

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 2, 2007 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, Office of Revisor of Statutes
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Don Moler, League of Kansas Municipalities
Mark Tallman, Kansas Association of School Boards
Representative Pat Colloton
Lisa Benlon, American Cancer Society
Richard Cram, KDOR
Representative Pat George
Representative Rob Olson
Mike Armstrong, Private Citizen, (written testimony)

Others attending:

See attached list.

HCR 5006 - Constitutional Amendment to limit appraised valuation increases on real or personal property used for residential purposes owned by persons 65 years of age.

The Chairman re-opened the hearing on **HCR 5006** and reminded members that all proponents were heard on January 31, and today they would continue hearing the opponents.

Don Moler, League of Kansas Municipalities, testified that cities understand the desire to limit the tax burden on citizens, however **HCR 5006** is ill advised for three reasons: 1) Because a limitation on natural valuation increases logically, it results in less tax revenue being collected from one group of properties; 2) The amendment would further erode the tax base; and 3) Would create a valuation system that results in fictional and unequal values (Attachment 1).

After discussion the Chairman requested that staff provide a summary on the mechanics of the Local Ad Valorem Tax Refund (LAVTR). Rep. Siegfried made a request of the PVD staff to provide a chart with a compilation predicting the level of LAVTR return or restoration necessary to adjust to the data proposed in **HCR 5006**.

Mark Tallman, Kansas Association of School Boards, said Kansas does have a property tax problem, however they believe that **HCR 5006** attempts to deal with symptoms, not the real cause. He explained spreadsheets on: 1) School district expenditure as a percent of Kansas personal income; 2) Economic Impact of Kansas Schools; 3) Selected Financial Data and 4) Number of certified employees of USDs. He called attention to an Issue Brief - *The High Cost of High School Dropouts - What the Nation pays for Inadequate High Schools* that was part of his testimony. He concluded by stating the solution to rising property taxes is not **HCR 5006**, but instead, a tax policy that provides a better mix of other revenue sources to offset reliance on property taxes. What is needed is a comprehensive examination of all state and local tax policy (Attachment 2).

The Chairman thanked Mr. Tallman for his testimony and handouts. He asked that he participate in the development of a new chart, using his chart entitled *School District Expenditures as A Percent of Kansas Personal Income* as the foundation. He requested that additional columns be added for data from the State General Fund, cities and counties. This new compilation would show the actual tax shifts and could help determine benchmarks.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 2, 2007 in Room 519-S of the Capitol.

The Chairman closed the public hearing on HCR 5006.

HB 2154 - Sales tax exemption for the American Cancer Society, Inc.

Chris Courtwright, Legislative Research Department, briefed the committee on HB 2154, a new sales exemption for both sales and purchases of the American Cancer Society, Inc. The American Cancer Society would be added to a list of other 501 (c) (3) organizations that have these existing exemptions.

The Chairman opened the public hearing on HB 2154.

Representative Pat Colloton, testified that the bill would support the outstanding work of the American Cancer Society in education, research, and patient care. She introduced Lisa Benlon, a former state representative, to explain details of the bill. She urged the passage of HB 2154 (Attachment 3).

Lisa Benlon, American Cancer Society, said that their organization had encountered resistance from food vendors who donate food for fund-raising efforts because they are required to pay taxes on the food they prepare to give away. She said the American Cancer Society would save approximately \$60,000 and could offer an additional 4 areas of service with those savings (Attachment 4).

Richard Cram, KDOR, acknowledged the good work done by the American Cancer Society, as well as many organizations that serve community needs, however he reminded members of past remarks made by Secretary Wagon regarding the current policy of granting exemptions. He referred to a recommendation made during the 2005 interim, in which the standing tax committees would develop criteria with which to evaluate all future requests for sales tax exemptions. He said that if the bill goes forward, the Department suggests that the exemption for sales made "by or on behalf" of the organization be removed from the proposal. That phrase makes the policing of those exemptions difficult, and creates the potential to wrongfully claim exempt sales on behalf of an organization (Attachment 5).

Seeing no other conferees the Chairman closed the public hearing on HB 2154.

HB 2155 - Concerning sales taxation; relating to exemptions; purchase of motor vehicle in certain circumstances.

The Chairman opened the hearing on HB 2155 and asked Representative George to explain the bill.

Representative Pat George, said that there are occasions when a consumer is subject to double taxation. This bill provides a refund when a motor vehicle is purchased to replace another that was stolen or destroyed. He described several scenarios in which a consumer was subject to double taxation and he urged passage of HB 2155 (Attachment 6).

Representative Rob Olson, said that he stood before the Taxation Committee on behalf of his constituency and all Kansans who have been victims of the state's current double taxation policy (Attachment 7). He said that Kansas' system of taxation and government in general is one that is supposed to be fair and supportive, and during a time of misfortune, such as having your vehicle destroyed or stolen, government should not burden people with an extra tax after their traumatic instances. He called attention to the written testimony of Mike Armstrong, Private Citizen, who wrote about his experience concerning this policy (Attachment 8).

Discussion followed regarding possible legislation that would require insurance companies to pay the sales tax on destroyed or lost vehicles. A request was made to determine the liability of insurance companies to pay the sales tax. There was also a question regarding the percentage of insurance companies that currently pay that tax.

Richard Cram, Department of Revenue, appeared in opposition to the proposed legislation. He said their research shows that most insurers reimburse sales tax as part of a settlement agreement on a wrecked

CONTINUATION SHEET

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vehicle. **HB 2155** would shift the sales tax burden on purchases of replacement vehicles from the insurer to the state. He cited several reasons why the exemption for replacement is problematic and briefed the committee on the fiscal impact of the bill. If the bill goes forward, Mr. Cram suggested 4 changes and amendments for the Committee's perusal (Attachment 9).

Seeing no other conferees the Chairman closed the hearing on **HB 2155**.

The Chairman returned to **HB 2031** the Franchise Bill, and called for Committee discussion.

Representative Carlson made the motion that **HB 2031** be passed out favorably. Representative Siegfried seconded the motion.

Representative Holland made a substitute motion to introduce the Franchise tax portion of the Governor's package, that would lift the floor from \$100,000 to \$1,000,000. Representative Dillmore seconded the motion.

A memorandum on the *SGF Receipts, Expenditures and Balances, FY 2006-2010* was distributed (Attachment 10). A balloon was distributed for the substitute motion (Attachment 11).

After discussion Representative Holland closed his substitute motion. The motion failed 12-11.

Representative Treaster made a substitute motion to table **HB 2031**. Representative Davis seconded the motion. The motion failed.

Representative Carlson closed his motion to pass **HB 2031** out favorably. The motion passed.

The Chairman adjourned the meeting at 11:00 a.m. The next meeting is February 6, 2007.

TAXATION COMMITTEE

DATE: FEBRUARY 2, 2007

NAME	REPRESENTING
LISA BENLON	AMER. CANCER Soc
Tara Howe	American Cancer Society
LARRY R BAER	LKM
Don Moler	LKM
Mark Tallman	KASB
Derek Heth	Heth Law Firm
Bill Brody	Capitol Strategies

To: House Taxation Committee
From: Don Moler, Executive Director
Date: January 31, 2007
Re: Opposition to HCR 5006

On behalf of the League of Kansas Municipalities I want to thank the committee for the opportunity to appear before you today in opposition to HCR 5006. This concurrent resolution proposes to amend the Kansas Constitution, Article 11, Section 1, to limit real property appraised valuation increases from one tax period to another of real property to the percentage increase of the consumer price index for all urban consumers. This proposition would also provide that for real property, the appraised valuation for new or newly improved real property in the initial year shall be based on the comparison with values of other comparable real property of known or recognized value, and the appraised valuation for real property which has been sold shall be adjusted to an amount equal to the sales price of such real property, as long as such sales price is an amount that a well informed buyer is justified in paying and a well informed seller is justified in accepting for such property in an open and competitive market assuming that the parties are acting without undue compulsion. While cities understand the desire to limit the tax burden on our citizens, this resolution is ill-advised for several reasons.

First, because a limitation on natural valuation increases logically results in less tax revenue being collected from one group of properties, such a loss must be made up from other groups of properties. Thus, any tax relief provided to long-term property owners merely shifts the tax burden to the owners of new properties, and to the owners of properties that have recently sold. The limitation of property tax on one group merely shifts the tax burden to other groups. Without regard to an individuals' ability to sustain the valuation increase, and resulting tax liability, the long-time property owners will, across the board, see a decrease in real property taxes. Thus, many of the wealthiest citizens in Kansas could have the valuation on their high dollar properties frozen, thus achieving an incredible tax windfall. It is an inescapable fact that this amendment would create a tax shift.

Second, this amendment, if adopted would further erode the tax base. At a time when the state is struggling to fund necessary services, such as education, and cities are trying to fund services essential for all citizens who live in our communities, further loss of tax revenue is simply exacerbating the problem. After the loss of demand transfers several years ago, cities have been left dependent on the property tax and local sales tax as the two primary sources of revenue. For cities that have few or no retailers in their communities, the property tax is left as the lone source for funding city services. A tax policy issue that must be faced in the coming years is how to fund local government in the face of an eroding tax base, with no other sources of revenue upon which to draw.

Finally, the adoption of this amendment would take the state back to the days of tax inequity where two houses sitting side-by-side could have different values simply because of when the properties were built, or last sold. It took reappraisal and many years of refining the state's appraisal system to finally bring an end to most of the unfair and inequitable treatment of values in the years leading up to reappraisal. This amendment would create a valuation system that results in fictional and unequal values. For these reasons The League of Kansas Municipalities urges the committee not to report HCR 5006 favorable for passage.



Testimony on **HCR 5006**
before the
House Taxation Committee
by

Mark Tallman, Assistant Executive Director/Advocacy
Kansas Association of School Boards
(Also representing Kansas National Education Association)

January 31, 2007

Mr. Chair and Members of the Committee:

Thank you for the opportunity to appear today in opposition to **HCR 5006**. As I noted in earlier testimony this year, our members adopted a School Finance Resolution at our annual convention in December, after extensive discussion at regional meetings around the state and within our leadership bodies, which calls for a comprehensive review of state and local tax policies to ensure that they provide a fair, balanced and economically responsive source of revenue.

Our members share the concern that property taxes are rising increasing disproportionately, and becoming a burden on many taxpayers. But we believe **HCR 5006** attempts to deal with symptoms, not the real cause.

Kansas **does** have a property tax problem. As you have heard, funding of state and local government services is becoming less balanced and more skewed toward the property tax. Between 1998 and 2005, the percentage of state and local taxes from property increased from 30.9 to 34 percent; while the percent of income and privilege taxes fell from 28 to 23.3 percent. Revenues from sales and use taxes remained relatively stable: 28.1 to 26.8 percent.

This is NOT, however, because government is growing faster than the overall ability of Kansans to pay. As you have heard, the total state and local tax burden as a percentage of Kansas personal income has remained remarkably constant for decades, ranging between 10 and 12 percent of Kansas personal income. What has occurred are changes in the mix of taxes and a continued erosion of the tax base through exemptions.

These trends are also true of school finance. As the attached chart shows, 10 years ago, total school district expenditures from the general fund and local option budgets were 3.76 percent of Kansas personal income. This year, even after the increases provided by the Legislature in response to the *Montoy* lawsuit, these expenditures are estimated at about 3.6 percent of KPI – slightly less than 10 years ago.

What is even more significant is that general fund expenditures – the base budget and weightings set by the state – fell from 3.43 percent of KPI to a low of 2.76 percent in 2005. Even with the additional funding over the past two sessions, general fund support remains at about 2.8 percent, and most of the increase in state funding, especially under the “three-year plan” is targeted at special programs, not “regular” education costs.

Therefore, it should be no surprise that school districts have had to increase the local option budget to with costs. Local option budgets have more than doubled as a share of KPI over the past 10 years, and approximately 75 percent of the LOB comes from property taxes.

School spending has risen for several reasons. First, the KPI is much better measure of district costs than the Consumer Price Index, because about 80 percent of district expenditures are for salaries, not “consumer” goods and services. Second, districts have been increasingly called upon to raise student achievement, and that requires more resources. The Legislative Post Audit Outcomes study found a nearly one-to-one relationship between school spending and student achievement outcomes in Kansas over the past five years (see below). Therefore, we believe school funding is going to have to increase AT LEAST as much as personal income in Kansas if educational outcomes are expected to remain high and, in fact, continue to rise. (I have attached a recent article on the economic impact of educational attainment.)

What is the effect of limiting increases in appraised value to the consumer price index for school finance as proposed in **HCR 5006**? First, the state will receive less revenue from the statewide mill levy. Second, it will therefore cost the state more to provide general fund support for schools. (Remember the formula: school district general fund minus revenue from the 20 mill statewide levy equals required state aid.) Third, less state funding relative to educational costs results in higher local option budgets. Fourth, a higher local option budget with lower appraised values means higher mill rates to fund the LOB. (Remember, the LOB is NOT a mill levy, it is a percent of the general fund budget, and requires a mill to raise whatever is funded by state LOB aid, if any.) Fifth, as valuations are adjusted when property is sold, taxpayers with identical property will be paying dramatically different rates for schools and other governmental services.

Due to local wealth, some districts can easily raise funding for education locally. But most of our members are deeply concerned about trends that shift school funding from state sources to one of the least equitable, and certainly most unpopular – the property tax. It means local school boards have to choose between quality schools for their children, or higher property taxes on seniors, farmers and small businesses. Furthermore, when some districts increase local revenues, most of the money goes to teachers’ salaries, and other districts must follow if they are going to compete.

The solution to rising property taxes is NOT **HCR 5006**, but instead, a tax policy that provides a better mix of other revenue sources to offset reliance on property taxes. To meet the Legislature’s constitutional duty to provide “suitable” finance for public schools, this means increasing state taxes to provide a base budget per pupil that reduces reliance on the LOB and local property taxes. (This is exactly what happened in 1992, when state sales and income taxes were raised to significantly reduce property taxes in most school districts and provide increased funding to improve education.) More fundamentally, it means ensuring state revenues are “elastic” enough to keep up with the state economy as a whole.

Kansas tax policies have been going in exactly the opposite direction. We don’t have a comprehensive proposal today to correct his problem. That is why we have called for a comprehensive examination of all state and local tax policy. Until that time, we believe **HCR 5006** would make the problem worse.

Thank you for your consideration.

LEGISLATIVE POST AUDIT COST STUDY ANALYSIS

*Elementary and Secondary Education in Kansas: Estimating the Costs of K-12 Education Using Two Approaches, Page 40
January 2006*

We found a strong association between the amounts districts spend and the outcomes they achieve. In the cost function results, a 1.0 percent increase in district performance outcomes was associated with a 0.83 percent increase in spending—almost a one-to-one relationship. This means that, all other things being equal, districts that spent more had better student performance. The results were statistically significant beyond the 0.01 level, which means we can be more than 99 percent confident there is a relationship between spending and outcomes.

School District Expenditures As a Percent of Kansas Personal Income

	Kansas Personal Income <i>Billions</i>	USD Total General Fund Expenditures	GF Total as Percent of KPI	USD Local Option Budget Expenditures	LOB Total as Percent of KPI	Combined GF and LOB Total	Combined Total as Percent of KPI
FY 2008	106,550,000	3,026,371	2.84%	821,300	0.77%	3,847,671	3.61%
FY 2007	101,300,000	2,871,005	2.83%	764,134	0.75%	3,635,139	3.59%
FY 2006	96,200,000	2,706,954	2.81%	659,520	0.69%	3,366,474	3.50%
FY 2005	90,126,000	2,488,533	2.76%	570,721	0.63%	3,059,254	3.39%
FY 2004	84,957,000	2,496,567	2.94%	561,257	0.66%	3,057,824	3.60%
FY 2003	80,213,000	2,488,351	3.10%	519,840	0.65%	3,008,191	3.75%
FY 2002	78,382,000	2,477,075	3.16%	466,203	0.59%	2,943,278	3.76%
FY 2001	76,972,623	2,441,368	3.17%	373,547	0.49%	2,814,915	3.66%
FY 2000	74,123,786	2,389,327	3.22%	322,787	0.44%	2,712,114	3.66%
FY 1999	69,960,064	2,339,180	3.34%	282,145	0.40%	2,621,325	3.75%
FY 1998	67,896,337	2,260,684	3.33%	234,960	0.35%	2,495,644	3.68%
FY 1997	63,727,768	2,187,044	3.43%	208,267	0.33%	2,395,311	3.76%

2006-08 KPI Estimates from the November Consensus Revenue Economic Forcast
 2006-08 School Expenditures from School Finance Consensus Estimates

This issue brief was made possible with the generous support of MetLife Foundation.

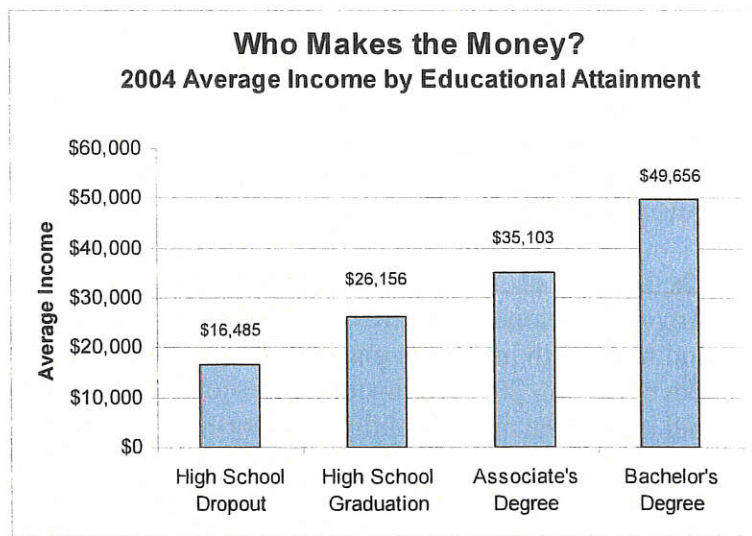
The High Cost of High School Dropouts What the Nation Pays for Inadequate High Schools

Every school day, seven thousand students become dropouts. Annually, that adds up to about 1.2 million students who will not graduate high school with their peers as scheduled. Lacking a high school diploma, these individuals will be far more likely to spend their lives periodically unemployed, on government assistance, or cycling in and out of the prison system.

Most high school dropouts see the result of their decision to leave school most clearly in the slimness of their wallets. The average annual income for a high school dropout in 2004 was \$16,485, compared to \$26,156 for a high school graduate, a difference of \$9,671 (U.S. Bureau of the Census, 2005). The impact on the country's economy is less visible, but it is nevertheless staggering.

If the nation's secondary schools improved enough that they were able to graduate all of their students, rather than the 68 to 70 percent of students that are currently graduated annually (Editorial Projects in Education, 2006), the payoff would be significant. **For instance, if the students who dropped out of the class of 2006 had graduated, the nation's economy would have benefited from an additional \$309 billion in income over their lifetimes.**

Everyone benefits from increased graduation rates. The graduates themselves, on average, will earn higher wages and enjoy more comfortable and secure lifestyles. At the same time, the nation benefits from their increased purchasing power, collects higher tax receipts, and sees higher levels of worker productivity.



Source: U.S. Bureau of the Census, 2005

Students Who Learn More Earn More

Research by Cecilia Rouse, professor of economics and public affairs at Princeton University, shows that each dropout, over his or her lifetime, costs the nation approximately \$260,000 (Rouse, 2005). Unless high schools are able to graduate their students at higher rates, more than 12 million

students will drop out during the course of the next decade. The result will be a loss to the nation of \$3 trillion.

The calculations on page 4 show the monetary benefits each state could accrue over the lifetimes of just one year's dropouts if those students could be converted to graduates. The numbers vary from state to state, of course: North Dakota (at the low end) would see its economy increase by \$425 million; Alabama (near the middle) would add \$3 billion to its economy, and California's economy (at the high end) would accrue an additional \$36 billion over the lifetime of each graduating class. These figures are conservative, and do not take into account the added economic growth generated from each new dollar put into the economy.

More Graduates Benefit Society

Obviously, dropouts are a drain on the economies of each state and the nation. Lower local, state, and national tax revenues are perhaps the most obvious consequence of higher dropout rates; even when dropouts are employed, they earn significantly lower wages than graduates. State and local economies suffer further when they have less-educated populations, as they find it more difficult to attract new business investment. Simultaneously, these entities must spend more on social programs when their populations have lower educational levels.

The nation's economy and competitive standing also suffers when there are high dropout rates. Among developed countries, the United States ranks seventeenth in high school graduation rates and fourteenth in college graduation rates (Organisation for Economic Co-Operation and Development, 2006). Dropouts represent a tremendous waste of human potential and productivity, and reduce the nation's ability to compete in an increasingly global economy.

High school graduates, on the other hand, provide both economic and social benefits to society. In addition to earning higher wages, which results in attendant benefits to local, state, and national economic conditions, high school graduates live longer (Muennig, 2005), are less likely to be teen parents (Haveman et al., 2001), and are more likely to raise healthier, better-educated children. In fact, children of parents who graduate from high school are themselves far more likely to graduate from high school than are children of parents without a high school degree (Wolfe & Haveman, 2002). High school graduates are also less likely to commit crimes (Raphael, 2004), rely on government health care (Muennig, 2005), or use other public services such as food stamps or

Who Doesn't Graduate?

- Only about 56 percent of Hispanic students and 52 percent of black students will graduate on time with a regular diploma, compared to 77 percent of Asian students and 76 percent of white students (EPE, 2006).
- Among all races and ethnicities, females graduate at a higher rate than their male peers—73 percent versus 65 percent (EPE, 2006).
- Graduation rates are significantly lower in districts with higher percentages of students who are eligible for free or reduced-price lunches (a measure of poverty) (Swanson, 2004).
- High school students living in low-income families drop out of school at six times the rate of their peers from high-income families (U.S. Department of Education, National Center for Education Statistics, 2004).
- The lowest-achieving 25 percent of students are twenty times more likely to drop out of high school than students in the highest achievement quartile (Carnevale, 2001).



housing assistance (Garfinkel et al., 2005). Additionally, high school graduates engage in civic activity, including voting and volunteering in their communities, at higher levels (Junn, 2005).

Reducing Dropouts by Improving High Schools

To increase the number of students who graduate from high school, the nation's secondary schools must be dramatically improved. Although the investments made in the early grades are beginning to pay off, with higher student reading scores and a reduction in the achievement gap between white and minority students (U.S. Department of Education, 2005), too many of America's high schools are still serving their students poorly.

In a recent survey of high school dropouts, respondents indicated that they felt alienated at school and that no one even noticed if they failed to show up for class. High school dropouts also complained that school did not reflect real-world challenges. More than half of respondents said that the major reason for dropping out of high school was that they felt their classes were uninteresting and irrelevant (Bridgeland & di Iulio, 2006). Others leave because they are not doing well academically; only about 30 percent of high school students read proficiently, which generally means that as the material in their textbooks becomes increasingly challenging, they drop increasingly further behind.

Whatever the causes, the nation can no longer afford to have a third of its students leaving school without a diploma. Our high schools must be improved to give all students the excellent education that will prepare them for college or work, and to be productive members of society.

For more information about the state of America's high schools, and to find out what individuals and organizations can do to support effective reform at the local, state, and federal levels, visit the Alliance for Excellent Education's website at www.all4ed.org.

MetLife Foundation

The Alliance for Excellent Education is grateful to MetLife Foundation for its generous financial support for the development of this series of briefs, which explore the economic and social benefits of education. The findings and conclusions presented are those of the Alliance and do not necessarily represent the views of the funder.

How Much Does a High School Dropout Cost?

Researchers have started to examine various annual and lifetime costs associated with high school dropouts.

- The United States could save between \$7.9 and \$10.8 billion annually by improving educational attainment among all recipients of Temporary Assistance to Needy Families, food stamps, and housing assistance (Garfinkel et al., 2005).
- A high school dropout contributes about \$60,000 less in taxes over a lifetime (Rouse, 2005).
- If the male graduation rate were increased by only 5 percent, the nation would see an annual savings of \$4.9 billion in crime-related costs (Alliance for Excellent Education, 2006b).
- America could save more than \$17 billion in Medicaid and expenditures for health care for the uninsured by graduating all students (Alliance for Excellent Education, 2006a).



Estimated Additional Lifetime Income if High School Dropouts Graduated With Their Class in 2005-2006 ¹				
State	9th Graders (2002-2003)	Estimated Graduation Rate (2005-2006)	Estimated Number of Dropouts for the Class of 2006	Total Lifetime Additional Income if Dropouts Graduated
Alabama	31,150	60.7%	12,242	\$3,182,907,000
Alaska	11,568	63.6%	4,211	\$1,094,795,520
Arizona	68,646	70.0%	20,594	\$5,354,388,000
Arkansas	36,657	71.8%	10,337	\$2,687,691,240
California	482,355	71.0%	139,883	\$36,369,567,000
Colorado	58,710	72.5%	16,145	\$4,197,765,000
Connecticut	43,977	79.3%	9,103	\$2,366,842,140
Delaware	10,150	60.7%	3,989	\$1,037,127,000
District of Columbia	5,289	58.9%	2,174	\$565,182,540
Florida	223,743	57.5%	95,091	\$24,723,601,500
Georgia	125,388	56.3%	54,795	\$14,246,584,560
Hawaii	15,629	63.7%	5,673	\$1,475,065,020
Idaho	20,038	77.8%	4,448	\$1,156,593,360
Illinois	164,554	76.3%	38,999	\$10,139,817,480
Indiana	82,602	73.0%	22,303	\$5,798,660,400
Iowa	41,394	82.5%	7,244	\$1,883,427,000
Kansas	39,683	75.0%	9,921	\$2,579,395,000
Kentucky	56,678	69.7%	17,173	\$4,465,092,840
Louisiana	63,869	60.6%	25,164	\$6,542,740,360
Maine	17,036	74.0%	4,429	\$1,151,633,600
Maryland	70,346	74.4%	18,009	\$4,682,229,760
Massachusetts	77,733	72.1%	21,688	\$5,638,751,820
Michigan	135,897	66.4%	45,661	\$11,871,961,920
Minnesota	71,222	79.0%	14,957	\$3,888,721,200
Mississippi	39,404	60.8%	15,446	\$4,016,055,680
Missouri	75,791	74.7%	19,175	\$4,985,531,980
Montana	13,532	75.8%	3,275	\$851,433,440
Nebraska	24,861	77.8%	5,519	\$1,434,976,920
Nevada	24,618	55.9%	10,857	\$2,822,699,880
New Hampshire	17,520	77.7%	3,907	\$1,015,809,600
New Jersey	89,234	84.5%	13,831	\$3,596,130,200
New Mexico	29,307	56.7%	12,690	\$3,299,382,060
New York	252,864	62.5%	94,824	\$24,654,240,000
North Carolina	111,493	66.2%	37,685	\$9,798,004,840
North Dakota	9,677	83.1%	1,635	\$425,207,380
Ohio	156,492	76.5%	36,776	\$9,561,661,200
Oklahoma	50,270	71.0%	14,578	\$3,790,358,000
Oregon	45,619	69.0%	14,142	\$3,676,891,400
Pennsylvania	153,464	79.1%	32,074	\$8,339,233,760
Rhode Island	12,548	72.3%	3,476	\$903,706,960
South Carolina	62,883	52.5%	29,869	\$7,766,050,500
South Dakota	11,247	74.5%	2,868	\$745,676,100
Tennessee	74,699	62.2%	28,236	\$7,341,417,720
Texas	359,368	66.8%	119,310	\$31,020,645,760
Utah	35,961	76.7%	8,379	\$2,178,517,380
Vermont	8,748	81.2%	1,645	\$427,602,240
Virginia	95,017	74.9%	23,849	\$6,200,809,420
Washington	86,602	68.2%	27,539	\$7,160,253,360
West Virginia	23,876	72.8%	6,494	\$1,688,510,720
Wisconsin	78,961	80.6%	15,318	\$3,982,792,840
Wyoming	8,059	74.0%	2,095	\$544,788,400
United States	3,906,429	69.6%	1,189,727	\$309,328,929,000



Economic Impact of Kansas Schools

provided by
Ks Assoc. of School Bds
(MARK TALLMAN)

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Kansas Counties	2003 Estimated Census Population	Workforce		Payroll				Teacher Pay and KPERS Benefits				GF State Aid
		Civilian Labor Force: Employed Persons	% of Workforce Employed by USDs	USD General		USD GF		2003 Avg Wage per Job in County	2003 Avg Teacher Salary	Teacher Pay as % of All Jobs in County	CY2005 KPERS Benefits Paid for School Retirees	State Aid as % of Total GF for USDs in County
				County Per Capita Total Wages	Fund Payroll as % of County Total Wages	County Per Capita Personal Income	Payroll as % of County Total Personal Income					
Allen	13,947	6,659	5.1%	\$10,590	7.6%	\$23,097	3.5%	\$22,910	\$41,583	181.5%	\$2,788,954	86.3%
Anderson	8,224	3,838	4.6%	\$5,827	14.3%	\$21,332	3.9%	\$20,254	\$42,833	211.5%	\$1,169,698	77.3%
Atchison	16,783	8,137	4.2%	\$10,818	5.5%	\$21,482	2.8%	\$24,813	\$45,429	183.1%	\$2,347,918	77.5%
Barber	5,048	2,332	5.9%	\$8,890	10.0%	\$24,649	3.6%	\$22,162	\$42,295	190.8%	\$1,059,579	66.9%
Barton	28,110	13,633	5.0%	\$12,029	6.1%	\$26,176	2.8%	\$24,688	\$41,556	168.3%	\$4,578,046	81.0%
Bourbon	15,163	6,779	4.9%	\$11,179	6.3%	\$23,127	3.0%	\$23,297	\$43,855	188.2%	\$2,183,360	84.7%
Brown	10,422	5,234	4.3%	\$11,754	7.1%	\$24,490	3.4%	\$23,205	\$43,932	189.3%	\$1,344,667	80.4%
Butler	61,035	28,405	6.8%	\$7,176	14.9%	\$28,185	3.8%	\$24,036	\$46,361	192.9%	\$7,806,046	78.1%
Chase	2,981	1,400	5.9%	\$5,603	18.3%	\$28,775	3.6%	\$17,844	\$42,410	237.7%	\$534,573	67.0%
Chautauqua	4,195	1,638	5.4%	\$4,852	17.6%	\$23,790	3.6%	\$18,257	\$42,946	235.2%	\$475,332	88.8%
Cherokee	21,868	9,340	5.6%	\$7,493	11.8%	\$22,704	3.9%	\$25,348	\$46,388	183.0%	\$3,222,887	84.5%
Cheyenne	2,989	1,486	6.4%	\$7,034	14.5%	\$22,045	4.6%	\$20,081	\$42,502	211.7%	\$586,938	64.9%
Clark	2,343	1,314	7.6%	\$9,590	14.2%	\$25,560	5.3%	\$24,938	\$46,836	187.8%	\$510,785	62.4%
Clay	8,558	4,508	6.0%	\$7,807	10.1%	\$26,037	3.0%	\$19,617	\$41,587	212.0%	\$1,421,626	80.8%
Cloud	9,873	4,652	6.3%	\$8,737	8.1%	\$22,832	3.1%	\$19,637	\$41,151	209.6%	\$1,853,776	79.4%
Coffey	8,843	3,798	8.0%	\$16,453	6.5%	\$28,269	3.8%	\$35,435	\$46,887	132.3%	\$1,752,479	44.2%
Comanche	1,917	950	6.9%	\$7,032	15.3%	\$23,238	4.6%	\$18,070	\$35,653	197.3%	\$435,913	48.4%
Cowley	35,762	18,296	5.5%	\$11,843	6.7%	\$24,464	3.2%	\$26,304	\$43,006	163.5%	\$5,116,760	85.8%
Crawford	38,284	18,097	3.9%	\$12,259	5.2%	\$23,024	2.8%	\$23,425	\$46,743	199.5%	\$5,549,440	81.6%
Decatur	3,310	1,627	7.5%	\$6,715	13.8%	\$24,136	3.9%	\$17,434	\$44,561	255.6%	\$663,004	70.1%
Dickinson	19,242	9,761	5.4%	\$8,926	10.8%	\$24,275	4.0%	\$22,082	\$44,973	203.7%	\$3,301,036	80.3%
Doniphan	8,157	3,205	8.0%	\$7,323	13.9%	\$20,854	4.9%	\$24,271	\$42,139	173.6%	\$806,523	85.9%
Douglas	102,011	55,794	3.4%	\$13,540	4.3%	\$26,980	2.2%	\$24,473	\$45,302	185.1%	\$9,995,662	60.3%
Edwards	3,274	1,499	5.8%	\$7,921	10.3%	\$28,550	2.9%	\$23,447	\$40,645	173.3%	\$388,220	69.2%
Elk	3,139	1,257	14.2%	\$5,092	22.7%	\$21,295	5.4%	\$17,604	\$42,301	240.3%	\$623,792	85.3%
Ellis	27,227	17,530	3.7%	\$14,645	4.5%	\$28,353	2.3%	\$23,036	\$48,157	209.1%	\$3,688,268	66.1%
Ellsworth	6,389	2,722	6.1%	\$9,098	10.1%	\$23,730	3.9%	\$22,965	\$40,427	176.0%	\$1,147,773	70.3%
Finney	39,086	17,140	6.7%	\$12,608	6.9%	\$21,098	4.1%	\$26,162	\$45,899	175.4%	\$2,545,335	74.3%
Ford	33,012	15,686	5.2%	\$13,436	6.5%	\$22,426	3.9%	\$26,212	\$44,855	171.1%	\$3,279,101	84.4%
Franklin	25,940	14,076	4.3%	\$10,357	8.4%	\$24,113	3.6%	\$24,929	\$47,645	191.1%	\$3,137,227	81.6%
Geary	26,083	10,521	8.9%	\$26,944	4.0%	\$28,070	3.9%	\$29,774	\$42,499	142.7%	\$2,523,345	72.1%

Economic Impact of Kansas Schools

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Kansas Counties	2003 Estimated Census Population	Workforce		Payroll				Teacher Pay and KPERS Benefits				GF State Aid
		Civilian Labor Force: Employed Persons	% of Workforce Employed by USDs	County Per Capita Total Wages	USD General Fund Payroll as % of County Total Wages	County Per Capita Total Personal Income	USD GF Payroll as % of County Total Personal Income	2003 Avg Wage per Job in County	2003 Avg Teacher Salary	Teacher Pay as % of All Jobs in County	CY2005 KPERS Benefits Paid for School Retirees	State Aid as % of Total GF for USDs in County
Gove	2,887	1,512	10.1%	\$9,152	14.8%	\$24,700	5.5%	\$20,450	\$37,925	185.5%	\$522,889	80.8%
Graham	2,811	1,481	5.0%	\$8,638	10.9%	\$28,940	3.3%	\$20,035	\$47,239	235.8%	\$606,726	76.4%
Grant	7,748	3,586	7.1%	\$13,758	7.5%	\$22,562	4.5%	\$30,070	no data		\$1,054,732	24.2%
Gray	6,015	3,448	6.3%	\$10,436	11.1%	\$25,561	4.5%	\$24,341	\$40,329	165.7%	\$710,786	79.2%
Greeley	1,407	798	7.3%	\$11,100	8.3%	\$27,198	3.4%	\$22,701	\$37,313	164.4%	\$246,455	58.8%
Greenwood	7,548	2,983	7.0%	\$5,407	14.8%	\$22,066	3.6%	\$19,435	\$41,700	214.6%	\$1,442,762	82.0%
Hamilton	2,686	1,309	5.7%	\$8,820	9.7%	\$28,092	3.1%	\$22,079	\$43,637	197.6%	\$277,475	52.9%
Harper	6,289	2,906	5.4%	\$8,408	10.9%	\$26,277	3.5%	\$21,843	\$42,989	196.8%	\$1,110,024	77.5%
Harvey	33,557	15,919	5.1%	\$11,468	6.9%	\$27,562	2.9%	\$26,145	\$44,530	170.3%	\$5,877,144	82.7%
Haskell	4,227	2,145	6.3%	\$9,372	13.3%	\$31,677	3.9%	\$25,201	\$44,899	178.2%	\$525,522	22.5%
Hodgeman	2,137	988	8.4%	\$5,615	20.7%	\$24,031	4.8%	\$19,046	\$39,922	209.6%	\$311,477	68.8%
Jackson	13,073	8,893	4.6%	\$8,774	10.7%	\$26,016	3.6%	\$23,485	\$46,750	199.1%	\$1,593,549	86.8%
Jefferson	18,812	10,264	5.5%	\$5,294	22.2%	\$23,534	5.0%	\$24,997	\$47,269	189.1%	\$2,388,227	82.5%
Jewell	3,448	2,077	5.5%	\$6,351	17.0%	\$26,682	4.0%	\$18,684	\$38,119	204.0%	\$677,093	73.2%
Johnson	486,852	270,220	3.6%	\$24,965	3.2%	\$43,921	1.8%	\$39,060	\$53,032	135.8%	\$45,585,668	57.3%
Kearny	4,478	1,876	8.9%	\$6,979	17.3%	\$20,453	5.9%	\$22,564	\$47,674	211.3%	\$652,680	16.4%
Kingman	8,433	3,971	4.9%	\$7,461	11.5%	\$24,370	3.5%	\$22,239	\$42,787	192.4%	\$978,910	70.2%
Kiowa	3,126	1,554	6.2%	\$9,718	11.6%	\$27,599	4.1%	\$21,855	\$38,772	177.4%	\$710,512	61.4%
Labette	22,293	10,368	5.0%	\$10,202	8.6%	\$23,016	3.8%	\$22,539	\$43,242	191.9%	\$3,672,513	86.6%
Lane	1,965	1,102	9.6%	\$9,802	12.5%	\$28,942	4.2%	\$22,984	\$42,457	184.7%	\$295,501	66.6%
Leavenworth	71,948	26,250	6.4%	\$12,291	6.0%	\$26,256	2.8%	\$35,362	\$45,792	129.5%	\$6,142,119	74.7%
Lincoln	3,511	1,664	6.3%	\$5,133	17.9%	\$21,440	4.3%	\$16,827	\$42,983	255.4%	\$562,813	76.3%
Linn	9,736	2,985	9.5%	\$6,467	16.4%	\$22,310	4.8%	\$27,351	\$43,511	159.1%	\$1,369,760	67.2%
Logan	2,863	1,550	6.7%	\$9,268	11.3%	\$23,490	4.5%	\$20,365	\$42,032	206.4%	\$422,605	66.9%
Lyon	35,718	19,573	4.9%	\$13,327	6.0%	\$21,968	3.6%	\$23,816	\$45,853	192.5%	\$4,464,013	83.0%
Marion	13,258	6,641	5.1%	\$6,716	13.0%	\$21,446	4.1%	\$19,883	\$41,244	207.4%	\$1,706,668	81.4%
Marshall	10,528	6,089	6.3%	\$12,370	8.3%	\$27,768	3.7%	\$24,731	\$42,598	172.2%	\$1,727,549	77.3%
McPherson	29,363	16,216	5.1%	\$14,421	5.5%	\$28,287	2.8%	\$27,690	\$43,095	155.6%	\$4,914,310	70.4%
Meade	4,629	2,171	5.5%	\$8,048	10.8%	\$24,021	3.6%	\$22,647	\$45,497	200.9%	\$782,347	56.1%
Miami	29,231	14,030	6.4%	\$7,700	9.3%	\$27,552	2.6%	\$24,332	\$45,190	185.7%	\$3,371,009	71.9%
Mitchell	6,680	3,601	6.4%	\$12,600	7.2%	\$25,488	3.6%	\$22,590	\$45,739	202.5%	\$1,493,270	76.3%

Economic Impact of Kansas Schools

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Kansas Counties	2003 Estimated Census Population	Workforce		Payroll				Teacher Pay and KPERS Benefits				GF State Aid
		Civilian Labor Force: Employed Persons	% of Workforce Employed by USDs	County Per Capita Total Wages	USD General Fund Payroll as % of County Total Wages	County Per Capita Total Personal Income	USD GF Payroll as % of County Total Personal Income	2003 Avg Wage per Job in County	2003 Avg Teacher Salary	Teacher Pay as % of All Jobs in County	KPERS Benefits Paid for School Retirees	State Aid as % of Total GF for USDs in County
Montgomery	34,998	16,379	3.7%	\$11,788	5.8%	\$23,564	2.9%	\$23,745	\$45,912	193.4%	\$5,967,198	81.7%
Morris	5,976	3,183	3.8%	\$7,061	10.4%	\$23,636	3.1%	\$21,785	\$43,708	200.6%	\$1,099,408	79.3%
Morton	3,330	1,574	9.8%	\$11,203	14.4%	\$21,231	7.6%	\$28,156	\$42,404	150.6%	\$527,278	45.1%
Nemaha	10,493	5,435	5.0%	\$10,136	8.0%	\$23,962	3.4%	\$22,284	\$43,955	197.2%	\$1,317,181	82.2%
Neosho	16,587	8,567	4.3%	\$12,089	6.2%	\$23,187	3.2%	\$23,633	\$45,211	191.3%	\$2,867,898	83.5%
Ness	3,155	1,809	5.3%	\$9,566	9.2%	\$31,472	2.8%	\$22,423	\$38,699	172.6%	\$631,851	61.2%
Norton	5,832	3,035	5.1%	\$10,365	9.1%	\$22,079	4.3%	\$22,597	\$41,081	181.8%	\$877,986	81.1%
Osage	16,894	7,691	5.0%	\$4,068	21.1%	\$22,600	3.8%	\$19,258	\$43,857	227.7%	\$2,439,506	85.8%
Osborne	4,152	2,258	2.6%	\$7,057	7.1%	\$23,545	2.1%	\$17,114	\$44,334	259.1%	\$662,189	83.3%
Ottawa	6,180	3,132	5.5%	\$4,975	20.1%	\$23,202	4.3%	\$20,387	\$43,098	211.4%	\$1,045,603	80.8%
Pawnee	6,805	3,492	7.7%	\$11,413	7.8%	\$23,147	3.9%	\$22,669	\$42,271	186.5%	\$1,052,000	79.1%
Phillips	5,665	3,175	4.8%	\$10,494	9.2%	\$28,054	3.4%	\$21,863	\$40,720	186.3%	\$730,761	80.5%
Pottawatomie	18,692	11,068	5.3%	\$11,097	8.5%	\$26,222	3.6%	\$24,342	\$42,819	175.9%	\$2,108,446	64.9%
Pratt	9,469	5,074	4.2%	\$11,719	7.2%	\$25,701	3.3%	\$24,003	\$47,253	196.9%	\$1,404,923	76.6%
Rawlins	2,835	1,424	5.2%	\$7,455	12.1%	\$26,792	3.4%	\$20,539	\$47,807	232.8%	\$428,134	74.2%
Reno	63,784	30,735	4.5%	\$12,483	5.6%	\$25,005	2.8%	\$26,517	\$47,756	180.1%	\$10,056,969	76.5%
Republic	5,328	2,973	5.5%	\$8,196	12.3%	\$23,141	4.3%	\$18,749	\$40,511	216.1%	\$825,229	76.7%
Rice	10,449	4,496	7.9%	\$7,668	12.3%	\$19,776	4.8%	\$22,834	\$42,710	187.0%	\$2,006,302	77.4%
Riley	63,088	30,164	3.1%	\$12,143	3.7%	\$25,109	1.8%	\$24,211	\$45,027	186.0%	\$5,909,578	64.4%
Rooks	5,412	3,016	6.2%	\$8,611	11.4%	\$24,259	4.0%	\$21,163	\$39,922	188.6%	\$929,393	65.8%
Rush	3,443	1,756	5.3%	\$8,401	10.7%	\$23,801	3.8%	\$23,611	\$38,102	161.4%	\$729,480	69.4%
Russell	6,953	3,094	6.8%	\$7,984	11.2%	\$23,319	3.8%	\$19,363	\$40,777	210.6%	\$1,365,164	70.1%
Saline	53,743	29,760	4.7%	\$16,816	4.1%	\$27,589	2.5%	\$27,637	\$47,342	171.3%	\$7,776,002	73.0%
Scott	4,837	2,588	6.0%	\$10,632	9.6%	\$29,073	3.5%	\$23,386	\$45,110	192.9%	\$543,961	64.7%
Sedgwick	461,835	223,721	4.0%	\$19,065	3.7%	\$30,802	2.3%	\$33,848	\$49,129	145.1%	\$47,115,115	76.2%
Seward	23,179	10,589	6.9%	\$14,317	6.1%	\$21,738	4.0%	\$26,910	\$45,491	169.0%	\$1,551,442	81.0%
Shawnee	171,051	86,001	4.6%	\$19,506	3.4%	\$29,746	2.2%	\$31,766	\$44,963	141.5%	\$21,990,595	71.7%
Sheridan	2,677	1,411	4.6%	\$7,890	8.3%	\$30,897	2.1%	\$21,334	\$33,813	158.5%	\$448,265	69.1%
Sherman	6,308	4,573	3.9%	\$11,583	6.9%	\$25,296	3.1%	\$19,371	\$47,182	243.6%	\$1,094,941	73.4%
Smith	4,237	2,374	5.1%	\$7,518	12.3%	\$24,955	3.7%	\$19,578	\$43,295	221.1%	\$605,707	77.5%
Stafford	4,574	2,259	7.3%	\$7,135	17.5%	\$25,449	4.9%	\$19,826	\$42,002	211.9%	\$767,273	73.1%

Economic Impact of Kansas Schools

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Kansas Counties	2003 Estimated Census Population	Workforce		Payroll				Teacher Pay and KPERS Benefits				GF State Aid
		Civilian Labor Force: Employed Persons	% of Workforce Employed by USDs	County Per Capita Total Wages	USD General Fund Payroll as % of County Total Wages	County Per Capita Total Personal Income	USD GF Payroll as % of County Total Personal Income	2003 Avg Wage per Job in County	2003 Avg Teacher Salary	Teacher Pay as % of All Jobs in County	KPERS Benefits Paid for School Retirees	State Aid as % of Total GF for USDs in County
Stanton	2,384	1,017	9.0%	\$9,538	11.0%	\$24,229	4.3%	\$24,583	\$39,883	162.2%	\$305,564	31.1%
Stevens	5,340	2,603	7.6%	\$10,783	11.3%	\$23,664	5.1%	\$26,258	\$42,959	163.6%	\$459,331	8.5%
Sumner	25,239	13,319	5.1%	\$6,388	13.3%	\$24,933	3.4%	\$23,849	\$42,238	177.1%	\$4,429,530	85.1%
Thomas	7,935	4,698	5.1%	\$12,398	7.1%	\$26,167	3.4%	\$21,079	\$43,346	205.6%	\$1,160,144	75.7%
Trego	3,105	1,754	4.1%	\$7,453	9.1%	\$20,641	3.3%	\$18,237	no data		\$515,368	68.2%
Wabaunsee	6,830	3,673	4.5%	\$4,304	18.3%	\$24,595	3.2%	\$19,648	\$41,589	211.7%	\$920,093	75.5%
Wallace	1,623	839	10.4%	\$7,865	17.6%	\$25,697	5.4%	\$19,312	\$36,330	188.1%	\$212,284	74.4%
Washington	6,178	3,223	6.3%	\$7,183	16.1%	\$21,003	5.5%	\$17,973	\$41,429	230.5%	\$915,258	77.2%
Wichita	2,452	1,214	6.5%	\$9,758	11.8%	\$30,139	3.8%	\$23,253	\$45,406	195.3%	\$284,550	74.2%
Wilson	10,121	5,336	4.8%	\$10,271	9.4%	\$22,071	4.4%	\$24,553	\$43,549	177.4%	\$1,627,097	81.1%
Woodson	3,631	1,518	5.1%	\$4,482	14.8%	\$18,921	3.5%	\$19,491	\$40,652	208.6%	\$522,076	82.0%
Wyandotte	156,953	70,579	5.2%	\$19,224	4.0%	\$21,540	3.6%	\$36,999	\$47,737	129.0%	\$13,008,257	79.7%
State Totals	2,724,224	1,366,063	4.7%	\$15,968	4.9%	\$29,444	2.7%	\$30,893	\$46,909	151.8%	\$324,270,500	72.2%

Percentile Rank:												
HIGH	486,852	270,220	14.2%	\$26,944	22.7%	\$43,921	7.6%	\$39,060	\$53,032	259.1%	\$47,115,115	88.8%
90th %tile	38,765	19,062	8.0%	\$13,671	17.4%	\$28,685	4.9%	\$27,523	\$47,250	226.4%	\$5,896,604	84.5%
80th %tile	26,312	13,712	6.9%	\$12,166	14.5%	\$27,591	4.3%	\$25,038	\$45,881	211.0%	\$3,315,031	81.7%
70th %tile	16,744	8,481	6.3%	\$11,198	12.3%	\$26,175	4.0%	\$24,339	\$45,142	203.0%	\$2,315,006	80.5%
60th %tile	9,972	4,848	6.0%	\$10,360	11.1%	\$25,184	3.8%	\$23,535	\$43,937	195.6%	\$1,516,539	77.5%
MEDIAN	7,548	3,586	5.5%	\$9,372	10.1%	\$24,275	3.6%	\$22,910	\$43,098	189.3%	\$1,147,773	76.3%
40th %tile	5,999	3,004	5.2%	\$8,530	8.9%	\$23,704	3.5%	\$22,266	\$42,688	185.7%	\$918,159	73.2%
30th %tile	4,497	2,258	5.0%	\$7,675	7.5%	\$23,155	3.3%	\$21,096	\$42,198	177.4%	\$683,777	69.5%
20th %tile	3,303	1,616	4.6%	\$7,060	6.5%	\$22,403	3.0%	\$19,646	\$41,188	171.2%	\$542,083	66.1%
10th %tile	2,821	1,404	4.2%	\$5,700	5.5%	\$21,442	2.8%	\$18,868	\$39,922	159.5%	\$440,853	57.9%
LOW	1,407	798	2.6%	\$4,068	3.2%	\$18,921	1.8%	\$16,827	\$33,813	129.0%	\$212,284	8.5%

Selected Financial Data

Kansas County Data

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County	Individual Income Tax Liability Per capita TY 2003		State Sales Tax Collected Per Capita FY 05		Vehicle Property Tax Per Capita TY04		Real/Personal Property Per Capita TY03		Lottery Ticket Sales Per Capita FY05 (all games)		SRS Aid Expenditures Per Capita 2005 (not including medical)		2005 Census Bureau Estimated Population	
	State Rank	State Rank	State Rank	State Rank	State Rank	State Rank	State Rank	State Rank	State Rank	State Rank	State Rank	State Rank	State Rank	
Allen	\$414.50	72	\$428.99	46	\$106.98	65	\$730.57	100	\$100.06	32	\$444.36	13	13,787	35
Anderson	\$389.26	85	\$353.91	68	\$107.26	63	\$1,063.56	62	\$75.20	64	\$261.13	50	8,182	48
Atchison	\$403.28	77	\$446.35	43	\$92.68	87	\$845.61	85	\$60.14	80	\$328.39	34	16,804	32
Barber	\$417.22	70	\$555.08	23	\$130.93	24	\$1,591.52	25	\$192.32	2	\$339.45	29	4,958	70
Barton	\$466.54	47	\$675.68	12	\$134.85	19	\$925.72	77	\$129.12	10	\$478.47	8	28,105	20
Bourbon	\$353.43	95	\$421.68	47	\$104.80	68	\$745.14	97	\$69.36	71	\$446.97	12	14,997	34
Brown	\$357.84	94	\$394.43	55	\$86.68	91	\$920.35	78	\$46.79	93	\$468.02	9	10,239	41
Butler	\$729.26	4	\$410.31	51	\$123.14	36	\$899.82	80	\$74.91	66	\$243.70	53	62,354	9
Chase	\$391.87	82	\$241.11	95	\$96.73	79	\$1,429.88	35	\$77.81	58	\$178.64	69	3,081	86
Chautauqua	\$301.66	103	\$224.23	103	\$109.17	59	\$779.28	93	\$106.32	24	\$433.50	16	4,109	77
Cherokee	\$299.80	104	\$236.93	97	\$72.71	100	\$585.92	105	\$89.19	44	\$423.49	18	21,555	27
Cheyenne	\$327.73	98	\$290.66	83	\$91.90	88	\$1,180.88	51	\$29.79	105	\$136.90	90	2,946	91
Clark	\$487.77	37	\$261.53	90	\$157.08	4	\$2,456.07	11	\$103.32	27	\$151.41	81	2,283	99
Clay	\$397.72	79	\$394.54	54	\$112.28	51	\$960.22	74	\$143.72	8	\$159.14	76	8,629	47
Cloud	\$390.72	83	\$580.49	18	\$122.51	39	\$1,020.52	67	\$75.06	65	\$329.13	32	9,759	44
Coffey	\$562.60	17	\$411.73	50	\$65.72	104	\$3,615.64	5	\$79.84	54	\$463.56	10	8,683	46
Comanche	\$488.06	36	\$450.85	41	\$120.64	42	\$2,560.28	10	\$119.03	16	\$158.55	77	1,935	102
Cowley	\$478.71	41	\$414.61	48	\$103.94	69	\$785.56	90	\$129.93	9	\$670.58	1	35,298	14
Crawford	\$422.16	65	\$497.06	29	\$82.07	96	\$665.29	103	\$82.77	59	\$592.37	4	38,222	12
Decatur	\$358.56	92	\$268.09	87	\$113.33	49	\$1,226.59	49	\$54.13	87	\$63.90	104	3,191	85
Dickinson	\$468.31	46	\$459.83	39	\$105.50	67	\$782.39	91	\$95.42	38	\$186.14	64	19,209	28
Doniphan	\$506.09	30	\$242.45	94	\$75.68	99	\$847.91	84	\$59.67	81	\$267.22	49	7,816	50
Douglas	\$671.28	5	\$624.15	15	\$77.53	98	\$970.52	72	\$44.30	95	\$289.25	46	102,914	5
Edwards	\$442.94	56	\$291.86	81	\$128.47	28	\$1,673.39	22	\$81.09	52	\$275.64	48	3,292	83
Elk	\$296.11	105	\$266.57	88	\$101.44	72	\$1,097.21	59	\$82.94	51	\$374.18	25	3,075	87
Ellis	\$579.41	14	\$892.28	3	\$108.02	61	\$1,005.66	69	\$123.63	13	\$375.50	24	26,767	21
Ellsworth	\$445.48	54	\$333.20	75	\$127.15	30	\$1,195.15	50	\$78.86	55	\$299.84	43	6,343	58
Finney	\$490.10	35	\$636.48	13	\$82.28	95	\$1,289.84	47	\$85.65	47	\$397.01	21	38,988	11
Ford	\$427.91	60	\$595.39	17	\$112.56	50	\$979.99	71	\$103.79	26	\$324.65	36	33,751	17
Franklin	\$518.97	28	\$468.43	37	\$103.79	70	\$833.91	87	\$76.38	60	\$362.14	26	26,247	22
Geary	\$326.15	99	\$570.34	20	\$89.86	90	\$674.28	101	\$161.13	5	\$247.53	52	24,585	24
Gove	\$430.25	58	\$480.82	33	\$118.54	44	\$1,546.61	28	\$80.18	53	\$67.94	103	2,763	93
Graham	\$363.81	88	\$502.52	28	\$137.84	12	\$1,748.94	21	\$84.08	49	\$487.81	7	2,721	94
Grant	\$558.52	20	\$569.13	21	\$83.21	94	\$2,747.42	9	\$68.52	72	\$136.85	91	7,530	52
Gray	\$595.09	10	\$303.58	79	\$133.94	20	\$1,349.55	41	\$54.65	85	\$112.56	100	5,861	64
Greeley	\$558.87	18	\$382.29	59	\$173.28	1	\$3,203.02	8	\$60.16	79	\$133.44	95	1,349	105
Greenwood	\$395.61	80	\$281.51	85	\$116.31	46	\$1,036.37	66	\$102.31	31	\$336.31	30	7,338	53

Selected Financial Data

Kansas County Data

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County	Individual Income Tax Liability Per capita TY 2003		State Sales Tax Collected Per Capita FY 05		Vehicle Property Tax Per Capita TY04		Real/Personal Property Per Capita TY03		Lottery Ticket Sales Per Capita FY05 (all games)		SRS Aid Expenditures Per Capita 2005 (not including medical)		2005 Census Bureau Estimated Population	
	State Rank		State Rank		State Rank		State Rank		State Rank		State Rank		State Rank	
Hamilton	42	\$478.48	65	\$359.43	43	\$118.62	7	\$3,312.09	68	\$70.51	97	\$125.69	96	2,604
Harper	45	\$470.71	32	\$484.22	6	\$154.99	39	\$1,395.18	11	\$127.22	62	\$193.15	61	6,081
Harvey	19	\$558.53	31	\$488.34	82	\$94.29	94	\$778.26	70	\$69.55	42	\$300.67	16	33,843
Haskell	16	\$570.12	69	\$351.02	93	\$85.18	6	\$3,357.66	67	\$71.72	85	\$145.55	75	4,232
Hodgeman	90	\$360.78	99	\$230.21	11	\$141.74	15	\$2,054.10	99	\$42.21	105	\$57.83	101	2,110
Jackson	39	\$485.26	49	\$413.91	85	\$93.30	102	\$667.22	104	\$37.35	39	\$313.54	36	13,535
Jefferson	12	\$580.82	104	\$210.34	58	\$110.36	89	\$796.76	100	\$41.99	89	\$137.59	30	19,106
Jewell	100	\$310.11	101	\$227.89	41	\$121.47	33	\$1,445.91	86	\$54.40	88	\$139.17	82	3,352
Johnson	1	\$1,162.40	2	\$900.14	32	\$125.83	37	\$1,425.15	98	\$43.10	96	\$126.36	1	506,562
Kearny	51	\$453.36	96	\$237.70	101	\$71.76	2	\$4,017.31	46	\$85.72	56	\$217.21	73	4,516
Kingman	25	\$523.99	66	\$357.89	34	\$123.39	46	\$1,298.48	42	\$90.56	80	\$151.69	49	8,165
Kiowa	57	\$436.20	42	\$448.77	23	\$132.17	13	\$2,086.05	61	\$76.21	67	\$183.63	90	2,984
Labette	89	\$363.00	58	\$385.48	71	\$102.97	99	\$735.64	29	\$102.62	3	\$615.72	26	22,169
Lane	38	\$485.37	76	\$325.14	7	\$152.31	14	\$2,056.05	50	\$83.59	82	\$148.52	103	1,894
Leavenworth	50	\$457.82	67	\$355.56	75	\$99.56	98	\$738.17	88	\$51.77	73	\$165.80	6	73,113
Lincoln	101	\$303.48	98	\$233.22	37	\$122.85	30	\$1,500.65	62	\$75.46	70	\$178.28	80	3,411
Linn	76	\$403.79	92	\$247.38	92	\$86.60	34	\$1,441.64	75	\$64.54	51	\$260.82	42	9,914
Logan	48	\$462.66	38	\$460.28	13	\$136.87	27	\$1,583.83	45	\$86.22	55	\$221.02	92	2,794
Lyon	43	\$477.72	25	\$538.05	81	\$96.00	88	\$800.22	39	\$94.89	23	\$381.71	13	35,609
Marion	52	\$451.73	80	\$301.12	80	\$96.58	79	\$917.80	97	\$43.61	68	\$181.93	37	12,952
Marshall	49	\$459.23	36	\$468.58	55	\$111.00	68	\$1,009.84	69	\$69.62	59	\$205.38	40	10,405
McPherson	7	\$659.23	19	\$573.67	66	\$106.39	58	\$1,101.55	37	\$96.25	37	\$322.34	19	29,523
Meade	74	\$404.59	84	\$286.81	76	\$98.86	12	\$2,117.53	21	\$107.89	94	\$134.36	71	4,625
Miami	6	\$660.47	40	\$453.31	48	\$115.29	64	\$1,056.47	77	\$62.80	33	\$328.46	18	30,496
Mitchell	32	\$500.21	24	\$555.01	16	\$136.13	53	\$1,158.83	12	\$126.22	47	\$285.61	57	6,420
Montgomery	68	\$418.29	27	\$529.65	52	\$112.23	83	\$848.89	1	\$256.40	15	\$437.86	15	34,570
Morris	33	\$498.30	60	\$372.25	83	\$93.77	75	\$951.53	83	\$56.76	87	\$140.22	62	6,049
Morton	15	\$578.80	34	\$477.94	84	\$93.67	1	\$4,017.37	15	\$119.40	92	\$134.76	84	3,196
Nemaha	59	\$430.11	57	\$390.12	74	\$100.66	82	\$858.66	94	\$44.82	58	\$207.64	39	10,443
Neosho	66	\$419.65	16	\$597.08	26	\$130.44	92	\$782.26	34	\$98.13	5	\$572.72	33	16,529
Ness	44	\$476.75	11	\$677.88	3	\$162.95	18	\$1,844.69	23	\$106.68	101	\$103.44	89	3,009
Norton	86	\$379.59	61	\$367.10	73	\$100.81	81	\$890.62	56	\$78.33	44	\$299.21	65	5,664
Osage	34	\$490.26	93	\$243.17	89	\$90.06	96	\$752.86	78	\$61.55	38	\$320.31	31	17,150
Osborne	96	\$337.39	56	\$390.61	27	\$129.83	45	\$1,308.22	22	\$107.29	54	\$235.17	78	4,050
Ottawa	29	\$515.62	102	\$225.13	45	\$116.96	52	\$1,167.11	63	\$75.37	72	\$166.70	60	6,123
Pawnee	63	\$424.01	62	\$365.81	22	\$132.74	54	\$1,150.71	20	\$108.55	57	\$210.75	56	6,739

Selected Financial Data

Kansas County Data

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County	Individual Income Tax Liability Per capita TY 2003		State Sales Tax Collected Per Capita FY 05		Vehicle Property Tax Per Capita TY04		Real/Personal Property Per Capita TY03		Lottery Ticket Sales Per Capita FY05 (all games)		SRS Aid Expenditures Per Capita 2005 (not including medical)		2005 Census Bureau Estimated Population	
	State Rank		State Rank		State Rank		State Rank		State Rank		State Rank		State Rank	
Phillips	84	\$389.78	53	\$402.89	33	\$124.55	55	\$1,144.09	76	\$64.12	61	\$197.04	66	5,504
Pottawatomie	23	\$540.85	1	\$936.56	102	\$71.32	29	\$1,544.33	73	\$66.84	99	\$117.45	29	19,129
Pratt	21	\$550.48	7	\$726.79	9	\$148.04	32	\$1,463.39	35	\$96.67	66	\$183.64	45	9,496
Rawlins	91	\$359.86	86	\$279.13	2	\$170.54	24	\$1,608.49	103	\$39.06	22	\$388.41	95	2,672
Reno	27	\$521.39	14	\$634.56	53	\$111.78	70	\$990.08	33	\$98.71	19	\$409.95	7	63,558
Republic	97	\$336.26	63	\$360.63	14	\$136.28	42	\$1,338.82	91	\$47.26	74	\$164.55	69	5,164
Rice	71	\$415.88	72	\$336.39	35	\$123.30	48	\$1,227.62	25	\$105.30	65	\$186.13	38	10,452
Riley	55	\$445.01	35	\$476.34	103	\$69.94	104	\$621.06	89	\$50.09	79	\$155.26	8	62,826
Rooks	87	\$371.62	44	\$442.23	18	\$135.46	43	\$1,311.07	30	\$102.38	60	\$199.64	68	5,351
Rush	64	\$422.84	100	\$229.71	25	\$130.49	36	\$1,429.56	40	\$91.81	41	\$302.70	81	3,406
Russell	61	\$425.25	30	\$491.05	8	\$149.15	26	\$1,585.35	4	\$172.95	14	\$442.39	55	6,845
Saline	8	\$620.62	4	\$821.11	86	\$93.29	76	\$926.30	17	\$116.88	45	\$298.06	10	53,919
Scott	9	\$596.42	22	\$560.75	5	\$156.66	19	\$1,815.12	28	\$102.72	84	\$147.71	72	4,600
Sedgwick	2	\$812.53	6	\$739.97	78	\$96.92	86	\$834.53	43	\$90.06	27	\$360.58	2	466,061
Seward	62	\$424.07	10	\$682.97	97	\$78.51	56	\$1,138.71	7	\$145.71	28	\$348.78	25	23,274
Shawnee	3	\$739.29	8	\$722.80	47	\$115.55	60	\$1,076.23	57	\$78.31	20	\$407.20	3	172,365
Sheridan	26	\$521.74	64	\$359.99	15	\$136.22	31	\$1,464.27	90	\$47.71	93	\$134.39	97	2,591
Sherman	53	\$446.99	9	\$717.50	60	\$109.07	57	\$1,124.91	6	\$156.29	2	\$664.56	59	6,153
Smith	73	\$409.18	73	\$336.16	31	\$126.68	38	\$1,416.45	101	\$41.46	71	\$166.77	76	4,121
Stafford	67	\$419.31	71	\$336.89	17	\$135.47	20	\$1,786.48	96	\$43.72	6	\$533.00	74	4,488
Stanton	22	\$549.25	77	\$309.44	57	\$110.50	3	\$3,807.70	18	\$112.65	86	\$142.15	100	2,245
Stevens	11	\$594.10	52	\$403.62	105	\$65.59	4	\$3,746.00	74	\$65.65	75	\$164.00	67	5,412
Sumner	40	\$478.95	82	\$290.77	38	\$122.52	73	\$966.22	14	\$121.96	40	\$302.97	23	24,797
Thomas	31	\$504.79	5	\$758.42	29	\$127.68	40	\$1,371.51	36	\$96.33	63	\$191.93	51	7,639
Trego	93	\$358.39	45	\$434.00	21	\$133.15	23	\$1,624.70	3	\$175.99	98	\$119.61	88	3,050
Wabaunsee	24	\$525.17	105	\$181.50	64	\$107.25	61	\$1,076.08	102	\$39.98	102	\$76.40	54	6,919
Wallace	75	\$404.34	70	\$345.97	56	\$110.79	17	\$1,880.60	92	\$46.96	78	\$155.99	104	1,573
Washington	69	\$417.37	89	\$263.28	40	\$122.24	44	\$1,308.78	82	\$57.99	31	\$334.80	63	6,009
Wichita	13	\$580.42	74	\$335.95	10	\$144.17	16	\$1,965.13	19	\$111.89	83	\$148.44	98	2,309
Wilson	78	\$398.39	78	\$306.13	77	\$98.54	95	\$772.79	41	\$91.54	35	\$325.16	43	9,834
Woodson	102	\$302.24	91	\$260.87	62	\$107.75	65	\$1,051.77	48	\$84.72	11	\$458.43	79	3,572
Wyandotte	81	\$392.51	26	\$531.47	54	\$111.19	63	\$1,063.28	84	\$55.97	17	\$427.92	4	155,750

Selected Financial Data

Kansas County Data

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County	Individual Income Tax Liability Per capita TY 2003		State Sales Tax Collected Per Capita FY 05		Vehicle Property Tax Per Capita TY04		Real/Personal Property Per Capita TY03		Lottery Ticket Sales Per Capita FY05 (all games)		SRS Aid Expenditures Per Capita 2005 (not including medical)		2005 Census Bureau Estimated Population	
	State Rank		State Rank		State Rank		State Rank		State Rank		State Rank		State Rank	

Percentile Ranks							
High	\$1,162	\$937	\$173.28	\$4,017	\$256.40	\$670.58	506,562
90th Percentile	\$589	\$677	\$140.18	\$2,321	\$126.82	\$453.84	38,682
80th Percentile	\$549	\$562	\$132.82	\$1,688	\$107.41	\$390.13	26,351
70th Percentile	\$500	\$484	\$125.58	\$1,460	\$99.79	\$329.00	16,749
60th Percentile	\$478	\$447	\$119.43	\$1,322	\$90.26	\$300.17	9,866
Median	\$447	\$403	\$111.78	\$1,159	\$80.18	\$243.70	7,338
40th Percentile	\$424	\$360	\$107.25	\$1,061	\$75.30	\$189.61	5,950
30th Percentile	\$406	\$336	\$100.69	\$961	\$65.89	\$164.80	4,494
20th Percentile	\$390	\$286	\$93.60	\$847	\$55.70	\$147.28	3,195
10th Percentile	\$355	\$242	\$82.65	\$775	\$44.51	\$133.81	2,692
Low	\$296	\$182	\$65.59	\$586	\$29.79	\$57.83	1,349

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	USDs	FTE Enr	Superintendents	Associate/ Assistant Superintendents	Administrative Assistants	Principals	(Total School Bldgs in Kansas)	Assistant Principals	Directors/ Supervisors of Special Education	Directors/ Supervisors of Health
2000-01	304	445,918.9	278.5	98.4	45.4	1270.3	1415	485.0	113.7	11.8
2001-02	304	443,650.1	278.0	101.0	40.0	1273.8	1410	480.5	113.5	14.3
2002-03	303	442,812.8	274.3	94.7	40.1	1254.9	1414	473.0	120.5	10.0
2003-04	302	441,251.2	271.1	88.8	31.8	1237.6	1396	471.7	120.1	12.5
2004-05	301	439,321.0	268.7	83.8	44.2	1225.6	1395	491.7	120.1	10.0
2005-06	300	439,095.8	269.7	86.4	40.6	1234.2	1391	503.5	122.8	9.0
% change since 2000	-1.3%	-1.5%	-3.2%	-12.2%	-10.6%	-2.8%	-1.7%	3.8%	8.0%	-23.7%

	Directors/ Supervisors of Vocational Education	Instructional Coordinators Supervisors	Other Directors/ Supervisors	Other Curriculum Specialists	Practical Arts/ Vocational Education Teachers	Special Education Teachers	Pre-K Teachers	Kinder- garten Teachers	Other Teachers	Library Media Specialists
2000-01	27.9	105.9	170.8	111.5	1,025.0	3,434.4	261.2	1,167.9	26,325.3	1,002.4
2001-02	23.3	136.4	192.4	121.0	1,093.2	3,518.8	326.3	1,199.4	26,380.8	974.9
2002-03	23.2	118.3	189.6	117.5	1,113.7	3,504.6	336.3	1,199.6	25,952.2	950.1
2003-04	18.7	118.3	195.3	101.1	1,122.5	3,556.0	373.6	1,243.9	25,715.1	923.2
2004-05	15.2	109.7	195.2	101.5	1,144.4	3,542.6	380.4	1,325.7	25,743.0	924.4
2005-06	16.2	132.1	201.0	98.4	1,234.6	3,597.9	396.0	1,439.8	26,068.2	924.6
% change since 2000	-41.9%	24.7%	17.7%	-11.7%	20.4%	4.8%	51.6%	23.3%	-1.0%	-7.8%

	School Counselors	Clinical/ School Psychol-ogists	Nurses	Speech Pathologists	Audiologists	Social Work Services	Reading Specialists/ Teachers	Others	Total
2000-01	1,166.5	368.6	452.7	509.0	13.5	250.3	528.0	544.5	39,768.5
2001-02	1,172.7	369.3	446.0	518.3	9.4	276.2	565.5	340.1	39,965.1
2002-03	1,141.2	341.9	448.8	495.8	8.7	184.4	532.3	401.1	39,326.8
2003-04	1,117.9	351.9	441.3	439.7	9.6	180.2	577.8	354.8	39,074.5
2004-05	1,111.3	358.3	430.0	530.9	9.6	273.5	688.5	352.8	39,481.1
2005-06	1,120.7	384.4	432.7	529.8	10.2	273.4	742.4	304.8	40,173.4
% change since 2000	-3.9%	4.3%	-4.4%	4.1%	-24.4%	9.2%	40.6%	-44.0%	1.0%

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

STATE CAPITOL, ROOM 311-S
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PAT COLLOTON
28TH DISTRICT

January 30, 2007

Re: House Bill 2154

Dear Chairman Wilk and Committee Members:

Thank you for the hearing on an amendment to H.B. 2154. I am here in support of this bill that grants the America Cancer Society an exemption from paying state sales and use tax under K.S.A. 79-3606(vv)(17). We have granted sales and use tax exemptions to a large number of 501(c)(3) charitable organizations. This legislation would support the outstanding work of the American Cancer Society in education, research, and patient care.

Lisa Benlon, a former state representative, has joined us today to share more detail and specifics about the good work of the American Cancer Society and its request to be added to the list of charitable organizations covered by this exemption.

I would appreciate your consideration and favorable passage of H.B. 2154.

Respectfully submitted,

Pat Colloton

Pat Colloton

HS TAXATION COMMITTEE
2-2-2007
ATTACHMENT 3



Testimony for the House Tax Committee
Lisa Benlon, Leg/Government Relations Director
American Cancer Society
Re: **HB 2154**
February 2, 2007

Chairman Wilk and Committee Members,

The American Cancer Society mission: *The American Cancer Society is the nationwide community-based voluntary health organization dedicated to elimination cancer as a major health problem by preventing cancer, saving lives and diminishing suffering from cancer, through research, education, advocacy, and service.*

I received a call from our Wichita office about a year ago. They were beginning to get some resistance from vendors who had, in the past, donated food to our fundraising events. They couldn't understand why the American Cancer Society wasn't tax exempt. One restaurant, Red, Hot, and Blue, was concerned initially, that they would be required to pay tax on food they donated to our events. Doug Cash, the owner, told me having to do so would virtually maim our efforts to get donations.

Thus, I am before you requesting a tax exemption for our organization.

Our finance department projects, by passing HB 2154, a savings to the American Cancer Society of around \$60,000. That breaks out roughly \$44,000 in state sales tax at a 5.3% rate and \$16,000 in local sales tax at an average rate around 2%. So the impact on the state's SGF is \$44,000.

Based upon our estimated savings of \$60,000/year, we would be able to provide the following additional services each year to cancer patients:

- 20 additional scholarships to college students who are cancer survivors
- 20 additional young cancer survivors could attend summer camp
- 100 additional cancer patients from rural areas could receive help paying for gasoline for travel to treatment centers and doctor appointments, and
- 100 additional nights of free lodging for cancer patients who travel to the Kansas City area for treatment

Sales tax we pay is primarily paid on supplies for our special events, office supplies, operating costs, and travel-related expenses.

In addition to paying sales tax on all purchases made in the state, we also collect and remit sales taxes on items we sell for fundraising purposes. This is primarily from the sale of daffodils and auction items sold during our special events. If we were not required to pay sales tax on these items, we would potentially benefit in the following ways:

- Due to the structure of fundraising business, it is difficult for us to “add on the sales tax” above a set donation amount. In both the situation of selling daffodils and auction items, we pay the sales tax out of our proceeds rather than collect an amount above the agreed upon sale price from the donor. Because the donor generally considers he is making a donation, even though in actuality, he is purchasing something, it is difficult to convey to him/her that sales tax needs to be added on top of the purchase price. So, for auction items, we only collect the agreed upon price and then we remit sales tax out of that total, reducing our net revenues from an event.
- Because of the unique geographic situation in the Kansas City area, we have been able to take advantage of our current sales tax exemption in the state of Missouri, by physically moving some of our events and meetings to the Missouri side of the state line. If this discrepancy were removed, there would be incentive to return some of these events to the Kansas side, where they historically were well supported and very successful. While moving these events to the Kansas side would not directly provide additional revenue to the state of Kansas, they would generate additional business within Kansas.

Thank you for your consideration of HB 2154 and I will stand for questions.

Testimony to the House Taxation Committee

Richard Cram

February 2, 2007

Department Concerns with House Bill 2154

Representative Wilk, Chair, and Members of the Committee:

House Bill 2154 proposes to amend K.S.A. 79-3606 (vv) to add the American Cancer Society, Inc as an exempt organization. The proposal would exempt purchases made by the American Cancer Society as well as sales made by or on behalf of the organization. The Act would be effective July 1, 2007. Our fiscal note is attached.

The American Cancer Society is certainly a highly regarded non-profit organization doing valuable work, and would be as deserving as any of the organizations currently listed within (vv). The Department's comments today apply for any of the many non-profit organization sales tax exemption requests that will come before the Committee this session. However, as Secretary Wagon has emphasized in the past, the current policy of granting exemptions each year in piecemeal fashion to specific non-profit organizations simply because they have requested one needs to change. The Department suggests as an alternative that clear guidelines be developed, which the Department can then apply to determine whether certain non-profit organizations should qualify for a sales tax exemption. That exemption should be limited to direct purchases only. The Department would be pleased to suggest to the Committee those guidelines.

If this proposal is considered for passage, the Department suggests that the exemption for sales made "by or on behalf" of the organization be removed from the proposal. The granting of exemption on sales of tangible personal property allows tax free-sales to be made by special interest groups and is questionable tax policy. This proposal gives an artificial competitive advantage to a special group over for-profit businesses that collect sale tax on similar sales.

Including the phrase "by or on behalf of" for sales makes the policing of these exemptions difficult, creating the potential for individuals and groups to wrongfully claim exempt sales on behalf of an organization. If the exemption on sales remains in the proposal, we recommend it be limited only to sales made directly by the specific organization.

MEMORANDUM

To: Mr. Duane Goossen, Director
Division of Budget

From: Kansas Department of Revenue

Date: 01/31/2007

Subject: House Bill 2154
Introduced as a House Bill

Brief of Bill

House Bill 2154, as Introduced amends K.S.A. 79-3606 (vv) to add the American Cancer Society, Inc as an exemption organization. The proposal would exempt purchases made by the American Cancer Society as well as sales made by or on behalf of the organization.

The Act would be effective July 1, 2007.

Fiscal Impact

The proposal would result in the loss of \$56,000 in state sales tax revenue and \$14,000 in local sales tax annually. The table below provides the amounts for the next five (5) years.

	Total	SGF	Highway	Local
FY 2008	\$ 56,000	\$ 49,112	\$ 6,888	\$ 14,000
FY 2009	\$ 57,960	\$ 50,831	\$ 7,129	\$ 14,490
FY 2010	\$ 59,989	\$ 52,610	\$ 7,379	\$ 14,997
FY 2011	\$ 62,088	\$ 54,451	\$ 7,637	\$ 15,522
FY 2012	\$ 64,261	\$ 56,357	\$ 7,904	\$ 16,065

Administrative Impact

The proposal would require the reissuance of two sales tax publications at a cost of \$26, 500.

Administrative Problems and Comments

The department respectively suggests the exemption for sales made by or on behalf of the organization be removed from the proposal. The granting of exemption on sales of tangible personal property allows tax free-sales to be made by special interest groups and is considered by many to be bad tax policy. The legislature provides a marketplace advantage to the special groups that harms competing for-profit businesses that collect sale tax. The organization is acting as an agent for the state when collecting and remitting sales tax on goods sold as it is the

consumer paying the tax and not the organization.

Including the phrase "by or on behalf of" for sales made makes the policing of these sales difficult. It opens the potential for individuals and groups to illegally claim exempt sales on behalf of an organization. If the exemption on sales made remains in the proposal, it is recommended it be changed to limit the exemption to only sales made by the specific organization.

The Special Committee on Assessment and Taxation during the 2005 interim hearing strongly recommended that the standing tax committees develop criteria similar to those utilized in the early 1970s to help the Legislature evaluate all future requests for sales tax exemptions and did not recommend expanding sales tax exemptions to all 501 (c)(3) entities in the state.

Taxpayer/Customer Impact

The proposal would provide an exemption for the American Cancer Society, Inc.

Legal Impact

Approved By:

A handwritten signature in black ink that reads "Joan Wagnon". The signature is written in a cursive style with a large, looping initial "J".

Joan Wagnon
Secretary of Revenue

PAT GEORGE

REPRESENTATIVE 119TH DISTRICT
HOME ADDRESS: 3007 WESTVIEW
DODGE CITY, KANSAS 67801
620-227-2012

OFFICE ADDRESS: STATE CAPITOL
TOPEKA, KANSAS 66612
785-296-7646



TOPEKA

HOUSE OF
REPRESENTATIVES

House Taxation Committee

Chairman Representative Kenny A. Wilk

Regarding

House Bill 2155

February 2, 2007

Mr. Chairman and Members of the Committee:

My name is Representative Pat George of the 119th District. I am here today to request your favorable consideration of **House Bill 2155**.

House Bill 2155 eliminates a double taxation situation. When "Joe" trades his car, valued at \$10,000, for a new \$22,000 car he pays sales tax on the trade difference of \$12,000. Scenario #2: Joe is pulling out of the statehouse underground parking and Chairman Wilk is leaving the parking lot and inadvertently runs the stop sign and t-bones Joe and totals his car. Now Joe goes to buy his new car, without trading his totaled out car, and he pays sales tax on \$22,000 instead of \$12,000 @ 7% that's a \$700 difference in sales tax due.

I ask for your favorable consideration of HB 2155, to eliminate double taxation.

**HS TAXATION COMMITTEE
2-2-2007
ATTACHMENT 6**

STATE OF KANSAS

Rob Olson
REPRESENTATIVE, 26TH DISTRICT
19050 W. 161st St.
Olathe, Kansas 66062
State Capitol, 310-S
Topeka, Kansas 66612
785-296-7632
email: olson@house.state.ks.us



HOUSE OF
REPRESENTATIVES
MAJORITY WHIP

House Taxation Committee
Representative Kenny A. Wilk, Chairman

Regarding
House Bill 2155

February 2, 2007

Mr. Chairman and Member of the Committee,

My name is Representative Rob Olson of the 26th district. I appear before the committee today on behalf of my constituency and all of those in Kansas who have been victim of the state's current double taxation regarding the purchase of motor vehicles in the cases of theft and total loss. I request your favorable consideration of House Bill 2155.

The double-injury that inflicts Kansas citizens during their time of hardship is unfair and needs to be abolished. Our system of taxation and government in general is one that is supposed to be fair and supportive of citizens especially during their time of need. When a Kansas citizen has the misfortune of being involved in an accident that results in the loss of their car, or has their car stolen, we must protect them from the current double-taxation system. As articulated by the example given by Representative George, the current system penalizes persons in their time of need---we should not burden people with an extra tax after traumatic instances. Additionally, I contend that many citizens that have this occur in their life do not have the cash on hand to pay the extra tax---this policy is a detriment to Kansans.

This bill also addresses Kansans that only have liability insurance. They must obtain a certificate of proof of loss and two valuation appraisals at the time of registration of the replacement vehicle. As a representative, I feel it is time to take action and help Kansas citizens when they truly need the assistance.

A handwritten signature in blue ink, appearing to read 'Rob Olson', written over a horizontal line.

Representative Robert Olson

Committee Assignments:

Vice Chair: Energy and Utilities
Member: Federal and State Affairs
Economic Development and Tourism
Jt. Committee on Legislative Post
Audit

**HS TAXATION COMMITTEE
2-2-2007
ATTACHMENT 7**

Missouri does have a similar program as being proposed by HB 2155. You have to replace the vehicle within 180 days and you make application of refund to the state revenue department. I haven't located the statute and don't know if stolen vehicles qualify, but I think as long as they are totaled and have the insurance settlement agreement one can apply for a refund.

Another staff member did some research and here are his comments on what other states do.

Oklahoma legislature limit their credit for taxes paid on the vehicle being replaced is limited to stolen vehicles and to ones that are "certified by the manufacturer as defective within six (6) months of purchase. . . ." The Oklahoma statute does not provide a credit for totaled vehicles. See OK Reg. 710:60-7-6.

Arkansas limits the replacement credit to motor vehicles destroyed by "some catastrophic event resulting from a natural cause." See AR Statues 26-52-519.

New Jersey's replacement credit is limited to vehicles purchased to replace ones destroyed by Hurricane Floyd. Otherwise, the NJ policy is: "There is no provision in the law for relief from sales tax in the purchase of a motor vehicle to replace on that has been totally destroyed in an accident or by fire or lost through theft. Trade-in credit is allowed only when a vehicle is accepted in part payment for another vehicle and is intended for resale by the dealer." NJ State Tax News, December 1973/January 1974.

**House Tax Committee
February 2, 2007**

**Testimony presented on behalf of:
Mike Armstrong, Fairway, Kansas
Proponent of House Bill 2155**

I am writing in support of House Bill 2155, which would provide a sales tax exemption for the replacement of an automobile that is lost or stolen.

In January of 2005, I was broadsided in an intersection when another vehicle ran a red light. The accident resulted in my 2002 Tahoe being damaged and was considered a complete loss. The other vehicle was driven by a Missouri resident and insured in the State of Missouri. The approximate value of my vehicle was \$25,000. Several weeks after the accident I replaced the totaled 2002 Tahoe with a 2003 Tahoe which cost approximately \$30,000. The sales tax on the replacement vehicle (\$30,000) was approximately \$2300.

Fortunately, prior to settling with the insurance company, I had discussed the issue of sales tax with the Chevrolet dealership. During those discussions, I learned that the State of Missouri provides an exemption for the sales tax for vehicles that are purchased to replace destroyed or stolen vehicles, similar to House Bill 2155. Because I knew about his sales tax issue, I requested the Missouri insurance company to include the cost of Kansas sales tax in my settlement. If I had not investigated this issue thoroughly and considered the sales tax implication prior to settling with the Missouri insurance company, I probably would have been out the \$2300.

Kansas residents that are involved in situations that involve severe accidents that result in the total loss of vehicle, or vehicle theft, have already dealt with a lot of adversity. Paying sales tax on the replacement vehicle is like rubbing salt in a wound. Kansas residents should be provided with the same sales tax exemption that exists for Missouri residents.

Testimony to the House Taxation Committee

Richard Cram

February 2, 2007

Department Concerns with House Bill 2155

Representative Wilk, Chair, and Members of the Committee:

House Bill 2155 would amend K.S.A 79-3606 to provide a sales tax refund on certain vehicles. The proposal provides for the refund when a motor vehicle is purchased to replace another that was stolen or destroyed. The proposal has a significant fiscal note (attached), \$10.3 million in state sales tax.

Department research shows that most insurers reimburse sales tax as part of a settlement agreement on a wrecked vehicle with damage or loss coverage. The proposal would shift the sales tax burden on purchases of replacement vehicles from the insurer to the state. The taxpayer potentially could receive a sales tax break twice: reimbursement for sales tax on the replacement vehicle by the insurance company and exemption on the purchase of the replacement vehicle.

Exempting replacement purchases of wrecked or stolen vehicles covered only for liability, and not for damage or loss, is problematic. Attempts to determine the fair market value after the vehicle was stolen or wrecked will be highly subjective, invite dispute, and will be open to manipulation. The NADA guide, or some other accepted reference, should be referenced as the source for the fair market value determination. The proposal should not include these types of replacement purchases.

If the vehicle was wrecked as a result of the driver's negligence, should the negligent party receive a refund from the state on the replacement purchase? The few states with these types of provisions often limit refunds to replacement purchases for vehicles stolen or destroyed by natural causes (as opposed to traffic collisions) and place time limits between the purchase date and the loss occurrence. Oklahoma limits the credit to taxes paid on the vehicle being replaced when it was stolen or "certified by the manufacturer as defective within six (6) months of purchase." The Oklahoma does not provide a credit for totaled vehicles. *See OK Reg. 710:60-7-6.* Arkansas limits the replacement credit to motor vehicles destroyed by "some catastrophic event resulting from a natural cause." *See Arkansas C.A. section 26-52-519.* New Jersey's replacement credit is limited to vehicles purchased to replace ones destroyed by Hurricane Floyd.

We read the proposal as excluding leased vehicles. However, this should be clarified.

If this bill is considered for passage, the Department suggests the following changes:

- 1) The exemption should be limited to replacement purchases when the vehicle was stolen or destroyed by natural causes and covered by loss or damage insurance, and the loss occurs within 6 months after the vehicle was purchased. Refunds should apply only when sales tax is not included in the insurer settlement agreement. Replacement purchases of stolen or destroyed vehicles not covered by damage or loss insurance should not be included in the exemption. Clarify that leased vehicles are not included in the proposal.
- 2) Lines 19-20, page 28 should be amended to require that a stolen vehicle's ownership be transferred to the insurance company.
- 4) Make the implementation date January 1, 2008 to allow for computer programming changes and training of department staff and county treasurer personnel.
- 5) Consider revising the proposal to have sales tax refund requests filed with the Department instead of the county treasurer's offices.

MEMORANDUM

To: Mr. Duane Goossen, Director
Division of Budget

From: Kansas Department of Revenue

Date: 01/31/2007

Subject: House Bill 2155
Introduced as a House Bill

Brief of Bill

Senate Bill 2155, as Introduced, amends K.S.A 79-3606 to provide a sales tax refund on certain vehicles. The proposal provides for the refund when a motor vehicle is purchased to replace another that was stolen or destroyed. The refund amount would be based on the insurance proceeds, plus the deductible, that the buyer receives for the stolen or destroyed vehicle if the replacement vehicle is purchased within 180 days of the insurance settlement and the insurance payment constitutes the full value of the vehicle and ownership transfer is to the insurance company as a result of such settlement. If the vehicle being replaced wasn't covered by collision and comprehensive insurance, the vehicle owner would be entitled to reduce the selling price of the replacement vehicle by the "fair market value" of the vehicle that was stolen or destroyed, if the replacement vehicle is purchased within 180 days of the date of the loss. The taxpayer would apply for refund at the county treasurer's office when registering the replacement vehicle.

The Act would be effective July 1, 2007.

Fiscal Impact

Data could not be located to estimate the number of vehicles that are purchased by an insurance company as a result of total damage. Data from Kansas Bureau of Investigation reports that are 10,000 reported stolen cars annually, although it is not known the number that are not recovered or are totaled for an insurance claim. There are 2.6 million vehicles registered in Kansas. If 1% of these or 26,000 vehicles meet the criteria of being damaged to the point the insurance company purchases the vehicle and makes settlement, and if the average settlement plus deductible is \$7,500, the loss of state sales tax would be \$10.3 million annually. The loss of local sales tax revenue would be \$2.6 million. The table below provides the amounts by fund for the next five fiscal years.

	Total	SGF	Highway	Local
FY 2008	\$ 10.3	\$ 9.0	\$ 1.3	\$ 2.6
FY 2009	\$ 10.7	\$ 9.3	\$ 1.3	\$ 2.7
FY 2010	\$ 11.0	\$ 9.7	\$ 1.4	\$ 2.8
FY 2011	\$ 11.4	\$ 10.0	\$ 1.4	\$ 2.9
FY 2012	\$ 11.8	\$ 10.4	\$ 1.5	\$ 3.0

Administrative Impact

The cost to administer this proposal is estimated at \$45,000. Includes \$7,900 for sales tax forms, \$22,400 in contractor programming effort to enable the county treasurer's to process the refund claims, and \$15,000 in testing and training costs.

Administrative Problems and Comments

Department research indicates most insurance companies reimburse sales taxes as part of a settlement agreement. Therefore the taxpayer is already receiving their sales tax and this proposal results in the taxpayer receiving sales tax twice. If this proposal is passed, it may shift the payment of the sales tax from the insurance companies to the state. The department suggests that if this proposal is considered for passage, that it be amended to state that the refund provisions only apply when sales tax is not included in the settlement agreement.

The department offer the following suggestions for the proposal:

- 1) amend to require that a stolen vehicle's ownership be transferred to the insurance company.
- 2) set the implementation date to January 1, 2008 to allow for computer programming changes and training of department staff and county treasurer personnel.
- 3) consider revising the proposal to have sales tax refund results filed with the department of revenue instead of the county treasurer's offices.

The process for a taxpayer to receive a sales tax refund requires a certificate from the state insurance department, the insurance settlement or proof of loss and valuation appraisals. It requires a taxpayer to have "at least two valuation appraisers" determine the "fair market value" of a vehicle that was destroyed or stolen. Determining the fair market value will be subjective as there is no vehicle to appraise because it was stolen; or the vehicle was destroyed and there is no way to determine its fair market value before its destruction. Fair market value of motor vehicles is defined in K.S.A. 8-197(b)(7). It is recommended this definition be used. The term "valuation appraisers" isn't defined. Similarly, the phrase "casualty loss in excess of the value of such motor vehicle" is not defined, however the department understands that to mean it is a vehicle that has been totaled by the insurance company.

It is unclear whether the proposal would include leased vehicles. Leased vehicle are owned by the lessor and not the lessee. Sales tax on leases is viewed as a tax on each installment payment which it being charged for the lessee's use of the vehicle during that installment period. It is recommended the proposal we be amended to expressly state that replacement vehicles do or do not include leased vehicles.

The proposal brings up other concerns. If the vehicle was wrecked as a result of the driver's negligence, should they receive the refund. Other states that have something similar limits the refunds where the vehicle is stolen or destroyed for a natural disaster or fire. The proposed sales-price reduction is somewhat like the trade-in reduction; however there is no used vehicle whose resale will be taxed as there is when a vehicle is traded in to a dealer.

Taxpayer/Customer Impact

Provide for a refund of sales tax on vehicles stolen or 100% damaged, if a replacement vehicle is purchased within 180 days.

Legal Impact

Approved By:

A handwritten signature in cursive script that reads "Joan Waggon". The signature is written in black ink and is positioned below the "Approved By:" text.

Joan Waggon
Secretary of Revenue

Regents Crumbling Classroom Debt Payment Fund - \$76.6 million
 Governor's Recommended Receipts in FY 2007 and FY 2008; 4.0 Percent Growth in FY 2009
 \$466.2 million in New K-12 Funding FY 2007 - FY 2009 - SB 549
 State Debt Reduction Fund - \$80 million - KPERs Bonds
 Keeping Education Promises Trust Fund (House Version - 2 years)
 Receipts Above Estimate (\$60.4 million) Through December, 2006
 Governor's Recommended Expenditures in FY 2007 - FY 2009

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
 FY 2006 - FY 2010
 In Millions

	Actual FY 2006	Revised FY 2007	Projected FY 2008	Projected FY 2009	Projected FY 2010
Beginning Balance	\$ 478.7	\$ 733.6	\$ 491.2	\$ 292.7	\$ 139.5
	0.0	0.0	0.0	0.0	0.0
Receipts (November 2006 Consensus) - 4.0 Percent Growth in FY 09 and	5,394.4	5,592.3	5,700.4	5,899.7	6,131.3
Keeping Promises Education Trust Fund	0.0	(271.7)	149.0	122.7	0.0
Governor's Net Receipt Adjustments	0.0	39.3	(0.4)	13.8	13.8
Regents Crumbling Classroom Debt Payment Fund	0.0	(76.6)	0.0	0.0	0.0
State Debt Reduction Fund	0.0	0.0	(80.0)	0.0	0.0
Governor's Tax Reductions	0.0	0.0	(12.8)	(29.5)	(36.6)
Receipts Above the Estimate Through December, 2006	0.0	60.4	60.4	62.8	65.3
Adjusted Receipts	5,394.4	5,343.7	5,816.6	6,069.5	6,173.8
Total Available	\$ 5,873.1	\$ 6,077.3	\$ 6,307.8	\$ 6,362.2	\$ 6,313.2
K-12 Additional Funding - \$466.2 Million Over Three Years - SB 549	-	194.5	149.0	122.7	-
Less All Other Expenditures	5,139.4	5,391.6	5,866.1	6,100.0	6,335.5
Total Expenditures	5,139.4	5,586.1	6,015.1	6,222.7	6,335.5
Ending Balance	\$ 733.6	\$ 491.2	\$ 292.7	\$ 139.5	\$ (22.3)
Ending Balance as a Percentage of Expenditures	14.3%	8.8%	4.9%	2.2%	-0.4%
Receipts Above Expenditures	255.0	(242.4)	(198.5)	(153.2)	(161.7)

- 1) Actual FY 2006 expenditures and FY 2007 expenditures are as approved by the 2006 Legislature, plus "shifting" of \$22.9 million in expenditures from FY 2006 to FY 2007, plus supplemental funding, mainly for social services caseloads and school finance estimates, as recommended by the Governor.
- 2) FY 2007 and FY 2008 receipts reflect the estimates of the Consensus Revenue Estimating Group as of November 3, 2006, as adjusted for the Governor's recommendations. Adjustments include the State Highway Fund payment for the Highway Patrol, increased Lottery receipts, an Avian Flu transfer, a State Emergency Fund transfer, and other net adjustments. The Governor does recommend tax reductions of \$12.8 million in FY 2008 (corporate franchise tax exemption threshold and a reduction on the corporation income surtax).
- 3) FY 2009 base receipts assume a 4.0 percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERs and KDOT bonds, etc.)
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - SB 549.
- 5) FY 2008 through FY 2009 expenditures reflect the Governor's projections.
- 6) FY 2010 expenditures would include on-going obligations such as social services caseloads, KPERs and school finance, and partial restoration of the LAVTRF.
- 7) Includes the House passed version of SB 30 (two-year Keeping Education Promises Trust Fund, Regents Crumbling Classroom Bond, State Debt Reduction Fund)

Prepared at the Request and Direction of Representative Tom Holland
 Kansas Legislative Research Department
 January 31, 2007

HOUSE BILL No. 2031

By Committee on Taxation

1-9

9 AN ACT repealing K.S.A. 2006 Supp. 79-5401 relating to the Kansas
10 franchise tax.

concerning the Kansas franchise tax act; relating to application
to certain business entities; amending

11
12 *Be it enacted by the Legislature of the State of Kansas:*

and repealing the existing section

13 ~~Section 1~~ K.S.A. 2006 Supp. 79-5401 is hereby repealed.

See attachment

14 ~~Sec. 1~~ This act shall take effect and be in force from and after its
15 publication in the statute book.

Sec. 2

3

Section 1. K.S.A. 2006 Supp. 79-5401 is hereby amended to read as follows: 79-5401. (a) (1) For any foreign or domestic for profit corporation, or professional corporation or association, duly registered and authorized to do business in Kansas by the secretary of state and which has taxable equity attributable to Kansas of ~~\$100,000~~ \$1,000,000 or more, such entity shall pay an annual franchise tax to the secretary of revenue at the rate of .125% of such entity's taxable equity attributable to Kansas, except that such annual franchise tax for any such entity shall not exceed \$20,000.

(2) For any foreign or domestic limited liability company, foreign or domestic limited partnership or foreign or domestic limited liability partnership duly registered and authorized to do business in Kansas by the secretary of state and which has net capital accounts located in or used in this state at the end of the taxable year as required to be reported on the federal partnership return of income of ~~\$100,000~~ \$1,000,000 or more, such entity shall pay an annual franchise tax to the secretary of revenue at the rate of .125% of the net capital accounts located in or used in this state at the end of the taxable year as required to be reported on the federal partnership return of income, or for a one-member LLC taxed as a sole proprietorship which has net book value of the LLC as calculated on an income tax basis located in or used in this state at the end of the taxable year of ~~\$100,000~~ \$1,000,000 or more, .125% of net book value of the LLC as calculated on an income tax basis located in or used in this state at the end of the taxable year, except that such annual franchise tax for any such entity shall not exceed \$20,000.

(3) For any business trust duly registered and authorized to do business in Kansas by the secretary of state and which has corpus as shown on its balance sheet at the end of the taxable year as required to be reported to the secretary of revenue of ~~\$100,000~~ \$1,000,000 or more, such entity shall pay an annual franchise tax to the secretary of revenue at the rate of .125% of the corpus as shown on its balance sheet at the end of the taxable year as required to be reported to the secretary of revenue or in the case of a foreign business trust which has a corpus which is located in or which it uses or intends to use in this state as shown on its balance sheet at the end of the taxable year as required to be reported to the secretary of revenue of ~~\$100,000~~ \$1,000,000 or more, .125% of that portion of the corpus which is located in or which it uses or intends to use in this state as shown on its balance sheet at the end of the taxable year as required to be reported to the secretary of revenue, except that the annual franchise tax for any such entity shall not exceed \$20,000. Such balance sheet shall be as of the end of the tax period, certified by the trustee, fairly and truly reflecting the trust assets and liabilities and specifically setting out its corpus, and, in the case of a foreign business trust, fairly and truly reflecting an allocation of its moneys and other assets as between those located, used or to be used, in this state and those located, used or to be used elsewhere.

(b) (1) Every corporation or association, business trust, limited liability company, limited partnership or limited liability partnership subject to taxation under this act, regardless of whether such entity has a franchise tax liability, shall make a return, stating specifically such information as may be required by the forms, rules and regulations of the secretary of revenue, which return shall include a balance sheet listing all assets and liabilities as of the end of the tax year, as reported in the federal income tax return on form 1120 or, if no such federal return is required to be filed, such balance sheet information as otherwise required by the secretary, and such further information showing the allocation or apportionment calculations in computing the amount of the franchise tax. The return of a corporation or association shall be signed by the president, vice-president, treasurer, assistant treasurer, chief accounting officer or any other officer so authorized to act. The fact that an individual's name is signed on a return shall be prima facie evidence that such individual is authorized to sign such return on behalf of such corporation. In cases where receivers, trustees in bankruptcy or assignees are operating the property or business of corporations, such receivers, trustees,

or assignees shall make returns for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns shall be collected in the same manner as if collected from the corporation for which the return is made. The returns of a limited liability partnership shall be signed by a partner of the limited liability partnership. The returns of a limited liability company shall be signed by a member of the limited liability company.

(2) All returns shall be filed in the office of the director of taxation on or before the 15th day of the fourth month following the close of the taxable year, except as provided in subsection (b) (3).

(3) The director of taxation may grant a reasonable extension of time for filing returns in accordance with rules and regulations of the secretary of revenue. Whenever any such extension of time to file is requested by a taxpayer and granted by the director, no penalty authorized by K.S.A. 79-3228, and amendments thereto, shall be imposed if 90% of the liability is paid on or before the original due date.

(c) (1) All taxes imposed under the provisions of the Kansas franchise tax act shall be paid on the 15th day of the fourth month following the close of the taxable year. When the tax as shown to be due on a return is less than \$5, such tax shall be canceled and no payment need be remitted by the taxpayer.

(2) The director of taxation may extend the time for payment of the tax, or any installment thereof, for a reasonable period of time not to exceed six months from the date fixed for payment thereof. Such extension may exceed six months in the case of a taxpayer who is abroad. Interest shall be charged at the rate prescribed by K.S.A. 79-2968, and amendments thereto, for the period of such extension.

(d) The provisions of K.S.A. 79-3226, 79-3228, 79-3228a, 79-3229, 79-3230, 79-3233, 79-3233a, 79-3233b, 79-3233g, 79-3233h, 79-3233i, 79-3234, 79-3235 and 79-3236, and amendments thereto, shall apply to the administration and enforcement of this section.

(e) All taxes paid pursuant to the provisions of this act shall be rounded off to the nearest \$1, and unless other disposition is specifically provided by law, the taxes collected under the provisions of this act and all overpayments which may not be refunded under this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state general fund. The secretary of revenue shall not refund any overpayment of franchise taxes which is equal to \$5 or less, shall not credit any domestic corporation or foreign corporation, association, business trust, limited liability company, limited partnership or limited liability partnership with any amount which may not be refunded under this section, and shall not require reimbursement for any underpayment of franchise taxes which is less than \$5. Franchise tax refunds shall be paid to the claimant from the income tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director of taxation, but no warrant issued hereunder shall be drawn in an amount less than \$5. No interest shall be allowed on any payment made to a claimant pursuant to this act.

(f) As used in this section: (1) "Act" means the Kansas franchise tax act;

(2) "net book value as calculated on an income tax basis located in or used in this state" means the net book value of a limited liability company multiplied by a percentage which is the average of the following three percentages: (A) The average value of the limited liability company's real and tangible personal property owned or rented and used in this state during the tax period divided by the average total value of the limited liability company's real and tangible personal property owned or rented and used during the tax period; (B) the total amount of compensation paid by the limited liability company in this state during the tax period divided by the total amount of compensation paid everywhere by the limited liability company during the tax period; and (C) the total sales of the limited liability company in this state during the tax period divided by the total sales of the limited liability company everywhere during the tax period. If a limited liability company has no real and tangible property owned or rented and used, compensation paid or sales made for the

tax period, then the average percentage shall be determined by using only those percentages for property, compensation and sales which reflect property or activity;

(3) "net capital accounts located in or used in this state" means the net capital accounts of a limited partnership or limited liability partnership as stated on the federal income tax return multiplied by a percentage which is the average of the following three percentages: (A) The average value of such entity's real and tangible personal property owned or rented and used in this state during the tax period divided by the average total value of such entity's real and tangible personal property owned or rented and used during the tax period; (B) the total amount of compensation paid by such entity in this state during the tax period divided by the total amount of compensation paid everywhere by such entity during the tax period; and (C) the total sales of such entity in this state during the tax period divided by the total sales of such entity everywhere during the tax period. If such entity has no real and tangible personal property owned or rented and used, compensation paid or sales made for the tax period, then the average percentage shall be determined by using only those percentages for property, compensation and sales which reflect property or activity;

(4) "shareholder's equity" means the sum of: (1) Paid-in capital stock, except that paid-in capital stock shall not include any capital stock issued by a corporation and reacquired by such corporation through gift, purchase or otherwise and available for resale or retirement; (2) capital paid in, in excess of par; and (3) retained earnings, all as stated on such corporation's federal income tax return;

(5) "shareholder's equity attributable to Kansas" means the shareholder's equity of a corporation multiplied by a percentage which is the average of the following three percentages: (A) The average value of the corporation's real and tangible personal property owned or rented and used in this state during the tax period divided by the average total value of the corporation's real and tangible personal property owned or rented and used during the tax period; (B) the total amount of compensation paid by the corporation in this state during the tax period divided by the total amount of compensation paid everywhere by the corporation during the tax period; and (C) the total sales of the corporation in this state during the tax period divided by the total sales of the corporation everywhere during the tax period. If a corporation has no real and tangible personal property owned or rented and used, compensation paid or sales made for the tax period, then the average percentage shall be determined by using only those percentages for property, compensation and sales which reflect property or activity; and

(6) "taxable equity attributable to Kansas" means shareholder's equity attributable to Kansas.

(g) The provisions of this section shall apply to all tax years commencing after December 31, ~~2003~~ 2006.

(h) The provisions of this section shall be known and may be cited as the Kansas franchise tax act.