

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:30 A.M. on February 15, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research
Martha Dorsey, Kansas Legislative Research
Gordon Self, Revisor of Statutes Office
Judy Swanson, Secretary

Conferees appearing before the committee:

Senator Susan Wagle
Mary Ellen Conlee, Wichita Area Technical College
Diane Gjerstad, USD#259, Wichita

Others attending:

See attached list.

Hearing on **SB 535, no sales taxation of manufacturer rebates to purchasers of new motor vehicles modified to accommodate handicapped persons** was opened.

Senator Susan Wagle testified she introduced the bill on behalf of a constituent who was required to pay sales tax on the rebate received when buying a new van for his disabled wife. (Attachment 1) Senator Donovan pointed out the cost of the special equipment in the van is already tax exempt. Senator Wagle said the fiscal note for this bill could not be correct. Richard Cram, KDOR, will work with others in getting a more accurate fiscal note. Chairman Allen requested Senator Wagle to provide information to the committee on how many vans with special equipment would be affected under this bill.

Hearing on **SB 535** was closed.

Hearing was opened on **SB 311, tax levy authority for governing bodies of technical colleges and school districts.**

Mary Ellen Conlee, representing the Wichita Area Technical College, testified this bill would permit a shift of the local property tax mechanism for providing a Kansas Board of Regents approved ABE curriculum from USD 259 to the WATC Board of Directors. (Attachment 2)

Diane Gjerstad, Wichita Public Schools, testified in support of **SB 311**. (Attachment 3) Discussion followed.

In response to Senator Lee, it was noted this bill would increase the mill levy in Sedgwick County, outside of the City of Wichita, and there is no limit on the ABE mill levy. Ms. Conlee said there is no other technical college in Kansas that could raise the mill levy to support its programs, and she does not feel it would be a tax increase to the residents outside of the Wichita school district. Ms. Conlee said she would not oppose a protest provision.

Mark Desetti, KNEA, said it was unclear to him whether, after passing **SB 311** into law, USD 259 would be prohibited from passing a bond issue. Gordon Self, Revisor, said that was not the bill's intent, and the bill needed several technical amendments. Chairman Allen requested proposed amendments prior to the committee working the bill. Senator Lee requested staff get more information about this bill, including if it would give technical schools the authority to propose bond issues.

Hearing on **SB 311** was closed.

Julie Hein, representing Kansas Pharmacy Coalition and Kansas Pharmacy Association, proposed amendments to **SB 404, sales tax exemption for purchase of personal property by certain organization used for the collection, storage and distribution of food products.** (Attachment 4) She said the amendment was needed because of the new definition of drugs under the streamlined sales tax law.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:30 A.M. on February 15, 2006 in Room 519-S of the Capitol.

Discussion was held on **SB 404**, sales tax exemption for purchase of personal property by certain organization used for the collection, storage and distribution of food products.

Senator Donovan made a motion to amend **SB 404** on page 20, line 36, by adding the words “and services” after the word “property”. Senator Pine seconded the motion, and the motion passed.

Senator Donovan made a motion to amend **SB 404** by including the appropriate dietary supplemental language, and requested the Revisor to make any additional technical adjustments to the bill that are needed. Senator Jordan seconded the motion, and the motion passed.

SB 489, sales tax exemption for Special Olympics Kansas, Inc, was discussed.

Senator Donovan made a motion to amend **SB 489** on page 9, line 21, by adding the words “and services” after the word “property”. Senator Jordan seconded the motion, and the motion passed.

Senator Donovan moved to amend the text of **SB 489**, as amended, into **SB 404**. Senator Jordan seconded the motion, and the motion passed.

Senator Donovan moved to report **SB 404** as amended favorable for passage. Senator Bruce seconded the motion, and the motion passed.

Richard Cram, KDOR, said the fiscal note for **SB 438, computation of amount of personal property tax on motor vehicles**, was incorrect. He will prepare a correct fiscal note.

Being no further business, the Committee adjourned at 11:55 a.m.

SENATE
ASSESSMENT & TAXATION COMMITTEE

GUEST LIST

DATE: 2/15/06

NAME	REPRESENTING
Estelle Montgomery	Hein Law Firm
Kevin Best	KWEA
MARK DEBETH	KNBT
Bill Brady	C.S
Mary Ellen Gilie	Wichita Area Technical College
Margaret Harris	Wichita Area Technical College
Chris Kenley	Wichita Area Technical College
Beth Ornes	Hutcheson & Associates
Kiel Brunner	Intern
Richard Smirnov	Kensington & Associates
Doug Smirnov	Pinegar, Smith & Associates
Dan Mober	LKM
Karl Peterson	KS Taxpayers Network

State of Kansas

Senate Chamber



Susan Wagle

Thank you Madam Chairman and members of the Assessment and Taxation Committee for allowing me to testify to you as an advocate for S.B. 535. I submitted this bill for consideration after a constituent called me last summer. He shared with me how he took great pride in caring for his physically disabled wife. He had never asked the government for a dime. His wife was and is wheel chair ridden and she needs special accommodations in order to be mobile.

My constituent shared with me how he had just purchased a van, and the manufacturer of the van gave him a rebate on the cost of making the van wheel chair accessible. When he found out he had to pay state sales tax on the manufacturers rebate, he felt the charge, no matter how small, was simply not justifiable.

His comments to me were that you would think the State would encourage Kansans who take care of disabled family members and not slap them in the face with a tax bill for special accommodations. I imagine this individual is not alone. There are many Kansans who take tremendous pride in caring for disabled loved ones and they are doing everything possible to stay independent and not rely on the State.

I am in agreement with my constituent. I tried to craft a very narrowly worded bill that would accommodate this special group of independent Kansans who's dignity and self esteem rests on their ability to care for their own and they consistently resist government handouts.

I would ask that you give S.B. 535 favorable consideration.

Susan Wagle
District 30
State Senator

**TESTIMONY PRESENTED TO
THE SENATE ASSESSMENT AND TAXATION COMMITTEE**

**By Mary Ellen Conlee
Representing the Wichita Area Technical College**

February 15, 2006

Madam Chair, members of the committee, I am Mary Ellen Conlee, representing the Wichita Area Technical College in support of SB 311, a bill that would permit a shift of the local property tax mechanism for providing a Kansas Board of Regents (KBOR) approved ABE curriculum from USD 259 to the WATC Board of Directors.

Currently, if a school district provides the KBOR approved, Adult Basic Education (ABE) curriculum, it has the statutory authority to levy a property tax at a level that is deemed necessary by the Board of Regents to cover the cost of providing that instruction. The Wichita Area Technical College provides instruction for over 1000 students per year in adult certificate and literacy programs, English for Speakers of Other Languages (ESOL) as well as preparation for taking GED tests. This curriculum constitutes 16% of the aggregate WATC funding.

As a result of SB 7 (2003) requiring technical colleges to separate from USD governance, WATC is no longer governed by USD 259, but continues to provide the ABE courses in Sedgwick County. SB 311 would give WATC financial control over the established funding mechanism for delivering this ABE curriculum. With this control, WATC will be able provide course work in both traditional and non-traditional settings and expand capacity to address an established need.

In the transition, USD 259 has continued to levy the tax and entered into a contractual arrangement with the Wichita Area Technical College to deliver the courses, but has recently announced that it will no longer levy the tax. Both organizations believe that the contractual arrangement does not align financial and curriculum responsibilities within the same jurisdiction. In addition, USD 259 has no plans to provide the program itself.

Both the WATC Board of Trustees and the USD 259 Board of Education believe that it would be more appropriate for the statutory authority for levying the ABE tax to rest with the technical college.

This would not constitute a new tax, nor can the tax revenue it generates be used for broader technical training opportunities. Instead, it is simply a shifting of the current taxing authority for specific Adult Basic Education classes to the responsible organization. Based on the Board of Regents oversight of ABE instruction, it is not anticipated the mill levy would exceed the current ½ mill levied by USD 259. Additionally, the proposed legislation (SB 311) states that in counties where a technical college assumes the tax levy authority to provide the ABE curriculum, the unified school district would no longer be allowed to levy such a tax for the purpose of providing ABE

instruction. In fact, since the separation of WATC from USD 259, several school districts throughout Sedgwick County are negotiating with WATC for the delivery of ABE instruction in their communities.

The only other technical college in Kansas that could be impacted by this legislation, Flint Hills Technical College in Emporia, has not at this time committed to utilize this taxing authority. Nevertheless, the President has advised us that he supports SB 311 as it would permit the college to act at a later date, if his Board chose to do so.

Based on time considerations for meeting this year's tax levy requirements, we ask that the bill be amended to be effective on publication in the Kansas Register. △

Thank you for the opportunity to discuss this proposal with you. Margaret Harris, the Director of the WATC, ABE Program or I would be happy to answer questions.



Senate Assessment and Taxation Committee
Senator Barbara Allen, Chair

S.B. 311 Adult Basic Education mill levy

February 15, 2006

Diane Gjerstad
Wichita Public Schools

Madame Chair, members of the Committee:

Prior to the passage of Senate Bill 7 the Wichita Area Technology College was governed by the Wichita Board of Education. Since the passage of S.B. 7 the Wichita Area Technical College is now an organization independent of the local school district.

WATC has long provided programs for adults who have not graduated from high school (called 'adult basic education' or 'ABE' courses). As a part of the transition plan which was agreed to by the Board of Regents, ABE courses continue to be taught by WATC. What has changed is the service territory. WATC used to provide ABE classes solely within the USD 259 boundaries. Now WATC serves a new territory (Sedgwick County); broader than USD 259's boundary. But by statute the authority to levy the ABE tax still resides with the school board.

As a logical next step after S.B. 7, the Board supports shifting the ABE mill levy authority from the local school district to the governing body of the Wichita Area Technical College.

We base our support for SB 311 for the following reasons:

- Expanded service territory – WATC now serves the entire county, not just the school district. The taxing jurisdiction and the territory receiving services should be the same.
- It seems reasonable for the body which governs the programs to also have the responsibility for funding. Moving the ABE mill levy to WATC governing board gives them both the ability to adjust programs and funding for ABE.
- The school district's goal for students is high school graduation, not a GED. Along with 7 traditional high schools and 3 alternative high schools, the district has taken an entrepreneurial approach by establishing non-traditional programs to help students graduate with a high school diploma. An exciting example is the district's partnership with the Simon Youth Foundation establishing very successful Learning Centers at both Towne East and Towne West.

Madame Chair and members of the committee, we support SB 311 as a sensible next step for WATC to have the ability to directly determine their ABE programs and funding. Thank you.

Assessment & Taxation
Date 2-15-06
Attachment # 3

for Hein - sales tax exemption bills

Below is the suggested language to be added as a new subsection to K.S.A. 79-3606, providing a separate exemption for prescribed dietary supplements:

all sales of dietary supplements dispensed pursuant to a prescription order by a licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-1626, and amendments thereto. As used in this subsection, "dietary supplement" means any product, other than tobacco, intended to supplement the diet that: (1) contains one or more of the following dietary ingredients: a vitamin; a mineral; an herb or other botanical; an amino acid; a dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or a concentrate, metabolite, constituent, extract, or combination of any ingredient described in above; (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such a form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and (3) is required to be labeled as a dietary supplement, identifiable by the "supplemental facts" box found on the label and as required pursuant to 21 C.F.R § 101.36.

Assessment & Taxation
Date 2-15-06
Attachment # 4