers merely modify their purchasing habits and defer purchases until they are tax exempt. Thus, no more goods are sold, and less tax is collected. Also, one must be aware that with a sales tax holiday, for goods purchased for example in the City of Topeka, which would reduce the cost by 7.45%, that retail managers are less likely to discount goods, waiting for the "discount" to come from the removal of the sales tax. This then creates a situation where the consumer is not benefitting but the government, and its taxpayers, are taking a substantial hit. These are all issues that we think need to be closely considered by the legislature before moving forward on this proposal.

As a proposed amendment to this legislation, we would suggest that rather than putting it in statute for all time, that a sunset provision be put in the law which requires an annual reconsideration by the Kansas Legislature of this policy. This would provide the State of Kansas with a regular means of a evaluating whether the state, and our taxpayers, can afford this program on a year to year basis.

In summary, the League does not take a position on the current bill, as we understand it, because of the simple fact that as written cities and counties have the ability to opt-in to the program and are not required to participate. If cities are required to participate in the sales tax holiday, we would most strenuously object to that and the League would be forced to vigorously oppose the bill. Quite simply,

local revenues continue to be under assault, and cities cannot afford further tax giveaways if we are to maintain city services at a level expected by the public. I will be happy to answer any questions the Committee may have concerning the League's testimony.

KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS



1420 SW Arrowhead Road • Topeka, Kansas 66604-4024  
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Testimony on **HB 2601**  
before the  
**House Committee on Taxation**

by

**David Cunningham, Attorney**  
Kansas Association of School Boards

**February 7, 2006**

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to present written testimony on behalf of the Kansas Association of School Boards in opposition to **HB 2601**.

It may seem odd for KASB to oppose a bill that will arguably assist parents of school children throughout Kansas with the purchase of school supplies and clothes. Preparing the children of Kansas to be successful in school is a laudable goal; however, it comes with a price – a loss of state revenue.

**HB 2601** will decrease state revenues at a time when the need for resources is critical. Obviously, adequately financing schools is a priority and unless this revenue is replaced, there is concern that this diminution of revenue, along with other tax cuts previously passed and being considered by this Committee, will create difficulties in funding schools at the levels necessary to address the Supreme Court's decision in the school finance case. Your Post Audit Division study has confirmed what other studies have shown: state aid for schools is inadequate to provide the level of suitable funding required by the Kansas Constitution.

This Committee is continually challenged to balance sound tax policy with economic development pressures at a time when schools need even more resources. Although **HB 2601** may not represent a significant loss of revenue, if not replaced, it is not inconceivable that there would be a shift to local tax bases to make up the difference.

Parents could save a few dollars in sales tax expense only to pay higher textbook rentals, workbook and lab fees and pay-to-play fees that could exceed the tax savings.

If **HB 2601** is enacted, it becomes yet another drain on the scarce resources necessary to meet the financial needs of schools and other governmental entities. Because of the potential loss in revenue, KASB opposes **HB 2601**.

Thank you for your consideration.

## **Western Hills Golf Club, Inc.**

February 6, 2006

Kansas House Taxation Committee  
Rep. Kenny A. Wilk, Chairperson

### **House Bill No. 2596**

Honorable Chairman and Committee Members,

I greatly appreciate having this opportunity to testify in support of House Bill 2596. My name is Torrey Head. My wife, Jennifer, and I own and operate Western Hills Golf Club, 8533 SW 21<sup>st</sup> Street in Topeka.

Western Hills is a public golf course that provides recreational golf for the everyday golfer. Our green fees are less expensive than the golf courses run by the city of Topeka and Shawnee County. The courses run by the city and county do not pay any sales tax on green fees, however, we do. We are not asking to remove sales tax on green fees for privately owned golf courses.

Those who oppose this bill will say municipal golf courses provide affordable golf for everyone. There are four privately owned golf courses in Topeka that are less expensive than the municipal courses. Also, they will say the municipal courses offer free golf to high school boys and girls golf teams. The privately owned golf courses also provide free rounds for schools to practice.

Dollars spent in this state for entertainment and recreational activities should be taxed equally across the board. Under this current sales tax exemption on green fees, the State General Fund has been deprived of sales tax dollars that should have been collected on green fees from the municipalities for many years. We have all been asked to bare the additional tax burden. The municipal golf courses in Topeka will generate green fee income between \$800,000.00 and \$900,000.00 on an annual basis. Taxes on consumer spending are a major contributor to the coffers of the State General Fund. Therefore, it is imperative that all dollars spent by the consumer be subject to fair and equitable taxation.

Again, we are not asking to remove sales taxes on green fees for privately owned golf courses. However, we are asking for sales taxes to be applied equally on all green fees throughout the state.

The passage of House Bill 2596 is not a tax increase, however, this would be the implementation of a fair and equitable tax.

I would like to thank you for your time and consideration of voting for House Bill 2596.

Torrey Head  
Western Hills Golf Club, Inc.

The House Committee in Taxation:

Mr. Chairman and members of the committee:

Thank you for the opportunity to speak in favor of House Bill No.2596.

My wife and I own and operate a 18 hole golf course (The Village Greens) located on highway 92, between Meriden and Ozawkie, Jefferson County.

Golf courses are classified as three categories:

- (1) Municipal, owned by cities and counties.
- (2) 501c owned by non-profit organizations operating as country clubs.
- (3) Privately owned by individuals and/or corporations.

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Municipal golf courses are not required to collect sales tax on green fees as do privately owned golf courses. 501c country clubs are required to pay tax on monthly dues.

We as privately owned courses pay what we believe to be more than our fair share of taxes. We are asking you to approve this bill, and put us on a more level playing field.

I appreciate your interest in this matter.

Thank you

Meril Vanderpool





February 7, 2006

State of Kansas House Taxation Committee  
House Bill No. 2596

Honorable Chairman and committee Members:

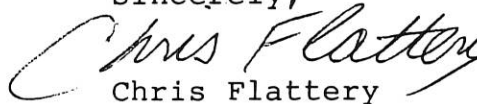
My name is Chris Flattery and I am an officer with the Kansas Golf Course Owners Assn. My wife and I own Cool Springs Golf Course in Onaga, KS. Cool Springs is a 9 hole golf course open to the general public. We are a small Kansas business that has created 2 full time jobs and 9 part time jobs in a community of 700 people.

I support House Bill No. 2596 that would require Kansas municipalities to pay sales tax on green fees at their golf courses. I dutifully pay sales tax but am finding it increasingly difficult to compete with municipal courses who are able to reduce their prices because they do not pay taxes.

I am not asking for a reduction of taxes. House Bill No. 2596 would help level the playing field to allow private golf course owners across Kansas the ability to compete fairly with municipal golf courses.

Thankyou for your consideration and the opportunity to testify today.

Sincerely,

  
Chris Flattery

# Kansas Golf Course Owners Association

February 2, 2006

State of Kansas House Taxation Committee  
Topeka, KS

## House Bill No. 2596

Honorable Chairman and committee members,

Thank you for the opportunity to testify on House Bill No. 2596. I am John Wright, President of the Kansas Golf Course Owners Association.

Currently, private for-profit golf courses in Kansas are assessed at 25% of valuation on the green space. Non-profit private country clubs are assessed 12% on green space. Municipal golf courses pay no property taxes, in addition they do not pay sales tax on green fees or purchases, since they are owned by local units of government.

The Kansas Golf Course Owners Association does support the House Bill No. 2596 that would require municipalities in Kansas to pay sales tax on green fees. As private golf course owners we are providing quality recreation at a reasonable cost to citizens statewide. We are providing jobs, statewide purchasing, senior discounts, junior funded programs, charity events and free fees for schools. In addition we are paying property, real estate and sales taxes that support our state budget requirements. After we have met all these requirements we are then expected to compete with entities that do not pay taxes. This puts us at a disadvantage of about \$60,000.00 to \$100,000.00 per course each year. This makes it very difficult to compete with the municipalities that control the green fee structure based on no taxes. If our businesses charge more than the municipalities to help cover the tax disadvantage we lose business. If this issue continues, it will force some of the state taxpayers out of business.

Finally we ask you as business owners yourselves, how would you react to your own business having to compete with entities that do not pay the same taxes you do? In interest of the State budget and fair business to all tax paying businesses statewide, we ask that House Bill No. 2596 be put into effect. If you have any questions please feel free to contact me at 316.721.2192 x 3 or email - [jwrigh3@cox.net](mailto:jwrigh3@cox.net).

Thank you for the opportunity to testify today on House Bill No. 2596.

John M. Wright CGCS  
Kansas Golf Course Owners Association

**TESTIMONY BEFORE THE HOUSE COMMITTEE  
ON TAXATION  
2006 HB 2596**

Bill Cobb, Superintendent of Parks & Golf Courses  
Johnson County Park & Recreation District  
February 7, 2006

On behalf of the Johnson County Park & Recreation District, I would like to thank you for the opportunity to provide you with our comments regarding House Bill 2596, which would require municipalities in Kansas to collect sales tax on the sale of greens fees at municipal golf courses.

The Park District collects around \$1.3 million annually on greens fees that would become taxable under this bill. Golf at Park District facilities is supported entirely by the users, which includes retirement of all capital expenses for the original golf course construction. The additional cost, of nearly \$99,450 annually, which would be created by the passing of 2006 HB 2596, would have to be passed onto the Johnson County golfers.

The Park District operates 2 golf courses, with the mission of providing low cost, high quality golfing recreational opportunities to approximately 500,000 citizens of Johnson County. Rounds are currently priced at \$16 per round (weekdays), which is a relatively inexpensive and affordable rate. Johnson County Park & Recreation District golf courses play a significant role in enhancing the quality of life in Johnson County by providing healthy recreational opportunities for all citizens regardless of age or personal income.

In addition, the Park District has a long and proud history of supporting senior and junior golf. Seniors (over the age of 60) and juniors (ages 17 and below) are eligible for discounts that allow them to play for only \$10 per round. Many of these seniors are on fixed incomes and the Park District is filling a vital role by providing low cost golf for this group. Nearly 15,000 rounds annually are played by Johnson County seniors and juniors at a discounted rate at the 2 Park District golf courses.



If this bill passes, Johnson County Park & Recreation District golf courses will be required to either cut operating costs and/or pass this increase along to the golfing public. Reducing operating costs would diminish maintenance on the over \$7.2 million invested in public golf courses, which the Park District would not consider prudent. The Park District could eliminate certain senior and junior programs, but that would also not be desirable and it would impact our golf program's ability to perform its mission. Passing this increase along would discourage senior citizens from continuing to participate in this healthy activity. Changing greens fees to be taxable revenues will, no doubt, put the Park District in violation of its debt coverage required by current fee-supported Revenue Bonds and potentially put the Park District in default of its bonding authority and requirement.

In conclusion, this bill would substantially impact public golf in Johnson County, not to mention the public courses operated by numerous other municipalities throughout Kansas. Once again, the Johnson County Park & Recreation District believes that golf provides an important recreational outlet that encourages healthy lifestyles and supports the quality of life in Johnson County and would be opposed to any efforts that would diminish the ability of the Park District to provide golfing recreation at the lowest possible cost.

Thank you, once again, for the opportunity to present our concerns to you regarding 2006 HB 2596.



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Testimony Before The  
House Taxation Committee  
Regarding  
House Bill 2596

By  
James Cox, Director of Parks and Recreation  
Overland Park, Kansas  
February 7, 2006

Honorable Chairperson Wilk and Committee Members:

Thank you for giving me the opportunity to testify today regarding House Bill No. 2596. I am James Cox, Director of Parks and Recreation for the City of Overland Park, Kansas. Part of my responsibility includes the maintenance and operation of 2 public golf courses which accommodate anywhere from 162,000 to 193,000 public golfers annually.

Our public city owned golf courses as well as many others across the State of Kansas operate to provide public recreation and open green space to the masses of the population at the lowest cost possible. Providing low cost recreation to its citizens is a primary responsibility of municipalities and in many Kansas municipalities is the only option for golf recreation. Unlike most private golf courses or country clubs in our area, our golf courses do not generate revenue from housing and land developments, investors, or expensive memberships. All of our revenue is produced by green fees and golf concessions paid directly by the golfers.

If House Bill No. 2596 were passed, it would have a direct impact on our public golfers. The additional cost of this bill would very likely be passed on the golfers themselves. Approximately 20% of our golfers are seniors on fixed incomes, 10% are juniors and children. Additionally, we accommodate 15 high school boys and girls' golf teams every spring and fall, to all of which we do not charge green fees. The remaining percentage of our golfers are public golfers seeking recreation and leisure activity. If this bill is passed the City will be forced to consider green fee increases for all of these seniors and public golfers as well as adding green fees for all of the high school golf teams. We also host a three-day junior golf tournament for 400 juniors every summer for which we do not charge green fees. This also would be in jeopardy.

In the interest of the everyday public golfer, the seniors, juniors, and high school golf teams throughout this state, I speak in opposition to House Bill No. 2596. Thank You.

House Taxation  
2-7-06  
Attachment 11

Testimony before the House Committee on Taxation  
2006 HB 2596

House Bill 2596 would require municipalities in Kansas to collect sales tax on sales of greens fees at municipal golf courses. The City of Wichita does not support this bill. The City collects around \$2.3 million annually on green fees that would become taxable under this bill. Since golf in Wichita is supported entirely by the users, this cost (of nearly \$168,000 annually) would have to be passed on to Wichita golfers.

The City operates five golf courses, with the mission of providing low cost, high quality golfing recreational opportunities to the 350,000 citizens of Wichita. Rounds are currently priced at \$17 per round (weekdays), which is a relatively inexpensive rate. Wichita Golf courses play a significant role in enhancing the quality of life in Wichita by providing healthy recreational opportunities for the average citizen.

In addition, Wichita Golf has a long and proud history of supporting and subsidizing youth and senior golf. Seniors over the age of 62 are eligible for discount passes (costing \$75) which will allow them to play for only \$9.50 per round. Many of these seniors are on fixed incomes, and the City is filling a vital role by providing low cost golf for this group. Nearly 20,000 rounds annually are played by Wichita seniors at a discounted rate at the City's five golf courses.

Wichita Golf has worked with the Junior Golf foundation for over 30 years, providing over 3,000 rounds of golf and instruction annually for youth in

Wichita at the discounted rate of \$2 per round. Students are allowed to golf for as low as \$4 per round with the purchase of a season passes for only \$125. Even without the pass, students pay approximately one half price. Wichita Golf supports twelve local high school and two college golf teams by providing very low rates for team play. Finally, Wichita supports local and state golf organizations by hosting many tournaments and events.

If this bill passed, Wichita Golf will be required to either cut costs or pass this increase along to the golfing public. Reducing operating costs would diminish maintenance on the over \$16 million invested in public golf courses, which the City would not consider prudent. The City could eliminate subsidization of certain youth and senior programs, but that would also not be desirable and it would impact Wichita Golf's ability to perform its mission. Finally, passing this increase along would discourage youth and senior citizens from continuing to participate in this healthy activity.

In conclusion, this bill would substantially impact public golf in Wichita, not to mention the public courses operated by numerous other municipalities throughout Kansas. The City of Wichita believes golf provides an important recreational outlet to encourage healthy lifestyles and support the quality of life in Wichita, and would be opposed to any efforts that would diminish the ability of the City to provide golfing recreation at the least possible cost.

Thank you for your consideration.