

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 13, 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

The Chairman made a motion to introduce a bill regarding a sales tax exemption for hospices. Representative Carlson seconded the motion. The motion carried.

HB 2519 - Authorizing statewide retailers' sales tax for Wabaunsee County.

Chris Courtwright, Legislative Research Department, said the bill is a .05 local sales tax bill for Wabaunsee County for bridges and roads.

Representative Carlson made a motion to add a balloon amendment that would include a countywide retailers' sales tax at the rate of 1% for the purpose of financing the costs of roadway construction. This would sunset after six years and is similar to Wabaunsee request (Attachment 1). Representative Whitham seconded the motion. The motion carried.

Representative Carlson moved that the Committee pass out HB 2519 favorably, as amended. Representative Davis seconded. The motion carried.

HB 2430 - Increase of maximum refund and determination of the amount of claim under the homestead property tax refund act.

The Chairman returned to **HB 2430** and acknowledged Representative Schroeder.

Representative Schroeder called attention to the Substitute for House Bill 2430, distributed on March 12th. Referring to page 5, Sec. 4, (b), he referred to the last two sentences on the page, *of this act have been or will be paid by the claimant and that there are no delinquent property taxes on the homestead.* He made a conceptual motion to put a period after claimant, and strike there are no delinquent property taxes on the homestead. This would allow the counties, to follow their normal procedure, to apply any tax payment to the oldest property taxes that are owed. Representative Carlson seconded the motion.

Permission was given to the Department to craft specific language that would clarify Representative Schroeder's intent, which is to allow the taxpayers to file, delinquent or not. If they qualify for the homestead, the money would then go to the county, and not back to them, for any outstanding delinquent taxes.

The Chairman advised the Committee that there was a technical procedural error, and the balloon, from the March 12th meeting, had not been adopted. With the Committee's permission they returned to the bill, as it was, before Representative Schroeder's conceptual motion and second from Representative Carlson. Representative Siegfried moved that the Substitute for House Bill 2430 be adopted by the Committee, including the five year sunset. Representative Menghini seconded. The motion carried.

Representative Schroeder's renewed his conceptual motion. Seconded by Representative Carlson. After discussion, the motion carried.

They returned to the Substitute for **House Bill 2430**, as amended.

After discussion, it was agreed that a name change for the new bill, at this time, would complicate and confuse the issue. Therefore the name will not be changed.

Representative Whitham moved that all the changes in HB 2430, including all the amendments in the

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 13, 2007 in Room 519-S of the Capitol.

balloon, the five year sunset on the total act, and the delinquent property tax be moved out favorably, as amended. Representative Menghini seconded the motion. Permission is to be given staff to write a substitute bill, incorporating all of the above.

Chad Sullivan, Manager of Homestead, explained current refund procedures and programing changes that will need to occur to comply with the new rules. He explained that currently the claimant does not qualify to file for the Homestead claim, because they have delinquent taxes and any claim would be denied.

The Chairman requested that the Secretary be given time to convene staff, county treasurers and any interested parties to research the issue to determine whether there needs to be additional changes or amendments to improve the bill. Secretary Wagnon agreed to that request to provide the language, as well as update the fiscal note to the Chairman and Representative Schroeder.

Representative Whitham closed his motion to move out **HB 2430**, as amended, favorably for passage. The motion carried.

HB 2529 - Exemption of publicly traded partnerships from certain income tax withholding requirements.

Chris Courtwright, Legislative Research Department, said the bill, that is supported by DOR, eliminates the requirement that Section 7704 - publicly traded partnerships, comply with Kansas income tax withholding for the non-resident partners. There is no fiscal note or amendments on the bill.

Representative Siegfried made the motion that the Committee pass out **HB 2430**, favorable for passage. Representative Davis seconded the motion. The motion carried.

HB 2495 - Decrease in the income tax surtax on corporations.

Chris Courtwright, Legislative Research Department said **HB 2495** dealt with the piece of the Governor's tax package relating to corporation income tax rate reduction. He reviewed the current law and reviewed the Dillmore amendment that had been passed by the Committee previously. The Dillmore amendments contains three components: the captive insurance company issue; the churning issue; and transactional functional test. The other piece, included in the amendment, reduces the rate further down from 6.75 to 6.2%. KDOR said the fiscal note is revenue neutral as originally introduced with the additional .05 percent rate reduction. He explained the fiscal impact from 2008 through 2010.

The Chairman reminded the Committee that they are back on the bill, as amended.

Representative Peck made a motion that the Committee reconsider their action, regarding the Dillmore motion to amend, on a previous day. Representative Owens seconded the motion. The motion carried.

Representative Owens asked for a division of the question into the four different issues: a) apportionment; b) churning of the income; c) insurance company; and d) rate reduction pieces. The Chairman agreed to divide the issue and discussion followed on part a of the bill.

After lengthy discussion, and due to time constraints, the Chairman closed the discussion on **HB 2495** and advised they would return to the bill tomorrow, March 14th. The Chairman advised that Representative Brown has a similar bill, forthcoming and it is the Chairman's intent to hear the bill and consider that bill for action.

The meeting was adjourned at 10:30 a.m. The next meeting is March 14, 2007.

HOUSE BILL No. 2519

By Committee on Taxation

2-13

Proposed Committee Amendments
to House Bill No. 2519

HS Taxation Committee
3-13-2007
ATTACHMENT 1

9 AN ACT concerning sales taxation; relating to countywide retailers' sales
10 tax in Wabaunsee county; amending K.S.A. 2006 Supp. 12-187, 12-
11 189 and 12-192 and repealing the existing sections; also repealing
12 K.S.A. 2006 Supp. 12-187b and 12-189f.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2006 Supp. 12-187 is hereby amended to read as
16 follows: 12-187. (a) ~~(1)~~ No city shall impose a retailers' sales tax under
17 the provisions of this act without the governing body of such city having
18 first submitted such proposition to and having received the approval of a
19 majority of the electors of the city voting thereon at an election called
20 and held therefor. The governing body of any city may submit the ques-
21 tion of imposing a retailers' sales tax and the governing body shall be
22 required to submit the question upon submission of a petition signed by
23 electors of such city equal in number to not less than 10% of the electors
24 of such city.

25 ~~(2) The governing body of any class B city located in any county which~~
26 ~~does not impose a countywide retailers' sales tax pursuant to paragraph~~
27 ~~(5) of subsection (b) may submit the question of imposing a retailers' sales~~
28 ~~tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue re-~~
29 ~~ceived therefrom for the purpose of financing the provision of health care~~
30 ~~services, as enumerated in the question, to the electors at an election~~
31 ~~called and held thereon. The tax imposed pursuant to this paragraph shall~~
32 ~~be deemed to be in addition to the rate limitations prescribed in K.S.A.~~
33 ~~12-189, and amendments thereto. As used in this paragraph, health care~~
34 ~~services shall include but not be limited to the following: Local health~~
35 ~~departments, city, county or district hospitals, city or county nursing~~
36 ~~homes, preventive health care services including immunizations, prenatal~~
37 ~~care and the postponement of entry into nursing homes by home health~~
38 ~~care services, mental health services, indigent health care, physician or~~
39 ~~health care worker recruitment, health education, emergency medical~~
40 ~~services, rural health clinics, integration of health care services, home~~
41 ~~health services and rural health networks.~~

42 (b) (1) The board of county commissioners of any county may submit
43 the question of imposing a countywide retailers' sales tax to the electors

1 The tax imposed pursuant to this paragraph shall expire after seven years
2 from the date such tax is first collected.

3 (14) The board of county commissioners of Neosho county may submit
4 the question of imposing a countywide retailers' sales tax at the rate
5 of .5% and pledging the revenue received therefrom for the purpose of
6 financing the costs of roadway construction and improvement to the elec-
7 tors at an election called and held thereon. The tax imposed pursuant to
8 this paragraph shall expire upon payment of all costs authorized pursuant
9 to this paragraph in the financing of such project.

10 (15) The board of county commissioners of Saline county may submit
11 the question of imposing a countywide retailers' sales tax at the rate of
12 up to .5% and pledging the revenue received therefrom for the purpose
13 of financing the costs of construction and operation of an expo center to
14 the electors at an election called and held thereon. The tax imposed pur-
15 suant to this paragraph shall expire after five years from the date such tax
16 is first collected.

17 (16) The board of county commissioners of Harvey county may sub-
18 mit the question of imposing a countywide retailers' sales tax at the rate
19 of 1.0% and pledging the revenue received therefrom for the purpose of
20 financing the costs of property tax relief, economic development initia-
21 tives and public infrastructure improvements to the electors at an election
22 called and held thereon.

23 (17) The board of county commissioners of Atchison county may sub-
24 mit the question of imposing a countywide retailers' sales tax at the rate
25 of .25% and pledging the revenue received therefrom for the purpose of
26 financing the costs of construction and maintenance of sports and rec-
27 reational facilities to the electors at an election called and held thereon.
28 The tax imposed pursuant to this paragraph shall expire upon payment
29 of all costs authorized in financing such facilities.

30 (18) *The board of county commissioners of Wabaunsee county may*
31 *submit the question of imposing a countywide retailers' sales tax at the*
32 *rate of .5% and pledging the revenue received therefrom for the purpose*
33 *of financing the costs of bridge and roadway construction and improve-*
34 *ment to the electors at an election called and held thereon. The tax imposed*
35 *pursuant to this paragraph shall expire after 15 years from the date such*
36 *tax is first collected.*

37 (c) The boards of county commissioners of any two or more contig-
38 uous counties, upon adoption of a joint resolution by such boards, may
39 submit the question of imposing a retailers' sales tax within such counties
40 to the electors of such counties at an election called and held thereon
41 and such boards of any two or more contiguous counties shall be required
42 to submit such question upon submission of a petition in each of such
43 counties, signed by a number of electors of each of such counties where

(19) The board of county commissioners of Jefferson county may submit the question of imposing a countywide retailers' sales tax at the rate of 1% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after six years from the date such tax is first collected. The countywide retailers' sales tax imposed pursuant to this paragraph may be extended or reenacted for additional six-year periods upon the board of county commissioners of Jefferson county submitting such question to the electors at an election called and held thereon for each additional six-year period as provided by law.

1 voting thereon at such election shall approve the levying of such tax, the
 2 governing body of any such city or county shall provide by ordinance or
 3 resolution, as the case may be, for the levy of the tax. Any repeal of such
 4 tax or any reduction or increase in the rate thereof, within the limits
 5 prescribed by K.S.A. 12-189, and amendments thereto, shall be accom-
 6 plished in the manner provided herein for the adoption and approval of
 7 such tax except that the repeal of any such city retailers' sales tax may be
 8 accomplished by the adoption of an ordinance so providing.

9 ~~(e)~~ (f) The sufficiency of the number of signers of any petition filed
 10 under this section shall be determined by the county election officer.
 11 Every election held under this act shall be conducted by the county elec-
 12 tion officer.

13 ~~(h)~~ (g) The governing body of the city or county proposing to levy
 14 any retailers' sales tax shall specify the purpose or purposes for which the
 15 revenue would be used, and a statement generally describing such pur-
 16 pose or purposes shall be included as a part of the ballot proposition.

17 Sec. 2. K.S.A. 2006 Supp. 12-189 is hereby amended to read as fol-
 18 lows: 12-189. ~~Except as otherwise provided by paragraph (2) of subsection~~
 19 ~~(a) of K.S.A. 12-187, and amendments thereto, The rate of any class A,~~
 20 ~~class B or class C city retailers' sales tax shall be fixed in increments of~~
 21 ~~.05% and in the an amount of .25%, .5%, .75% or 1% not to exceed 2%~~
 22 ~~for general purposes and not to exceed 1% for special purposes which~~
 23 ~~amount shall be determined by the governing body of the city. Except as~~
 24 ~~otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187,~~
 25 ~~and amendments thereto, the rate of any class D city retailers' sales tax~~
 26 ~~shall be fixed in the amount of .10%, .25%, .5%, .75%, 1%, 1.125%,~~
 27 ~~1.25%, 1.5% or 1.75%. For any retailers' sales tax imposed by a city for~~
 28 ~~special purposes, such city shall specify the purposes for which such tax~~
 29 ~~is imposed. All such special purpose retailers' sales taxes imposed by a~~
 30 ~~city shall expire after 10 years from the date such tax is first collected.~~
 31 The rate of any countywide retailers' sales tax shall be fixed in an amount
 32 of either .25%, .5%, .75% or 1% which amount shall be determined by
 33 the board of county commissioners, except that:

34 (a) The board of county commissioners of Wabaunsee county, for the
 35 purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amend-
 36 ments thereto, may fix such rate at 1.25%; the board of county commis-
 37 sioners of Osage or Reno county, for the purposes of paragraph (2) of
 38 subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such
 39 rate at 1.25% or 1.5%; the board of county commissioners of Cherokee,
 40 Crawford, Ford, Saline, Seward or Wyandotte county, for the purposes
 41 of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments
 42 thereto, may fix such rate at 1.5%, the board of county commissioners of
 43 Atchison county, for the purposes of paragraph (2) of subsection (b) of

1 K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5% or
2 1.75%; the board of county commissioners of Anderson, Barton, Jefferson
3 or Ottawa county, for the purposes of paragraph (2) of subsection (b) of
4 K.S.A. 12-187, and amendments thereto, may fix such rate at 2%; and
5 the board of county commissioners of Marion county, for the purposes
6 of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments
7 thereto, may fix such rate at 2.5%;

8 (b) the board of county commissioners of Jackson county, for the
9 purposes of paragraph (3) of subsection (b) of K.S.A. 12-187, and amend-
10 ments thereto, may fix such rate at 2%;

11 (c) the boards of county commissioners of Finney and Ford counties,
12 for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187, and
13 amendments thereto, may fix such rate at .25%;

14 (d) the board of county commissioners of any county for the purposes
15 of paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments
16 thereto, may fix such rate at a percentage which is equal to the sum of
17 the rate allowed to be imposed by a board of county commissioners on
18 the effective date of this act plus .25%, .5%, .75% or 1%, as the case
19 requires;

20 (e) the board of county commissioners of Dickinson county, for the
21 purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amend-
22 ments thereto, may fix such rate at 1.5%, and the board of county com-
23 missioners of Miami county, for the purposes of paragraph (7) of subsec-
24 tion (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at
25 1.25%, 1.5%, 1.75% or 2%;

26 (f) the board of county commissioners of Sherman county, for the
27 purposes of paragraph (8) of subsection (b) of K.S.A. 12-187, and amend-
28 ments thereto, may fix such rate at 2.25%;

29 (g) the board of county commissioners of Crawford or Russell county
30 for the purposes of paragraph (9) of subsection (b) of K.S.A. 12-187, and
31 amendments thereto, may fix such rate at 1.5%;

32 (h) the board of county commissioners of Franklin county, for the
33 purposes of paragraph (10) of subsection (b) of K.S.A. 12-187, and
34 amendments thereto, may fix such rate at 1.75%;

35 (i) the board of county commissioners of Douglas county, for the
36 purposes of paragraph (11) of subsection (b) of K.S.A. 12-187, and
37 amendments thereto, may fix such rate at 1.25%;

38 (j) the board of county commissioners of Jackson county, for the pur-
39 poses of subsection (b)(13) of K.S.A. 12-187 and amendments thereto,
40 may fix such rate at 1.4%;

41 (k) the board of county commissioners of Sedgwick county, for the
42 purposes of paragraph (3)(C) of subsection (b) of K.S.A. 12-187, and
43 amendments thereto, may fix such rate at 2%;

1 (l) the board of county commissioners of Neosho county, for the pur-
2 poses of paragraph (14) of subsection (b) of K.S.A. 12-187, and amend-
3 ments thereto, may fix such rate at 1.0% or 1.5%;

4 (m) the board of county commissioners of Saline county, for the pur-
5 poses of subsection (15) of subsection (b) of K.S.A. 12-187, and amend-
6 ments thereto, may fix such rate at up to 1.5%;

7 (n) the board of county commissioners of Harvey county, for the pur-
8 poses of paragraph (16) of subsection (b) of K.S.A. 12-187, and amend-
9 ments thereto, may fix such rate at 2.0%; and

10 (o) the board of county commissioners of Atchison county, for the
11 purpose of paragraph (17) of subsection (b) of K.S.A. 12-187, and amend-
12 ments thereto, may fix such rate at a percentage which is equal to the
13 sum of the rate allowed to be imposed by the board of county commis-
14 sioners of Atchison county on the effective date of this act plus .25%; ~~and~~

15 (p) ~~the board of county commissioners of Wabaunsee county, for the~~
16 ~~purpose of paragraph (18) of K.S.A. 12-187, and amendments thereto,~~
17 ~~may fix such rate at a percentage which is equal to the sum of the rate~~
18 ~~allowed to be imposed by the board of county commissioners of Wabaun-~~
19 ~~see county on July 1, 2007, plus .5%.~~

of subsection (b)

; and
(q) the board of county commissioners of
Jefferson county, for the purpose of
paragraph (19) of subsection (b) of K.S.A.
12-187, and amendments thereto, may fix such
rate at 2.0%

20 Any county or city levying a retailers' sales tax is hereby prohibited
21 from administering or collecting such tax locally, but shall utilize the serv-
22 ices of the state department of revenue to administer, enforce and collect
23 such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and
24 amendments thereto, such tax shall be identical in its application, and
25 exemptions therefrom, to the Kansas retailers' sales tax act and all laws
26 and administrative rules and regulations of the state department of rev-
27 enue relating to the Kansas retailers' sales tax shall apply to such local
28 sales tax insofar as such laws and rules and regulations may be made
29 applicable. The state director of taxation is hereby authorized to admin-
30 ister, enforce and collect such local sales taxes and to adopt such rules
31 and regulations as may be necessary for the efficient and effective ad-
32 ministration and enforcement thereof.

33 Upon receipt of a certified copy of an ordinance or resolution author-
34 izing the levy of a local retailers' sales tax, the director of taxation shall
35 cause such taxes to be collected within or without the boundaries of such
36 taxing subdivision at the same time and in the same manner provided for
37 the collection of the state retailers' sales tax. Such copy shall be submitted
38 to the director of taxation within 30 days after adoption of any such or-
39 dinance or resolution. All moneys collected by the director of taxation
40 under the provisions of this section shall be credited to a county and city
41 retailers' sales tax fund which fund is hereby established in the state treas-
42 ury. Any refund due on any county or city retailers' sales tax collected
43 pursuant to this act shall be paid out of the sales tax refund fund and

1 (f) Prior to March 1 of each year, the secretary of revenue shall advise
2 each county treasurer of the revenue collected in such county from the
3 state retailers' sales tax for the preceding calendar year.

4 (g) Prior to December 31 of each year, the clerk of every county
5 imposing a countywide retailers' sales tax shall provide such information
6 deemed necessary by the secretary of revenue to apportion and remit
7 revenue to the counties and cities pursuant to this section.

8 (h) The provisions of subsections (a) and (b) for the apportionment
9 of countywide retailers' sales tax shall not apply to any revenues received
10 pursuant to a county or countywide retailers' sales tax levied or collected
11 under K.S.A. 74-8929, and amendments thereto. All such revenue col-
12 lected under K.S.A. 74-8929, and amendments thereto, shall be deposited
13 into the redevelopment bond fund established by K.S.A. 74-8927, and
14 amendments thereto, for the period of time set forth in K.S.A. 74-8927,
15 and amendments thereto.

16 Sec. 4. K.S.A. 2006 Supp. 12-187, 12-187b, 12-189, 12-189f and 12-
17 192 are hereby repealed.

18 Sec. 5. This act shall take effect and be in force from and after its
19 publication in the statute book.