

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 13, 2006 in Room 519-S of the Capitol.

All members were present except:  
Representative Paul Davis- excused

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:  
Senator Les Donovan  
Chris Hahn, Special Olympics Kansas  
Kenny Doonan, Chairman, KS Food Bank  
Brian Walker, Exec. Director, KS Food Bank  
Julie Hein, Ks Pharmacy Coalition  
David Owens, Homeless Come Home

Others attending:  
See attached list.

**SB 404 - Sales tax exemption for purchase of personal property by certain organization used for the collection, storage and distribution of food products.**

Chris Courtwright said that SB 404 would provide new sales tax exemptions for: 1) Property and services purchased by or on behalf of the Special Olympics Kansas, Inc., for the purpose of providing year round sports training and athletic competition for individuals with intellectual disabilities; 2) Sales for certain dietary supplements purchased pursuant to prescription orders; 3) Direct and indirect purchases of property and services used by 501 (C) 3 organizations, when the purchases are used in the collection, storage and distribution of food products to other non-profit organizations, operating programs that distribute such products on a charitable basis. The fiscal note is \$225,000, comprised of \$200,000 for the food distribution, and \$25,000 for Special Olympics. The language related to the dietary supplements is technical in nature.

The Chairman opened the hearing on **SB 404.**

Senator Les Donovan said that for every \$1,000 of sales tax exemption the State loses \$53. If the non-profit receives a \$1,000 contribution from an individual, the state loses \$64.50. The passage of this legislation is a win-win for all (Attachment 1). He introduced members of the Board of Directors: Paul Dugan, Sr., Dugan & Dugan, Wichita; Kenneth C. Doonan, Peterbilt, Wichita; Brian Walker, KS Food Bank, Wichita; and Don Meiergerd, KS Food Bank.

Chris Hahn, President/CEO of Special Olympics Kansas gave a list of seven reasons the Legislature should consider **SB 404.** He said the funds available through the savings of sales tax dollars will be utilized in a program "Special Olympics Healthy Athletes" and five other projects. Funds would also be utilized in a Special Olympics four-part education program (Attachment 2).

Kenny Doonan, Chairman, KS Food Bank thanked the Committee for hearing **SB 404.** He introduced Brian Walker, Executive Director, Kansas Food Bank, who said the Mission statement of the Kansas Food Bank is: 1) To equip, conduct, and maintain food storage and distribution facilities for receiving, storing and distributing food to agencies for distribution to the ill, needy, elderly, and children who need food; 2) To solicit and/or purchase low cost foods which will provide a nutritious meal to all recipients; 3) To advocate for a just and equal existence for people in poverty, so no Kansans will be hungry. His testimony consisted of the History of the program and an overview of their various programs (Attachment 3).

Julie Hein, representing the KS Pharmacy Coalition, said that the Kansas Pharmacists Association

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 13, 2006 in Room 519-S of the Capitol.

supports the bill because of the specific provision regarding the sales tax exemption for "Dietary Supplements when prescribed." She provided a definitions attachment for "sales tax exemption," "drug" (Attachment 4).

David Owens, Homeless Come Home, testified in support of **SB 404**. He gave personal experiences with homeless people and cited the effects homelessness has on society. He thanked the Committee for hearing the bill and urged them to pass it out (No written testimony).

Discussion followed regarding definitions, projected revenue savings for food bank and Special Olympics.

Since there were no opponents to the bill, the Chairman closed the hearing on **SB 404**.

**SB 535 - No sales taxation of manufacturer rebates to purchasers of new motor vehicles modified to accommodate handicapped persons.**

Chris Courtwright said that the bill would provide a sales tax exemption for cash rebates granted by manufacturers to purchasers or lessees of certain new motor vehicles, when such rebates were granted because the vehicles have been or will be adjusted to accommodate handicapped or disabled persons, who cannot walk without assistance. This exemption would only apply when rebates were paid directly from manufacturers to retailers as a result of the original sale. Senator Wagle is the main supporter of the bill from the Senate. This bill deals with a small piece of the legislation that is in Representative Huff's bill currently on the House floor. The fiscal note is insubstantial due to the small qualifier.

The Chairman opened the hearing on **SB 535**.

Noting a lack of proponents or opponents to testify, the Chairman closed the hearing on **SB 535**.

**SB 564 - Authorizing countywide retailers' sales tax for Saline county for Expo Center.**

Martha Dorsey said **SB 564** would provide Saline County with an additional sales tax authority of one-half percent which would be used for construction and operation of an Expo Center. The tax would require voter approval and would sunset after five years. Senator Brungardt is the principal proponent of the bill. The bill carries no fiscal impact.

The Chairman opened the hearing on **SB 564**.

Discussion followed regarding how this bill might affect other taxes currently in law.

There being no proponents or opponents the Chairman closed the hearing on **SB 564**.

**Substitute for HB 2476** - An excise tax

The Chairman opened the discussion on **HB 2476**. He reminded the Committee that they had inserted Representative Siegfried's amendment into **HB 2476**, which essentially inserts the parts of **HB 2023** that were removed by the Owen's amendment and grandfathers the developmental excise tax and the ticket tax into the document. There had been a motion by Representative Kinzer that failed so they are currently back on the **Substitute for HB 2476**.

Representative Siegfried said that after their previous conversation regarding a need for more definitive language, he had requested another amendment, which would subtract much of the extra language out of Section 1, which had been the foundation of the problem in the Homebuilders lawsuit. Copies of that amendment were distributed (Attachment 5).

Gordon Self explained that the amendment simply strikes the language "*upon the sale or transfer of personal or real property, or the use thereof, or the rendering of a service*" which clarifies there is no excise tax except for those things specifically listed.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 13, 2006 in Room 519-S of the Capitol.

Representative Siegfried made a motion to amend the balloon into **Substitute for HB 2476**. Representative Brunk seconded the motion.

Discussion followed regarding questions on definitions.

Representative O'Malley said the issue is very broad and complicated and he believed the Committee is moving too fast in making law that will become public policy. He suggested a public hearing that would allow both sides of the issue the opportunity to be heard.

Representative O'Malley made the motion to table **Substitute for HB 2476**. Representative Owens seconded the motion. The motion passed 12-8.

**Substitute for HB 2476** is tabled.

The Chairman stated there currently was a bill regarding temporary lodging for children (TLC) and he suggested that Committee members familiar with that issue might bring information for possible inclusion into SB 404, when they work the bill on Thursday or Friday.

The status of Sub-committee reports was given:

Representative Kinzer's committee was going to meet today at noon and hoped to have a sub-committee report this week.

Representative Carlson said that they were meeting with the Utility members at noon today and hopefully would have a report this week. The Chairman reminded the Committee that the Utility Committee must wait for the Taxation Committee to take action.

The Chairman adjourned the meeting at 10:20 A.M. The next meeting is March 14, 2006.

# HOUSE TAXATION COMMITTEE GUEST LIST

DATE: March 13, 2006

NAME	REPRESENTING
Donna Zimmerman	Special Olympics Kansas
Chris Hahn	Special Olympics Kansas
Ms Wouda	Senate (SB404)
Alie Hein	Hein Law Firm
Debra Hein	Hein Law Firm
PAUL V. DUGAN	Food & BANK
KERRY DOONAN	Food Bank
Ronald Meiergerd	Food Bank
DIAN WALKER	Food Bank
Jim McBria	visitor
DAVID OWEN	HOMELESS COME HOME
Steve Stott	KDOR
David R. Corbin	KDOR
KEN DANIEL	KS SMALL BIZ.COM
LARRY R BAER	LKM
Mike Reesat	Bach's Brader
Erik Sartorius	City of Overland Park

**LES DONOVAN**  
SENATOR, 27TH DISTRICT  
SEDGWICK COUNTY  
314 N. RAINBOW LAKE RD.  
WICHITA, KS 67235  
(316) 722-2923  
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TOPEKA, KS 66612  
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E-MAIL: donovan@senate.state.ks.us



TOPEKA

COMMITTEE ASSIGNMENTS  
CHAIR: TRANSPORTATION  
VICE-CHAIR: ASSESSMENT AND TAXATION  
MEMBER: CONFIRMATION OVERSIGHT  
ELECTIONS AND LOCAL GOVERNMENT  
JUDICIARY  
ORGANIZATION, CALENDAR AND RULES  
STATE TRIBAL RELATIONS  
CHAIR: LEGISLATIVE POST AUDIT

TESTIMONY BEFORE THE  
HOUSE TAXATION COMMITTEE

REGARDING SB 404 - SALES TAX EXEMPTION FOR PURCHASE OF PERSONAL  
PROPERTY BY CERTAIN ORGANIZATION USED FOR THE COLLECTION , STORAGE  
AND DISTRIBUTION OF FOOD PRODUCTS

March 13, 2006

Mr. Chairman and Committee Members:

The Kansas Food Bank is a non-profit Kansas organization that has a proven record of filling a special need for many, many citizens of this state. The people that will testify after me will give you many statistics that show just how great an impact the Kansas Food Bank has in helping Kansans all over the state.

One point I would like to make is this: For every \$1,000 of sales tax exemption the State loses \$53. If the non-profit receives a \$1,000 contribution from an individual, the state loses \$64.50. If the non-profit entity applies for, and receives, a Community Service Grant, the state will give up \$500 or \$700, depending upon the location. Therefore, I submit that the passage of this legislation is a win-win for all of us.

The bill was amended in the Senate Assessment and Taxation Committee to include a tax exemption for the Special Olympics Organization, another very worthy group. Also, a technical amendment was made to reinstate the tax exemption for physician prescribed food supplements that was inadvertently removed with the Streamlined Sales Tax definition language.

Thanks for letting me speak to you today!

Special Olympics Kansas, Inc.

Bill 404 Testimony

I'd like to thank Chairman Wilk and the House Taxation Committee for placing Bill 404 on the docket for hearing.

My name is Chris Hahn, President/CEO of Special Olympics Kansas. Special Olympics Kansas began in 1970, but did send 6 athletes to the first Special Olympics Games in Chicago in 1968. The organization was incorporated in Kansas in 1979. Today, Special Olympics Kansas provides year-round services and programs for 5799 athletes, 2153 coaches, 21,671 volunteers and 7,500 registered family members.

The mission of Special Olympics is to provide a year-round program of sports training, education and athletic competition programs to children and adults with mental retardation (intellectual disabilities). Through participation in Special Olympics events and activities, participants:

- Build self-confidence and self-esteem;
- Face experiences and opportunities which lead to a better quality of life;
- Gain a sense of belonging;
- Learn skills necessary to succeed in school and/or employment (52% of Special Olympics athletes hold part or full-time jobs as opposed to 10% of intellectually disabled who do not participate);
- Are integrated with individuals without disabilities in their local communities;
- Become contributing members of their society; and
- Educate the public at large about individuals with disabilities.

The opportunities provided by Special Olympics Kansas afford the participants with access to health and wellness education, fitness training and social integration opportunities that are otherwise unavailable. I believe the individuals served and the specific programs and services

provided by Special Olympics Kansas fall squarely within the category of organizations the original legislation exempts.

Funds available to Special Olympics Kansas through the savings of sales tax dollars will be utilized to fund:

**Special Olympics Healthy Athletes™** - Healthy Athletes is an initiative designed to help Special Olympics athletes improve their health and fitness, leading to an enhanced sports experience and improved well-being. Athletes receive health services at Special Olympics competitions, while healthcare professionals learn about the health needs of individuals with disabilities, gaining confidence in volunteering their skills to an underserved population. Healthy Athletes includes the disciplines: Fit Feet – podiatric screening and treatment; FUNfitness – comprehensive physical therapy; Health Promotion – health and wellness (disease prevention); Healthy Hearing – audiological screenings; Opening Eyes – quality vision screening and eye health care; and Special Smiles – dental screening, education and referrals. The screenings are provided at Special Olympics events and are provided at no cost to the participants. Special Olympics Kansas will:

- Recruit and train health care professionals to deliver screening, prevention, education and referral services to Special Olympics participants;
- Establish partnerships with medical service providers to secure donated facilities, equipment and supplies;
- Implement health education, health promotion and outreach programs;
- Provide the infrastructure and leadership to develop and expand the Healthy Athletes programs; and
- To assist in the development of programmatic and scientific information to identify healthcare needs and the best approaches for addressing these needs.

Additional funds will support the design and implementation of Special Olympics education programs. Specific programs will include:

- Strengthen and expand Kansas' efforts to grow the program, thereby enabling additional children and adults to participate (20,000 additional individuals who can be served);
- To recruit, screen, train and place additional coaches for working with the athletes;
- To expand "Special Olympics Get Into It" - a service learning curriculum offered to elementary, middle and high schools free of charge to teach students about individuals with intellectual disabilities, while empowering them to make a difference in the lives of individuals with disabilities by learning values of inclusion, understanding and respect; and
- Strengthening risk management. Special Olympics Kansas is committed to providing the safest environment possible for our athletes.

Again, I thank you for taking into consideration Bill 404 and understanding the benefits it will provide to Special Olympics Kansas and our thousands of constituents across Kansas.





*Kenny Doonan  
Chairman*

## Kansas Food Bank Fact Sheet

- Mission:**
1. To equip, conduct, and maintain food storage and distribution facilities for receiving, storing and distributing food to agencies for distribution to the ill, needy, elderly, and children who need food.
  2. To solicit and/or purchase low cost foods which will provide a nutritious meal to all recipients.
  3. To advocate for a just and equal existence for people in poverty so no Kansan will be hungry.

**History:** In the late 1970's and early 1980's, hundreds of laid off workers in Wichita placed increased demand onto an already overburdened system for emergency feeding. Lionel Alford, then President of Boeing's Wichita Division, had a special interest in the situation and became a catalyst for a group of the best and brightest leaders from the business, labor and religious communities in Wichita to conceive and implement the plan for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank was incorporated in 1983 as a non-profit 501(c)3 organization, and began operations on March 16, 1984 in a rented building serving 16 agencies in Sedgwick County. It distributed 100,000 lbs. in the first month. Over the past 23 years, KFB has grown to serving hundreds of agencies in 86 Kansas counties distributing over 4.5 million lbs. of food each year.

**Kids Kitchens:** In 1994, the Kansas Food Bank opened its first Kids Kitchen at the Boys and Girls Club of Oaklawn. The second Kids Kitchen was opened in 1996 at the Boys and Girls Club at 21<sup>st</sup> & Grove. The Kids Kitchen provides a free nutritious meal to approximately 350 children after school and throughout the summer months. This program also focuses on nutritional education and good eating habits. The Kansas Food Bank provides the food and cooks for each Kitchen.

**Rural Delivery:** In 1995, Governor Graves appointed a task force to look into the results of a study that showed that one in 22 Kansas children were at risk of being hungry each month. The task force determined the primary reason for hunger was that otherwise available food was not accessible to people in poverty in rural Kansas. This same year, the Kansas Food Bank initiated a rural delivery system that delivers over 1 million pounds of food each year to drop sites in Independence (Warehouse satellite), Salina, Emporia, Garden City, Dodge City, and Liberal each month.

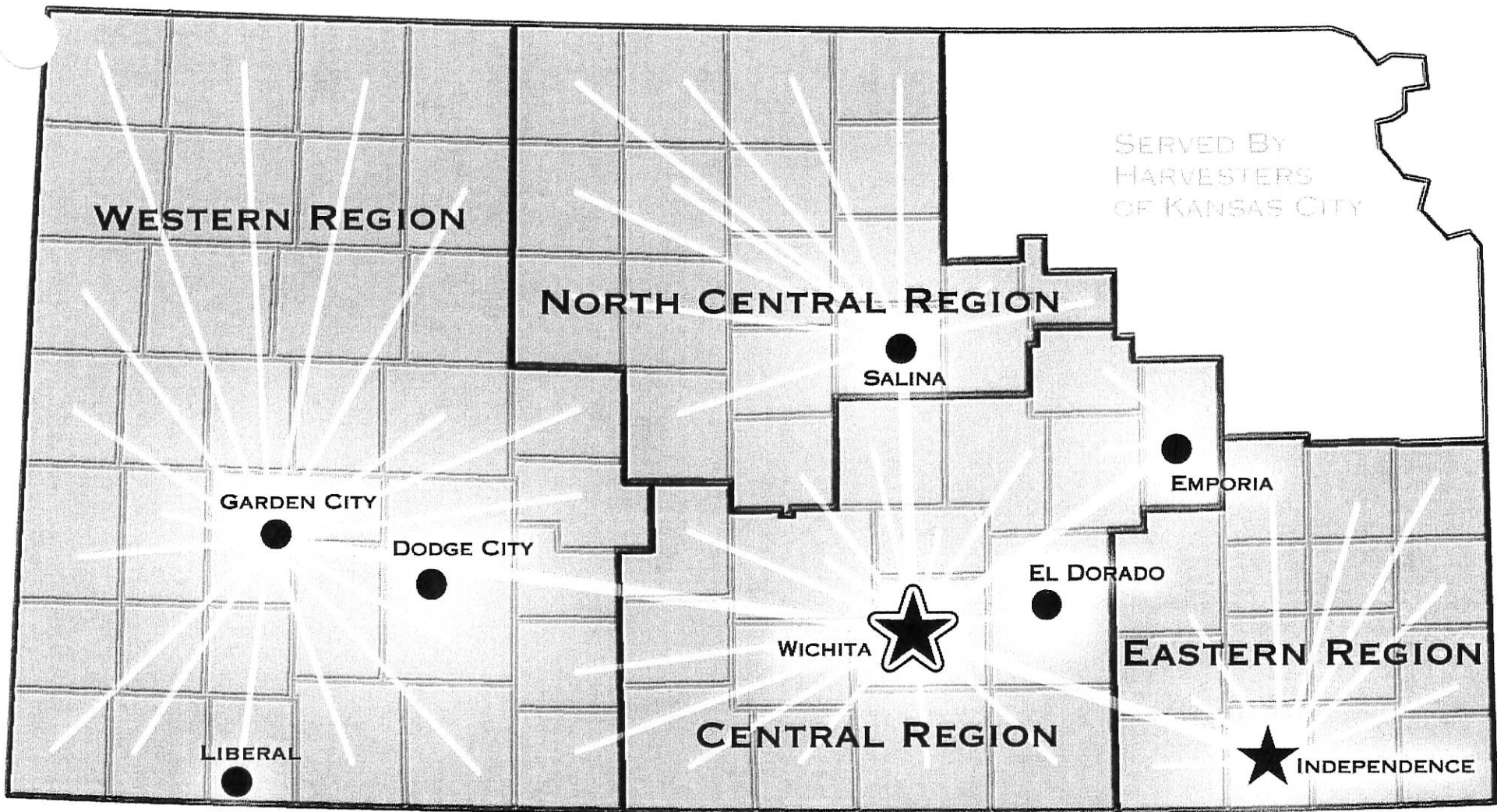
**Food 4 Kids:** In September of 2004, the Kansas Food Bank started the "Food 4 Kids" backpack program, filling the weekend gap that now exists in feeding programs that have been designed to serve children at the highest risk of chronic undernourishment. These low-income, food insecure children rely on school breakfasts and lunches throughout the five weekdays, but have no such support on Saturday and Sunday. On these two days, most have barely enough to eat and some must go without food altogether. The Kansas Food Bank provides backpacks of kid friendly food which are sent home with needful children each Friday during the school year.

At this time, the Food Bank is in 56 schools in 18 school districts throughout our service area sending over 1,000 food packets home with chronically hungry children each Friday with fifteen more schools in the process of application.

House Taxation  
3-13-06  
Attachment 3

## **Kansas Food Bank Fast Facts:**

- ✓ **The Kansas Food Bank distributes over 4.5 million pounds of food to our network of hundreds of hunger-relief agencies in its 86 Kansas county service area covering 73,000 square miles.**
- ✓ **The Kansas Food Bank is the only organization of our kind serving Wichita and these 86 counties with emergency food assistance. As an independent member of America's Second Harvest, the Nation's Food Bank Network, we provide a link, which contributes more than half of the total of rescued food we distribute every year from that out-of-state connection.**
- ✓ **More than 10,500 children benefit every week from our work. Since 9/11, the demands for our services have steadily increased. We do not project this demand to subside. In fact, the demands for our services are expected to grow.**
- ▶ **Over 32,600 people receive assistance from the Kansas Food Bank each week.**
- ▶ **30.3% of the members of households served by KFB are children less than 18 years old.**
- ▶ **10% of the members of households served by KFB are children age zero to 5 years.**
- ▶ **6.% are elderly.**
- ▶ **Approximately 72.6% of clients are white, 20.2% are African American, 4.8% are Hispanic, and the rest are from other racial or ethnic groups.**
- ▶ **44.8% of households include at least one employed adult.**
- ▶ **74.9% have incomes below the official federal poverty level during the previous month.**
- ▶ **Among all clients of KFB, 84.8% are classified as food insecure, using the U.S. governments official food security scale.**
- ▶ **49.1% of all clients of KFB are classified as experiencing hunger.**
- ▶ **Among households with children, 85.7% are food insecure and 47.4% are experiencing hunger.**



DISTRIBUTION POINTS

● SALINA

● DODGE CITY

HEADQUARTERS



WICHITA

KFW SATELLITE



INDEPENDENCE

● EL DORADO

● EMPORIA

● GARDEN CITY

● LIBERAL

**2005 - 2006 Kansas Foodbank Warehouse, Inc.**  
**Board of Directors**

**Chairman**

*Kenny Doonan, President  
Doonan Truck & Equipment of Wichita, Inc.*

**Vice-Chair**

*Jim Shelden  
Retired Raytheon/CEi*

**Treasurer**

*Sam Seward, CPA  
M&L CPAs, Chartered*

**Secretary**

*Don Meiergerd  
Retired Excel Food Distribution*

**Members**

*Virginia Ablah, Exec. Vice Pres./Corp. Secretary  
Ablah Enterprises, Inc.*

*Lionel D. Alford, Jr.  
Engineering Consultant*

*Joan Barrett, VP & General Manager  
KWCH TV - Channel 12*

*John Bays, President  
Dillon Companies*

*Dale G. Diggs, Jr., President  
Diggs Construction, LLC*

*Ms. Jill Docking, Financial Counselor  
A G Edwards & Sons, Inc.*

*Paul Dugan Sr., Partner  
Dugan & Dugan, Attorney*

*Helen Galloway, Owner  
The First Place*

*Phil Hedrick, Vice President of Engineering  
Cessna Aircraft Company*

*Don Hill, Director of SE Kansas Operations  
Westar Energy*

*Rev. Titus James, Pastor  
North Heights Christian Church*

*John Keating, Vice President  
Business Unit Leader  
Excel Food Distribution*

*Willie Kendrick, President  
Wil-Ken Enterprises, Inc.*

*Thomas D. Kitch, Partner  
Fleeson, Gooing, Coulson & Kitch*

*Bruce J. Kouba, President  
All Weather Products Co. Inc.*

*J.V. Lentell, Vice-Chairman  
Intrust Bank, N.A.*

*Patric Rowley, Owner  
Patric Rowley & Partners*

*Jim Urso, Vice President  
Supply Chain Management  
Spirit Aerosystems*

*F. Tim Witsman  
Financial Consultant*

**Food-4-Kids Backpack Program  
Number of Children by Location  
School Year 2005/06**

**\*WICHITA\***

Lincoln Elementary – 20  
Jefferson Elementary – 46  
Colvin Elementary – 67  
Stanley Elementary – 21  
Cloud Elementary – 57  
Harry St Elementary – 52  
Curtis Middle School – 38  
McLean Elementary – 1  
Marshall Middle School – 12  
Hamilton Middle School – 25  
Adams Elementary – 7  
Truesdell Middle – PENDING  
Jardine Middle – PENDING  
Lawrence Elementary – 18  
Clark Elementary – 19  
Greiffenstein Center – 10  
Wells Education Center – 13  
Pleasant Valley Elementary – 10  
Pleasant Valley Middle – 12  
Lynwood Elementary – PENDING  
Allen Elementary - PENDING  
Enterprise Elementary - 10  
Cessna Elementary - 7

**\*DERBY\***

Cooper Elementary – 38  
Oakland Elementary – 23

**\*MULVANE\***

Munson Primary – 21  
Mulvane Elementary – 8  
Mulvane Intermediate – 11  
Mulvane Middle – 10

**\*WELLINGTON\***

Kennedy Elementary – 21

**\*HAYSVILLE\***

Rex Elementary – 8  
Oatville Elementary – 7

**\*EL DORADO\***

Lincoln Elementary – 9  
Jefferson Elementary – 4  
Washington Elementary – 5  
Skelly Elementary - 4

**\*LEON\***

Bluestem Elementary - 10

**\*WINFIELD\***

*DECLINE PROGRAM*

**\*ANTHONY\***

Anthony Elementary – 4

**\*HARPER\***

*DECLINED PROGRAM*

**\*DODGE CITY\***

Central Elementary – 23  
Beeson Elementary – 21  
Linn Elementary – 4  
Miller Elementary – 12  
Wilroads Elementary – 4  
Comanche Intermediate – 7  
Sunnyside Elementary - 21

**\*HOISINGTON\***

*DECLINED PROGRAM*

**\*HAYES\***

*DECLINED PROGRAM*

**\*INDEPENDENCE\***

Eisenhower Elementary – 14  
Lincoln Elementary – 16  
Washington Elementary – 16  
Indy Middle School – 25

**\*FT SCOTT\***

Eugene Ware Elementary – 15  
Winfield Scott Elementary – 28  
Ft Scott Middle School – 8

**\*UNIONTOWN\***

West Bourbon Elementary – 10

**\*COFFEYVILLE\***

Coffeyville Elementary – 40

**\*YATES CENTER\***

Yates Center Elementary - 6

**\*BURLINGTON\***

Burlington Elementary – 12

**\*PITTSBURG\***

*DECLINED PROGRAM*

Lincoln-Central Elementary – 11

**\*CHERRYVALE\***

Caney Elementary - 9

**\*CANEY\***

Heller Elementary – 21  
North Lawn Elementary - 14

**\*NEODESHA\***

**\*February 2, 2006\***  
Larry Gunkel  
Program Manager  
Kansas Foodbank





February 9, 2006

To: Committee on Assessment and Taxation:

I am writing this in support of Senate Bill No. 404 for relief of sales tax for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank (a non-profit 501(c)3 agency), is the only Food Bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 Kansas county service area.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and food rescue.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability to this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

Please support those hardworking Kansans who just can't make ends meet and need a helping hand by supporting Bill No. 404.

Regards,

A handwritten signature in black ink that reads "Tom Hayes". The signature is written in a cursive style with a large, stylized "T" and "H".

Tom Hayes

Tom Hayes  
President

151 North Main  
Wichita, KS 67202

P. O. Box 2519  
Wichita, KS 67201

Tel: 316-291-2500

3-9

**MANNA MINISTRIES  
220 E CENTRAL  
ARKANSAS CITY KS 67005  
HARRIET LOCKE, DIRECTOR**

02/09/06

Dear Committee on Assessment and Taxation:

I am writing this in support of Senate Bill No. 404 for relief of sales tax for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank (a non-profit 501(c)3 agency, is the only Food Bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 county service area.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs such as the the Food 4 Kids program, Rural Delivery, Kids Kitchens, and food rescue. Our agency alone receive food for about 350 needy men, women, children and disabled who are below the poverty level each month and just can't make ends meet.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability to this extra food for those food-insecure Kansans the the Food Bank provides, the task that we have of feeding the hungry Kansans would be even more overwhelming..

Please support those hardworking Kansans who just can't make ends meet and need a helping hand by supporting Bill No. 404. Thank you for listening.

Sincerely,

Harriet Locke, Director

**Emmaus House**  
**802 North Fifth Street**  
**Garden City, Kansas 67846**

February 3, 2006

To Committee on Assessment and Taxation:

I am writing this in support of Senate Bill No. 404 for relief of sales tax for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank (a non-profit 501(c)3 agency), is the only Food Bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 Kansas county service area.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and food rescue.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability to this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

Emmaus House provided 23,363 food boxes in 2005. This feed 75,738 people. Because we are a Homeless/Emergency Shelter, food pantry and soup kitchen, we also fed 3,949 people at the dining room tables. For 2005 Emmaus House provided 268,085 total meals and this could not have happen with out Kansas Foodbank. Emmaus House is able to purchase the food at pennies on the dollar and this in turn is given to the needy in Southwest Kansas.

Please support those hardworking Kansans who just can't make ends meet and need a helping hand by supporting Bill No. 404.

Thank you,



Robin Marsh  
Executive Director/CEO



DILLON STORES  
2700 EAST FOURTH P.O. BOX 1608  
HUTCHINSON, KANSAS 67504-1608 (620)665-5511

JOHN BAYS  
President

February 2, 2006

2006 Kansas Committee on Assessment and Taxation  
c/o The Honorable Barbara P. Allen, Chair  
State Capitol Building – Room 519-S  
300 S.W. 10<sup>th</sup> Avenue  
Topeka, KS 66612

Dear Senator Allen and Committee Members:

I am writing this in support of Senate Bill No. 404 for relief of sales tax for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank, a non-profit 501(c)3 agency, is the only Food Bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 Kansas county service area.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs, such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and food rescue.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability of this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

Please support those hardworking Kansans who just can't make ends meet and need a helping hand, by supporting Bill No. 404.

Sincerely,

  
John Bays

February 8, 2006



To the Committee on Assessment and Taxation:

Please accept this letter in support of Senate Bill No. 404 for relief of sales tax for the Kansas Food Bank Warehouse, Inc.

The Kansas Food Bank (a non-profit 501(c)3 agency), is the only Food Bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 Kansas county service area.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and food rescue.

The Kansas Food Bank provides much needed assistance to our state and helps fill the gap for those who can't make ends meet. Without the availability to this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

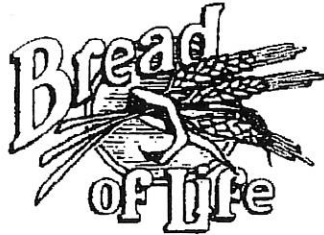
We respectfully request your support for Senate Bill No. 404 which will assist those hardworking Kansans who just can't make ends meet.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. V. Lentell', written in a cursive style.

J. V. Lentell  
Board Member  
Kansas Food Bank



January 27, 2006

To Committee on Assessment and Taxation:

I would like to take this opportunity to express my support of Senate Bill No. 404 for relief of sales tax for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank (non-profit 501(c)3 agency), is the only Food Bank in the State of Kansas distribution food products to hundreds of non-profit food support agencies in its 86 Kansas county service area. Without their existence and constant supply, our own charitable agency, Bread of Life Distribution Center, Inc. would be sorely hindered from feeding thousands of Kansans every year.

If the Kansas Food Bank can save money in taxes, they can spend those same dollars of feeding the hungry and supporting great programs such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and food rescue.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability to this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

Please support your fellow Kansans who find it hard make ends meet and extend to them a helping hand by supporting Bill No. 404.

Thank you for your consideration,

A handwritten signature in black ink that reads "Herb M. Hudson". The signature is written in a cursive style with a large, prominent "H" and "M".

Herb M. Hudson  
President, Bread of Life Distribution Center, Inc.

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2825 S. Hillside . Wichita, KS 67216  
(316) 683-8641

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# American State Bank

& Trust Company, N.A.

February 3, 2006

Committee on Assessment and Taxation  
Kansas State Capitol  
Topeka, KS. 66612

Dear Committee Members:

I am writing this in support of Senate Bill No. 404 for relief of sales tax for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank (a non-profit 501(c)3 agency), is the only Food Bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 Kansas county service area.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and food rescue.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability to this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

Please support those hardworking Kansans who just can't make ends meet and need a helping hand by supporting Bill No. 404.

Sincerely,

Ray E. Purdy  
Market President  
American State Bank & Trust Company, NA

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Main Street Location

1321 Main Street  
Great Bend, Kansas 67530  
Ph: 620-793-5900 · Fx: 620-793-5999

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Mailing Address

P.O. Box 1346  
Great Bend, Kansas 67530-1346

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West Bank Location

725 McKinley Street  
Great Bend, Kansas 67530  
Ph: 620-793-4275 · Fx: 620-793-4278

3-15



February 3, 2006

To: Committee on Assessment and Taxation

I am writing this in support of Senate Bill No. 404 for relief of sales tax for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank (a non-profit 501(c)3 agency), is the only Food Bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 Kansas county service area.

Bourbon County provides backpacks with over-the-weekend food for nearly 70 kids in our three grade schools and the Fort Scott Middle School throughout the school year. Eliminating the sales tax would allow us to feed 5-7 more kids each weekend.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and Food Rescue.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability to this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

Please support those hardworking Kansans who just can't make ends meet and need a helping hand by supporting Bill No. 404.

A handwritten signature in black ink that reads 'Bob Marshall'. The signature is written in a cursive style with a large, looped 'B' and 'M'.

Bob Marshall  
Bourbon Co. Backpack Program Director





FELLOWSHIP  
BAPTIST CHURCH

Bill Prater, *Pastor*

To Committee on Assessment and Taxation:

February 3, 2006

I am writing this in support of Senate Bill No. 404 for relief of sales tax for the Kansas Foodbank Warehouse, Inc.

The Kansas Food Bank (a non-profit 501(c)3 agency), is the only Food Bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 Kansas county service area.

The Fellowship Baptist Church serves 200 or more families from Liberal and the surrounding areas each month through our "Bread of Life" Food Pantry. We provide each family with enough food for three meals for three days. Were it not for the Kansas Food Bank, this ministry of our church would not be possible, at least not anywhere close to the scale of which it is now. The Kansas Food Bank has been a huge blessing and benefit to our church.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and food rescue.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability to this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

Please support those hardworking Kansans who just can't make ends meet and need a helping hand by supporting Bill No. 404.

Sincerely,

Andrew Linder,  
Assistant Pastor



PACK ST. CLAIR

February 3, 2006

To Committee on Assessment and Taxation:

I am writing this in support of Senate Bill No. 404 for relief of sales tax for the Kansas Food Bank Warehouse, Inc.

The Kansas Food Bank (a non-profit 501(c) agency), is the only food bank in the State of Kansas distributing food products to hundreds of non-profit food support agencies in its 86 Kansas county service area which includes southeast Kansas.

Any dollars that can be saved and spent on feeding the hungry of Kansas will help expand the services of the Kansas Food Bank and its programs such as the Food 4 Kids program, Rural Delivery, Kids Kitchens, and Food Rescue. I have personally observed these programs to be very successful in our part of the state.

The Kansas Food Bank provides much needed assistance to our community and helps fill the gap for those who just can't make ends meet. Without the availability to this extra food for those food-insecure Kansans that the Kansas Food Bank provides, the task that we have of feeding hungry Kansans would be even more overwhelming.

Please support those hardworking Kansans who just can't make ends meet and need a helping hand by supporting Bill No. 404.

Sincerely,

Paul St. Clair  
Chairman and CEO

# Food 4 Kids - Monthly Report

School Name Miller Elementary Month March 05  
Dodge City KS

Name/Title of Person Completing Report Marianna Jones - School Counselor

# of New Backpacks Distributed 3

## # of Children That Received Food Each Week

	Food in Backpack	Extra food
Week 1	5	3
Week 2	5	3
Week 3	No school	
Week 4	5	3
Week 5		

Please share stories of how this food helped one or more children this month:

One child was eating paper one Monday Morning. When asked why, he replied we don't have food at home to eat on the weekend. This is a Kdg. Student. After having a backpack there has been no more problems. Thank.

Any Comments or Concerns:

Fax Reports by 5th of each month for the prior month to:  
 Kansas Food Bank Fax: 316-265-9747

Questions? Call Lynette or Brian at 316-265-3663

# Food 4 Kids - Monthly Report

School Name Coffeyville Community Elem. Month March 05

Name/Title of Person Completing Report Jerry Hogan

# of New Backpacks Distributed 0

# of Children That Received Food Each Week

	Food in Backpack	Extra food
Week 1	33	
Week 2	33	
Week 3	33	
Week 4		
Week 5		

Please share stories of how this food helped one or more children this month:

One father called & told us that he had a job now and that the food had been a God send, but he knew there were many families that need this food, so please share it. He was very proud to be able to say this

Any Comments or Concerns:

We are dropping one family of 4 girls and another family of one

Fax Reports by 5th of each month for the prior month to:  
Kansas Food Bank Fax: 316-265-9747

Questions? Call Lynette or Brian at 316-265-3663

# Food 4 Kids - Monthly Report

School Name Jefferson Elementary Month November

Name/Title of Person Completing Report Deb Rogers,

# of New Backpacks Distributed \_\_\_\_\_

# of Children That Received Food Each Week

	Food in Backpack	Extra food
11/4 Week 1	24	
11/10 Week 2	35	
11/15 Week 3	<del>35</del> 36	
11/22 Week 4	27	
Week 5		

Please share stories of how this food helped one or more children this month:

We received word from a teacher that  
the mother of one of her students receiving a backpack  
had been hospitalized and was especially  
grateful for the food. Also, a new student  
was referred to us because she was  
getting food out of the trashcan at school.

Any Comments or Concerns:

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Fax Reports by 5th of each month for the prior month to:  
 Kansas Food Bank Fax: 316-265-9747

Questions? Call Lynette or Brian at 316-265-3663

# Food 4 Kids - Monthly Report

School Name Colvin Elementary Month March

Name/Title of Person Completing Report Kelly Hahn/CIS

# of New Backpacks Distributed 1

### # of Children That Received Food Each Week

	Food in Backpack	Extra food
Week 1	54 <del>60</del>	1
Week 2	57 <del>60</del>	1
Week 3	54	1
Week 4	54	1
Week 5		

Please share stories of how this food helped one or more children this month:

Another student who does not get the food packets spent the night w/ a student that does get food. The student who spent the night told me that she understands why they get food. She said all they had to eat at home was potato chips. I'm positive that the food packets have made a huge difference for them.

Any Comments or Concerns:

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Fax Reports by 5th of each month for the prior month to:  
Kansas Food Bank Fax: 316-265-9747

Questions? Call Lynette or Brian at 316-265-3663

DODGE CITY,

# Food 4 Kids - Monthly Report

School Name Miller Elementary Month Sept. 05

Name/Title of Person Completing Report Marianna Jones Counselor

# of New Backpacks Distributed 8

### # of Children That Received Food Each Week

	Food in Backpack	Extra food
Week 1		
Week 2		
Week 3	8	
Week 4	8	
Week 5	8	

Please share stories of how this food helped one or more children this month:

I have had several of these students  
come and tell me they were able to  
go to bed over the weekend without their  
tummy's rumbling now. Thanks to the  
food sent home. Thank you!

Any Comments or Concerns:

We really appreciate this program,  
It really helps those that have  
no food over the weekend.

**Fax Reports by 5th of each month for the prior month to:**  
**Kansas Food Bank Fax: 316-265-9747**

Questions? Call Lynette or Brian at 316-265-3663

# HEIN LAW FIRM, CHARTERED

5845 SW 29<sup>th</sup> Street, Topeka, KS 66614-2462

Phone: (785) 273-1441

Fax: (785) 273-9243

*Ronald R. Hein*

*Attorney-at-Law*

Email: rhein@heinlaw.com

**Testimony re: SB 404  
House Taxation Committee  
Presented by Julie J. Hein  
on behalf of Kansas Pharmacy Coalition  
March 13, 2006**

Mister Chairman, Members of the Committee:

My name is Julie Hein, and I represent the Kansas Pharmacy Coalition (KPC). The Kansas Pharmacy Coalition is an ad hoc coalition comprised of the Kansas Pharmacists Association and the Kansas Federation of Chain Pharmacies.

The KPC supports SB 404 because of the specific provision regarding the sales tax exemption for "Dietary Supplements when prescribed". Prior to July, 2003, drugs "when prescribed" including dietary supplements were exempt of sales tax.

In the 2003 session, the definition for the sales tax exemption for "all sales of drugs" was amended to conform to the definition of the streamlined sales tax project. When this definition change was made it inadvertently changed the tax exemption policy regarding "dietary supplements when prescribed".

Dietary supplements are over the counter products and sales tax is collected on all sales, with the exception of those that are determined to be medically necessary and prescribed by a Physician. Examples of this exception are, a patient being prescribed iron pills to affect the anemia caused by kidney failure or PhosLow supplement prescribed to counter the effects Dialysis has on the body. These are a couple examples, but dietary supplements that are prescribed are a very small portion of the dietary supplements sold.

This change was not identified until recently when the rules and regulations were being put in place for the new language for the sales tax exemption on section (p) all sales of drugs. When we brought this to the attention of the Department of Revenue, Secretary Wagnon supported our getting this corrected. Richard Cram, Dept. Of Revenue, drafted the new sales tax exemption set out in subsection (jjj) all sales of dietary supplements dispensed pursuant to a prescription order by a licensed practitioner or a mid-level practitioner.

As you can imagine, the Pharmacy software is written for sales tax purposes, based on whether something is prescribed by a physician or not. This would be a huge undertaking for the Pharmacists and Pharmacies in Kansas to make the changes necessary for a policy change of this kind.

The attachment lists the statute language referenced in my testimony.

The KPC urges your support of this correction and your support of SB 404. Thank you very much for permitting me to testify, and I will be happy to yield to questions.

House Taxation  
313-06  
Attachment 4



## Definitions Attachment

### **Sales tax exemption for 76-3606(p) all sales of drugs (prior to 7/2003):**

*76-3606 (p) all sales of drugs, as defined by K.S.A. 65-1626 and amendments thereto, dispensed pursuant to a prescription order, as defined by K.S.A. 65-1626, and amendments thereto, by a licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-1626, and amendments thereto.*

### **The definition of drug (K.S.A. 65-1626) referenced by exemption prior to 7/2003:**

*K.S.A. 65-1626 (1) "Drug" means: (1) Articles recognized in the official United States **pharmacopoeia**, or other such official compendiums of the United States, or official national formulary, or any supplement of any of them; (2) articles intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in man or other animals; (3) articles, other than food, intended to affect the structure or any function of the body of man or other animals; and (4) articles intended for use as a component of any articles specified in clause (1), (2) or (3) of this subsection; but does not include devices or their components, parts or accessories, except that the term "drug" shall not include amygdalin (laetrile) or any livestock remedy, if such livestock remedy had been registered in accordance with the provisions of article 5 of chapter 47 of the Kansas Statutes Annotated prior to its repeal.*

### **Sales tax exemption for 76-3606(p) all sales of drugs (after 7/2003):**

*76-3606 (p) all sales of drugs dispensed pursuant to a prescription order by a licensed practitioner or a midlevel practitioner as defined by K.S.A. 65-1626, and amendments thereto. As used in this subsection, "drug" means a compound, substance or preparation and any component of a compound, substance or preparation, **other than food and food ingredients, dietary supplements** or alcoholic beverages, recognized in the official United States pharmacopoeia, official homeopathic pharmacopoeia of the United States or official national formulary, and supplement to any of them, intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease or intended to affect the structure or any function of the body;*

12-194

Sec. 1. K.S.A. 2005 Supp. 12-194 is hereby amended to read as follows: 12-194. No city or county shall levy or impose an excise tax or a tax in the nature of an excise, other than a retailers' sales tax and a compensating use tax, ~~upon the sale or transfer of personal or real property, or the use thereof, or the rendering of a service,~~ but the provisions of this section shall not be construed as prohibiting any city from (a) contracting with a utility for a fixed charge based upon a percentage of gross receipts derived from the service permitted by grant, right, privilege or franchise to such utility; (b) imposing an occupation tax or license fee for the privilege of engaging in any business, trade, occupation or profession, or rendering or furnishing any service, but the determination of any such license fee shall not be based upon any amount the licensee has received from the sale or transfer of personal or real property, or for the rendering or furnishing of a service, or on the income of the licensee; ~~For~~ (c) levying any occupation tax or license fee imposed by such city prior to the effective date of this act. No license fee described in subsection (b) of this section shall be imposed upon any utility contracting with and subject to a charge, described in subsection (a) of this section, by such city.

(d) retaining any development excise tax as levied or imposed by such city in existence on January 1, 2006; or (e) levying an excise tax on tickets for admissions to concerts, theatrical performances, sports contests or other similar performances which take place on property owned by a city