

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:15 A.M. on February 15, 2006 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, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

The Chairman called for bill introductions.

Representative Powell requested a committee bill regarding the LAVTR amendment that was made on the floor on February 14. Representative Menghini moved that his request be introduced and was seconded by Representative Owens. The motion passed.

Representative Dahl requested a committee bill regarding a sales tax in Marion county Representative Huff moved that his request be introduced and Representative Wilk seconded. The motion passed.

Representative Thull made a motion to introduce a bill regarding tax exemptions for CHDOS. Representative Treaster seconded the motion. The motion carried.

The Chairman requested that staff provide a sample of an informational report that had been mailed routinely from the counties to every taxpayer regarding the assessment and mill levies of their homes. Chris Courtwright agreed to provide that PVD report.

HB 2640 - No sales taxation of manufacturer rebates to purchasers and leasees of new motor vehicles.

Chris Courtwright briefed the committee on the intent of the bill and said that the fiscal note was \$10.93 million.

Representative Brunk made the motion to move **HB 2640** out favorably for passage. Representative Goico seconded the motion.

Gordon Self added that Representative Huff had wanted to add "motorcycle" so that it would read, "*purchase of a new motor vehicle or motorcycle*".

Representative Brunk moved that the addition of the word "*motorcycle*" be added to his motion. Without objection from the second, the word was added.

Representative Dillmore made a substitute motion to strike the word "*new*" from the motion. Representative Treaster seconded the motion. After discussion Representative Dillmore withdrew his substitute motion with no objection from the second.

Discussion followed regarding the definition of *motor vehicles*. After discussion, Representative Owens requested that Gordon Self research the language listed in KSA 8-126, to determine what if any limitations there were within that definition. Gordon Self stated that *motor vehicles* in Chapter 8 is defined broadly to include every vehicle, other than a motorized bicycle or motorized wheelchair, which is self-propelled. 1) The word motorcycle is not needed because it is already included. 2) It includes trucks. 3) The fiscal note would have been based on statute, and 4) If it was the intent of the Committee to limit that definition, it could be accomplished by reference to other

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MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 15, 2006 in Room 519-S of the Capitol.

more narrow terms in KSA 8-126, or they could limit it in some other way by specific language.

Representative Goico made the motion to move a conceptual substitute motion to reflect the language defining "motor vehicles" to the intent of this bill, which is mainly targeted to people buying new "passenger vehicles, vans, light trucks, motorcycles and motor homes" Representative George seconded the motion. There was consensus that a light truck would be defined as a truck weighing "12,000 lbs or less".

After discussion of the pros and cons of the bill, Representative Goico said that it was apparent that more study was needed therefore, Representative Gocio withdrew his substitute motion with no objection from the second.

Representative Brunk changed his motion to reflect the broader definition that is already established in KSA 8-126 and to pass the bill out favorable for passage. Representative Goico agreed with the change. The motion passed.

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

Representative Gordon distributed an editorial published in the Topeka Capitol Journal and stated that she believed it was a fairness and equity issue (Attachment 1).

Representative Gordon made the motion to pass out HB 2596 favorable for passage. Representative Siegfried seconded the motion. The motion passed 12-10.

The Chairman appointed a sub-committee for **HB 2680** concerning an excise tax of certain commercial establishments, businesses and individuals which provide sexually explicit products or services. Representative Kinzer will chair the sub-committee, and consist of Representatives Kinzer, Kelley and Thull. Representative Kinzer advised the Committee that they would meet February 16, at 9:30 A.M. It is the intent that they will analyze the testimony and submit a report for the Committee to consider at a later date.

Representative Hill introduced Mary Chrisman, his aunt from Lawrence, who was in the Capital as a representative of AARP. Representative Carlin introduced her guests, Father Joe Popelka and Father George Chalbham, from Manhattan.

The meeting was adjourned at 10:30 A.M. The next meeting is February 17, 2006.

EDITORIALS

GOLF SALES TAX

Play fair

Private golf courses subsidize public golf courses by collecting sales tax on green fees

Occasionally someone will look at something that has been going on for years and say, "That's not right."

Owners of private golf courses in Kansas are asking the Legislature to right one of those wrongs.

They note that when a golfer pays to play on one of their private courses, the golfer has to pay sales tax on the fee. But if the golfer goes to a publicly owned golf course, such the ones operated here by the city and county, no sales tax is collected.

That's not fair, the private owners say. And we agree.

We're not talking about a lot of money on each round of golf. The sales tax adds a little over \$1 to a \$15 green fee, less than you are expected to tip the server for a \$15 meal.

Of course, for people who play a lot of golf, that adds up.

That \$1 difference might be just enough to sway someone to choose

one of the public courses rather than a private course.

The unfairness of the situation has practical and philosophical elements.

Philosophically, owners of private golf courses are collecting taxes for the city and county that can be used to make improvements at the competing public golf courses.

The practical element is that collecting sales tax at public golf courses would generate an extra \$1 million a year in revenue for the state — not enough to make much of a dent in that \$399 million education spending increase, but every little bit helps.

And other taxing entities would benefit, too. The city, county and Washburn University benefit from sales tax, too.

So, don't think of it as adding a tax on green fees. Think of it as making college more affordable for some young person.