

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 17, 2008 in Room 519-S of the Capitol.

All members were present except: Representative Kinzer - Excused

Committee staff present:

Chris Courtwright, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Ryan Hoffman, Legislative Research Department
Scott Wells, Office of Revisor of Statutes
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Vincent Wetta
Tony Folsom, Deputy Director, Division of Property Valuation, KDOR
John Federico, General Motors
Mike Boekhaus, Director of the Department's Audit Bureau

Others attending:

See attached list.

The following requests were made for bill introductions:

Representative Wetta requested a bill introduction for a sales tax exemption for the Wellington Food Bank. Representative Dillmore moved the request, seconded by Representative Treaster. The motion carried.

Representative Worley requested two bills be introduced pertaining to: 1) A purchase and sales tax exception for the Kansas City Catbackers, and 2) A sales tax only exemption for the Kansas City Symphony, both of which are 501 (C) 3 not-for-profit organizations. The requests were seconded by Representative Owens. The motion carried.

Representative King requested a bill introduction for an investment tax credit bill, focused on cities in federally declared disaster areas, effective January 1, 2007. Representative Holland seconded the motion and the motion carried.

The Chairman invited Tony Folsom to the podium for a review of the "Slider legislation".

Tony Folsom, Deputy Director, Division of Property Valuation, presented a report on behalf of Mark Beck on the M & E Slider Reimbursement (Attachment 1). He provided a brief history of the legislation and said the total amount of reimbursements, FY 2007, as currently reported, is \$25,892.463. Payments will be made to county treasurers on or before February 15. He explained how the slider reimbursements are calculated and called attention to estimates for future reimbursements. He reviewed three reports that reflect reimbursement figures for IRB/EDX, Railroad M/E, and Telecommunications. He explained the IRB/EDX Report, that listed the dollar amounts that came back on the tax rolls from counties and companies that have tax credits that expired in July, 2006.

A memo listing counties that received no M & E reimbursement was distributed (Attachment 2). Clarification of an exclusion on a specific business in Wyandotte county was given by staff.

The Chairman asked John Federico to update the committee on recent developments at the Fairfax assembly plant. He told the committee that the Chevrolet "Malibu", made at the GM Fairfax assembly plant, was designated "car of the year". He described the competitive advantage and expansion that has and will occur as a direct result of the favorable tax legislation recently passed by the Legislature.

The Chairman requested that the four reports be consolidated and sorted by percent differences and listed from high to low. Leadership will work on a format preferred by the Committee. He said that Kansas

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 17, 2008 in Room 519-S of the Capitol.

Inc. is putting together information including data on the gross state product and personal income in order to provide the Committee with data for an in-depth analysis. Currently there is no mechanism in place to know how much new investment is made in Kansas, however they hope to determine that effect through other categories, such as employment and personal income.

Richard Cram introduced Mike Boekhaus, Director of the Department's Audit Bureau and members of his staff in attendance. He briefed the Committee on the Department's policy on sales tax treatment for hunting fees. The Department had received complaints from several self-audit notice recipients that the Department had provided inconsistent guidance on the tax treatment of gross receipts for participation in hunts. After deliberation with all interested parties, Notice 07-08 was published. He reviewed that notice and its self-audit process (Attachment 3).

In response to the question on what kind of revenue the state received from taxation on sports program, Mr. Cram said that firm figures were not available, however the Department is working on estimates which will be available soon. Mile Boekhaus explained the self audit program was developed to educate businesses; not to solicit back taxes. The Chairman said the timing of the regulation/notification changes was not in the best interested of hunting businesses and should have been done in a more timely manner. It was also noted that future changes in the regulation would require legislation.

The Chairman reviewed next week's agenda and the regular meeting formats.

An invitation to attend a January 28th Joint Session of the House Taxation and Transportation Committee on Motor Fuels Tax; *Future Viability?* was distributed (Attachment 4). The Chairman explained the importance of revenue generated from taxes on motor fuels sold in Kansas and possible changes in the future.

The meeting was adjourned at 10:15 a.m. The next meeting is January 23, 2008.

HOUSE TAXATION COMMITTEE

DATE: January 17

NAME	REPRESENTING
STAN FROWNFEITER	31 ST DIST HOSEA
Vince Wetta	80 th Dist Hse
Tony A. Scott	KSCPA
Bernie Koch	Wichita Chamber
MIKE TAYLOR	Unifed Government
Shahin Stafford	KS Grain + Feed Assn.
ERIK SARTORIUS	CITY OF OVERLAND PARK
Christy Caldwell	Topeka Chamber of Com.
KATIE FIREBURN	KEMPNEY
Michelle Peterson	Capital Strategies
Brend Koops	KDW-P
Jacquelyn Koehler	Kansas, Inc.
Heidi Zimmerman	Leg. Post Audit
Whitney Jamran	Hint Oak, LLC



K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE
DIVISION OF PROPERTY VALUATION

KATHLEEN SEBELIUS, GOVERNOR

MEMORANDUM

**TO: Honorable Kenny Wilk, Chairperson
House Committee on Taxation**

FROM: Mark S Beck, Director

DATE: January 17, 2008

RE: M&E Slider Reimbursement

Brief History

The 2006 Legislature exempted from property tax all commercial and industrial machinery and equipment and telecommunications and railroad machinery and equipment purchased, leased or transported into the state after June 30, 2006.

Also created were the business machinery and equipment tax reduction assistance fund and the telecommunications and railroad machinery and equipment tax reduction assistance fund to be administered by the state treasurer. All expenditures from these funds are for partial reimbursement to counties for any reduction in taxes levied on commercial and industrial M&E and telecommunications and railroad M&E. Payments to the county treasurers will be made on or before February 15th. The total amount of reimbursement as currently reported is **\$25,892,463**.

Calculation of Slider Reimbursements

The secretary of revenue on or before January 31st is to determine the amount each county is to receive as a reimbursement from the state. The calculation is based upon the difference between the amount of taxes levied on commercial and industrial M&E and telecommunications and railroad M&E for 2005 (base year) and the amount levied for 2007 (2008, 2009, 2010, 2011). Ninety percent (90%) of the calculated amount will be distributed to the county for 2007 on or before February 15, 2008. This percentage will decrease each year for the next four years – 70%, 50%, 30% and 10%.

IRB/EDX Amendment to the Slider

A 2007 amendment to the slider allows the subtraction of taxes levied on commercial and industrial M&E and telecommunications and railroad M&E that was exempt as an industrial revenue bond exemption or an economic development exemption. Only exemptions which have expired after July 1st, 2006 would qualify and would be subtracted from the 2007 (2008, 2009, 2010, 2011) M&E taxes reported by the county.

Estimates for Future Reimbursements

Projections for future estimates remain unchanged. (\$ In Millions)

TAX YEAR	INITIAL ESTIMATE	ACTUAL
2007	28.300	25.892
2008	44.846	
2009	45.263	
2010	31.983	
2011	11.498	

2007 M/E Reimbursement
(Accounts for IRB/EDX)

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Allen	1,419,151	1,705,873	-	-
Anderson	189,248	213,897	-	-
Atchison	1,476,124	1,422,380	53,745	48,370
Barber	419,281	387,838	31,443	28,299
Barton	2,159,648	1,985,309	174,340	156,906
Bourbon	1,100,816	1,060,609	40,207	36,187
Brown	567,663	591,872	-	-
Butler	2,970,240	2,722,129	248,110	223,299
Chase	110,769	97,005	13,764	12,388
Chautauqua	132,872	113,457	19,415	17,474
Cherokee	1,184,202	1,295,128	-	-
Cheyenne	80,523	71,611	8,911	8,020
Clark	123,555	91,797	31,758	28,582
Clay	291,663	251,179	40,484	36,436
Cloud	480,107	393,180	86,927	78,234
Coffey	257,012	233,791	23,221	20,899
Comanche	72,142	90,639	-	-
Cowley	3,406,085	3,559,355	-	-
Crawford	2,989,964	2,641,486	348,478	313,630
Decatur	110,973	107,060	3,913	3,522
Dickinson	682,090	875,450	-	-
Doniphan	615,392	552,511	62,882	56,593
Douglas	6,690,150	6,074,327	615,823	554,241
Edwards	286,020	270,366	15,654	14,088
Elk	162,804	287,439	-	-
Ellis	1,448,812	1,438,399	10,412	9,371
Ellsworth	330,298	389,732	-	-
Finney	2,268,592	1,837,029	431,563	388,406
Ford	3,543,189	3,303,478	239,711	215,740
Franklin	1,102,294	1,614,498	-	-
Geary	1,487,908	1,154,727	333,182	299,863
Gove	142,004	158,147	-	-
Graham	86,147	98,743	-	-
Grant	307,362	331,030	-	-
Gray	216,780	201,790	14,989	13,491

2007 M/E Reimbursement
(Accounts for IRB/EDX)

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Greeley	62,243	60,675	1,568	1,412
Greenwood	260,455	223,127	37,328	33,595
Hamilton	86,419	77,549	8,871	7,983
Harper	374,442	391,535	-	-
Harvey	1,848,530	1,519,920	328,610	295,749
Haskell	129,065	124,636	4,429	3,986
Hodgeman	65,852	69,378	-	-
Jackson	526,547	516,018	10,529	9,476
Jefferson	647,888	765,187	-	-
Jewell	73,952	64,962	8,991	8,092
Johnson	54,198,729	50,576,366	3,622,363	3,260,127
Kearny	128,360	113,325	15,035	13,532
Kingman	455,586	405,017	50,569	45,512
Kiowa	100,319	83,329	16,990	15,291
Labette	1,539,721	1,343,156	196,565	176,908
Lane	107,849	96,985	10,864	9,778
Leavenworth	2,758,104	2,186,634	571,471	514,324
Lincoln	193,108	175,693	17,415	15,673
Linn	322,719	313,861	8,858	7,972
Logan	115,398	121,427	-	-
Lyon	2,542,487	2,265,679	276,808	249,127
Marion	497,152	382,036	115,116	103,604
Marshall	921,890	861,649	60,241	54,216
McPherson	4,082,335	4,924,060	-	-
Meade	97,803	103,170	-	-
Miami	1,104,793	1,030,715	74,079	66,671
Mitchell	470,942	459,684	11,258	10,132
Montgomery	4,196,971	3,127,964	1,069,007	962,106
Morris	244,699	196,909	47,790	43,011
Morton	171,587	170,633	955	859
Nemaha	688,862	599,378	89,485	80,536
Neosho	1,663,667	1,495,550	168,117	151,306
Ness	91,979	128,314	-	-
Norton	282,170	269,699	12,472	11,224
Osage	465,395	402,248	63,148	56,833

2007 M/E Reimbursement
(Accounts for IRB/EDX)

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Osborne	231,065	172,338	58,727	52,854
Ottawa	169,708	158,797	10,912	9,820
Pawnee	207,664	159,948	47,716	42,944
Phillips	368,210	387,736	-	-
Pottawatomie	1,150,296	1,198,429	-	-
Pratt	720,319	760,411	-	-
Rawlins	79,793	85,812	-	-
Reno	5,757,564	5,116,827	640,736	576,662
Republic	223,570	203,996	19,574	17,616
Rice	608,783	468,616	140,168	126,151
Riley	1,984,898	1,753,763	231,135	208,021
Rooks	193,175	261,915	-	-
Rush	304,708	371,083	-	-
Russell	464,310	497,695	-	-
Saline	5,363,289	4,804,186	559,102	503,192
Scott	170,665	152,385	18,280	16,452
Sedgwick	41,596,428	39,349,178	2,247,250	2,022,525
Seward	1,451,093	1,244,293	206,800	186,120
Shawnee	17,488,053	15,391,504	2,096,548	1,886,894
Sheridan	80,316	92,123	-	-
Sherman	388,843	627,200	-	-
Smith	164,454	152,065	12,389	11,151
Stafford	140,154	148,650	-	-
Stanton	73,094	90,061	-	-
Stevens	214,327	142,487	71,840	64,656
Sumner	1,721,475	1,226,337	495,137	445,624
Thomas	622,783	631,415	-	-
Trego	128,958	125,704	3,253	2,928
Wabaunsee	373,308	380,929	-	-
Wallace	46,793	68,281	-	-
Washington	166,209	136,667	29,543	26,588
Wichita	198,335	211,670	-	-
Wilson	842,626	663,613	179,012	161,111
Woodson	126,734	104,474	22,259	20,033
Wyandotte	29,902,930	24,122,734	5,780,195	5,202,176
Total	234,154,827	214,733,050	22,618,440	20,356,596

Counties Receiving Reimbursement

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2007 Railroad M/E Reimbursements

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Allen	31,911	34,739	-	-
Anderson	62,041	72,385	-	-
Atchison	68,471	82,025	-	-
Barber	15,543	25,375	-	-
Barton	1,877	1,786	91	82
Bourbon	39,233	55,449	-	-
Brown	88,768	94,587	-	-
Butler	206,836	246,277	-	-
Chase	137,578	168,970	-	-
Chautauqua	-	-	-	-
Cherokee	33,501	50,835	-	-
Cheyenne	524	424	100	90
Clark	36,013	41,118	-	-
Clay	8,425	11,552	-	-
Cloud	38,068	48,374	-	-
Coffey	32,055	39,525	-	-
Comanche	-	-	-	-
Cowley	151,263	180,232	-	-
Crawford	41,911	53,991	-	-
Decatur	3,316	2,957	359	323
Dickinson	150,748	164,550	-	-
Doniphan	39,045	41,980	-	-
Douglas	81,172	94,012	-	-
Edwards	25,312	34,108	-	-
Elk	1,645	2,933	-	-
Ellis	41,040	46,861	-	-
Ellsworth	64,240	64,544	-	-
Finney	22,302	26,767	-	-
Ford	121,329	157,959	-	-
Franklin	94,453	109,214	-	-
Geary	24,547	25,384	-	-
Gove	50,530	54,680	-	-
Graham	-	-	-	-
Grant	-	-	-	-
Gray	16,419	25,911	-	-

2007 Railroad M/E Reimbursements

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Greeley	409	378	31	28
Greenwood	-	-	-	-
Hamilton	21,179	30,162	-	-
Harper	31,537	75,327	-	-
Harvey	150,329	169,005	-	-
Haskell	2,126	1,586	540	486
Hodgeman	92	91	1	1
Jackson	11,629	13,551	-	-
Jefferson	59,288	62,128	-	-
Jewell	16,604	23,121	-	-
Johnson	375,223	435,541	-	-
Kearny	12,435	18,551	-	-
Kingman	993	900	93	84
Kiowa	59,244	71,974	-	-
Labette	87,755	112,932	-	-
Lane	644	1,565	-	-
Leavenworth	70,998	71,462	-	-
Lincoln	501	462	39	35
Linn	37,408	49,914	-	-
Logan	60,125	71,977	-	-
Lyon	89,889	115,326	-	-
Marion	204,187	244,920	-	-
Marshall	166,723	180,040	-	-
McPherson	97,731	107,067	-	-
Meade	73,595	92,586	-	-
Miami	137,378	169,024	-	-
Mitchell	7,403	6,170	1,233	1,110
Montgomery	66,448	77,078	-	-
Morris	62,683	74,859	-	-
Morton	-	-	-	-
Nemaha	39,453	42,133	-	-
Neosho	46,268	54,696	-	-
Ness	898	845	53	48
Norton	4,527	3,677	850	765
Osage	81,329	103,084	-	-

2007 Railroad M/E Reimbursements

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Osborne	6,490	5,058	1,432	1,289
Ottawa	6,727	7,538	-	-
Pawnee	681	649	32	29
Phillips	5,984	5,181	803	723
Pottawatomie	62,508	66,404	-	-
Pratt	96,938	116,361	-	-
Rawlins	1,299	965	334	301
Reno	196,666	234,126	-	-
Republic	27,396	20,065	7,331	6,598
Rice	1,287	1,092	195	176
Riley	18,875	18,909	-	-
Rooks	2,306	1,498	808	727
Rush	892	833	59	53
Russell	73,773	72,955	818	736
Saline	69,027	72,346	-	-
Scott	1,731	1,326	405	365
Sedgwick	206,213	238,562	-	-
Seward	56,323	65,640	-	-
Shawnee	1,391,538	1,783,235	-	-
Sheridan	1,300	1,068	232	209
Sherman	3,233	3,100	133	120
Smith	4,375	3,572	803	723
Stafford	28,001	37,995	-	-
Stanton	-	-	-	-
Stevens	-	-	-	-
Sumner	198,065	255,084	-	-
Thomas	42,228	44,644	-	-
Trego	57,314	59,944	-	-
Wabaunsee	88,773	108,451	-	-
Wallace	47,583	58,434	-	-
Washington	55,889	62,476	-	-
Wichita	371	377	-	-
Wilson	56,293	56,605	-	-
Woodson	46,572	52,548	-	-
Wyandotte	510,468	580,429	-	-
Total	7,174,266	8,579,106	16,775	15,101
Counties Receiving Reimbursement				24

2007 Telecommunications Reimbursements

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Allen	303,592	375,747	-	-
Anderson	150,667	159,481	-	-
Atchison	364,424	339,386	25,038	22,534
Barber	711,828	667,485	44,343	39,909
Barton	571,622	517,642	53,980	48,582
Bourbon	476,078	422,120	53,958	48,562
Brown	425,483	407,064	18,419	16,577
Butler	1,463,310	1,229,192	234,118	210,706
Chase	200,877	168,300	32,577	29,319
Chautauqua	226,505	204,343	22,162	19,946
Cherokee	597,754	636,900	-	-
Cheyenne	138,276	130,807	7,469	6,722
Clark	229,577	217,904	11,673	10,506
Clay	227,216	299,617	-	-
Cloud	574,770	577,255	-	-
Coffey	162,424	154,316	8,108	7,297
Comanche	141,505	146,602	-	-
Cowley	799,007	746,102	52,905	47,615
Crawford	865,018	821,773	43,245	38,921
Decatur	173,051	180,095	-	-
Dickinson	459,401	383,684	75,717	68,145
Doniphan	88,806	90,467	-	-
Douglas	1,216,937	1,200,036	16,901	15,211
Edwards	165,652	144,478	21,174	19,057
Elk	229,379	190,419	38,960	35,064
Ellis	697,976	717,862	-	-
Ellsworth	338,948	321,750	17,198	15,478
Finney	497,369	453,655	43,714	39,343
Ford	1,173,704	1,105,324	68,380	61,542
Franklin	524,909	445,736	79,173	71,256
Geary	340,562	339,068	1,494	1,345
Gove	176,013	201,997	-	-
Graham	192,695	242,708	-	-
Grant	345,515	373,696	-	-
Gray	326,748	362,140	-	-

2007 Telecommunications Reimbursements

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Greeley	93,124	98,861	-	-
Greenwood	419,509	423,458	-	-
Hamilton	99,796	102,780	-	-
Harper	318,677	275,664	43,013	38,712
Harvey	575,309	496,068	79,241	71,317
Haskell	110,617	104,475	6,142	5,528
Hodgeman	93,955	113,179	-	-
Jackson	310,250	281,146	29,104	26,194
Jefferson	336,916	294,145	42,771	38,494
Jewell	254,749	206,842	47,907	43,116
Johnson	10,226,435	9,267,998	958,437	862,593
Kearny	80,490	90,733	-	-
Kingman	340,177	341,245	-	-
Kiowa	217,743	286,031	-	-
Labette	879,128	827,729	51,399	46,259
Lane	105,938	110,850	-	-
Leavenworth	1,010,546	861,783	148,763	133,887
Lincoln	233,799	230,397	3,402	3,062
Linn	390,493	418,222	-	-
Logan	186,193	189,343	-	-
Lyon	807,245	677,862	129,383	116,445
Marion	448,559	403,776	44,783	40,305
Marshall	669,683	550,149	119,534	107,581
McPherson	916,752	696,752	220,000	198,000
Meade	204,949	198,147	6,802	6,122
Miami	601,122	504,629	96,493	86,844
Mitchell	247,399	251,728	-	-
Montgomery	903,285	862,947	40,338	36,304
Morris	242,301	441,465	-	-
Morton	119,268	140,906	-	-
Nemaha	296,930	257,825	39,105	35,195
Neosho	487,946	483,305	4,641	4,177
Ness	182,421	187,982	-	-
Norton	469,235	545,504	-	-
Osage	337,152	286,706	50,446	45,401

2007 Telecommunications Reimbursements

County	2005	2007		
	Base Year Taxes	Taxes	Difference	90% Reimbursement
Osborne	157,106	219,037	-	-
Ottawa	294,852	331,161	-	-
Pawnee	245,250	237,650	7,600	6,840
Phillips	275,922	366,300	-	-
Pottawatomie	418,798	456,683	-	-
Pratt	473,830	507,984	-	-
Rawlins	252,073	222,099	29,974	26,977
Reno	1,320,043	1,158,495	161,548	145,393
Republic	292,929	218,314	74,615	67,154
Rice	355,232	298,668	56,564	50,908
Riley	635,160	644,734	-	-
Rooks	257,364	309,790	-	-
Rush	393,400	369,793	23,607	21,246
Russell	229,076	337,930	-	-
Saline	821,262	768,726	52,536	47,282
Scott	203,988	196,454	7,534	6,781
Sedgwick	8,032,375	6,854,150	1,178,225	1,060,403
Seward	320,530	283,792	36,738	33,064
Shawnee	4,395,257	3,578,248	817,009	735,308
Sheridan	121,582	137,539	-	-
Sherman	442,654	416,898	25,756	23,180
Smith	270,590	286,900	-	-
Stafford	268,741	205,582	63,159	56,843
Stanton	67,589	82,472	-	-
Stevens	107,459	110,389	-	-
Sumner	1,119,838	1,069,511	50,327	45,294
Thomas	820,727	772,074	48,653	43,788
Trego	190,051	276,167	-	-
Wabaunsee	233,125	216,758	16,367	14,730
Wallace	46,866	54,441	-	-
Washington	389,294	366,479	22,815	20,534
Wichita	71,925	80,102	-	-
Wilson	258,392	217,357	41,035	36,932
Woodson	215,419	185,508	29,911	26,920
Wyandotte	2,990,196	2,732,401	257,795	232,016
Total	65,784,584	61,056,369	6,134,178	5,520,766
		Counties Receiving Reimbursement		
				62

No M&E Reimbursement

Allen – New manufacturing (Stuart Manufacturing now out of business) and some expansion of existing manufacturing plants (B&W, Hospital and Russell Stover).

Anderson – Ethanol plant???

Brown – Manufacturing expansion.

Cherokee – Jayhawk (chemical manufacturer) expansion.

Comanche – Power line company equipment maintained in county. Asphalt/cement plants moved in for a road/bridge project. All temporary and has already moved out.

Cowley – Rubbermaid, Calmar Inc., Winfield Consumer Products and several other manufacturers had expansions. Rubbermaid and Calmar are shutting down other plants in other states and moving the operations to KS.

Dickinson – Russell Stover expansion.

Elk – Martin Marietta moved equipment out of Greenwood county into Elk.

Ellsworth – Equipment for highway project.

Franklin – Wal-Mart's and American Eagle's distribution centers had an expansion.

Gove – Westwind Wood Specialties cabinets (granted a IRB exemption starting 1, 1, 2007), Western Plains Energy (ethanol plant, some personal property is on the tax roll).

Graham – Dan's dirt construction company purchased a new dozer.

Grant – Pioneer Communications – switching and head-end equipment.

Harper – Waste Connections(landfill) large equipment purchases.

Hodgeman – Highway material plant in for a road project.

Jefferson – Hamm and King Construction equipment located in the county 1, 1, 2007.

Logan – Cellular communications equipment expansion.

McPherson – Manufacturer and pharmaceuticals producer expansion.

Meade – Equipment associated with a highway project.

Ness – Cellular communications equipment and local Co-op equipment expansion.

Phillips – Tamko Roofing – equipment expansion.

Pottawatomie – Equipment associated with major bridge project at Tuttle Creek Dam.

Pratt – Dirt construction equipment moved to the county.

Rawlins – Cellular communication equipment expansion.

Rooks – Trailer containing expensive analytical equipment.

Rush – Increase value for helium plant.

Russell – EPCO (fish food producer) on tax roll for 2007 after exemption expired the beginning of 2006. Shut down before 1, 1, 2007 and the equipment was dismantled and sold in March 2007.

Sheridan – Power line company in to replace miles of line (PAR).

Sherman – Mellon Finance Corp. (Sunflower Plant) expansion, Highway Project and new Wal-Mart.

Stafford – Equipment in county for a road project (Venture).

Stanton – Equipment moved in for highway project and heavy construction equipment purchased after the first of 2006.

Thomas – New business, Truck Town and a new bigger Wal-Mart store.

Wabaunsee – Equipment associated with watersheds and rock quarries and expansion at the Hormel Plant.

Wallace – New equipment.

Wichita – Equipment for 2 bridge projects.

IRB/EDX Report
Expiring After July 1, 2006

County	Assessed Value	Tax	Owner
Sedgwick	2,822	\$303	Boeing Co.
	3,883	\$418	Cessna Co.
	16,375	\$1,845	Cessna Co.
	941,225	\$106,047	Raytheon Co.
	179,034	\$19,702	Cessna Co.
	218	\$24	Boeing Co.
	4,828,782	\$522,537	Boeing Co.
	223,899	\$24,229	Spirit Aerosystems Inc.
	1,980,626	\$211,265	Cessna Co.
	5,488	\$697	Universal Products Inc.
	265	\$31	Boeing Co.
	1,030	\$122	Boeing Co.
	631	\$74	Boeing Co.
	238	\$28	Boeing Co.
	54,426	\$6,425	Mid-Central Mfg Inc.
	23,349	\$2,756	Rand Graphic Inc.
	119,999	\$14,166	McCormick Armstrong Co.
	41,200	\$4,864	ZTM Inc.
	548,054	\$64,698	Learjet Inc.
	197	\$23	Boeing Co.
42,608	\$5,037	Cessna Co.	
372,386	\$43,278	Boeing Co.	
93,586	\$10,876	Benecor Inc.	
881	\$104	Cessna Co.	
	<hr/>		
	9,481,198	\$1,039,548	
	<hr/>		
Shawnee	1,004,100	\$142,919	Frito Lay
	<hr/>		
Wyandotte	76,906	\$13,326	Assoc. Wholsale Grocers Inc.
	1,979	\$330	Arrow Speed Warehouse
	393,500	\$65,892	Certain-teed
	182,661	\$30,587	GNB Tec/Exide Corp.
	336,831	\$53,907	Millard Refrigerated
	3,859	\$600	Comfort Inn
	<hr/>		
	995,736	\$164,642	
	<hr/>		
2007 Total	15,773,906	\$1,943,835	

IRB/EDX Report
Expiring After July 1, 2006

County	Assessed Value	Tax	Owner
Cloud	147,326	\$26,879	Alstom Power Inc.
Crawford	377,652	\$53,721	Kendall Packaging
	5,010	\$660	Progressive Products, Inc.
	428,637	\$60,973	Vinylplex, Inc.
	811,299	\$115,353	
Douglas	77,730	\$9,159	Amarr Garage Door Group
Harvey	9,200	\$1,336	Southwest & Associates
	38,786	\$5,710	Legg Company
	47,986	\$7,046	
Johnson	1,300,892	\$156,998	CFS West Holdings
	75,427	\$9,044	Eskridge Inc.
	176,514	\$21,164	Great Plains Metro Mall LLC
	1,552,833	\$187,206	
Lyon	246,689	\$36,830	Camoplast
	159,770	\$23,853	Menu Foods Midwest
	134,880	\$33,720	Norfolk Iron
	541,339	\$94,403	
Montgomery	54,819	\$9,824	Acme Foundry Inc.
	584,345	\$77,044	Cessna Co.
	13,934	\$2,332	Charloma, Inc.
	13,102	\$2,348	Darwin Industries, Inc.
	27,447	\$4,390	KOPCO
	693,647	\$95,937	
Reno	13,219	\$2,077	Prairie Village Residences'
	223,207	\$35,078	Alcoa Inc's
	236,426	\$37,155	
Rice	167,001	\$21,561	Cal Maine Foods Inc.
Saline	13,444	\$1,575	ADM Milling Co.
	3,841	\$450	Raytheon Aircraft Co.
	17,285	\$2,025	

Testimony to the House Taxation Committee

Richard Cram

January 17, 2008

Sales Tax Treatment of Hunting Fees

Representative Wilk, Chair, and Members of the Committee:

Notice 07-08 (attached) explains the sales tax imposition on the gross receipts derived from the participation in guided and non-guided hunts.

The Department's Audit Bureau has initiated several sales tax self-audit programs in various industries during recent years. In implementing a self-audit initiative, Audit Bureau identifies retail businesses involved in a particular area and sends self-audit notices to each of those businesses, along with a fact sheet relevant to those types of businesses. The fact sheet lists typical types of purchase or sale transactions that are either taxable or exempt for those businesses. The business is required to review the fact sheet and its business records for the prior 3 years to determine if sales or use tax has been properly reported, collected and remitted. The business is then required to report to the Department any purchases or sales there were not taxed and remit the tax. If reported tax is not remitted, the business is assessed. Businesses that fail to respond to the self-audit notice are referred for a staff audit.

In the fall of 2007, the Department initiated a self-audit program for businesses involved in providing hunting. During November and December, the Department sent out self-audit notices to 148 of these businesses. After receiving complaints from several self-audit notice recipients that the Department had provided inconsistent guidance on the tax treatment of gross receipts for participation in hunts, Department staff met with representatives of the Kansas Sport Hunting Association and the Kansas Outfitters Association, as well as other interested individuals to address their concerns. As a result of this meeting, the Department published Notice 07-08, and notified all self-audit notice recipients that it would not assess any business receiving the self-audit notice for sales tax not collected before January 1, 2008 on gross receipts from guided or unguided hunts. The Department advised the recipients of the self-audit notices that they should thereafter begin collecting and remitting this sales tax (if they were not already doing so). The Department also provided copies of Notice 07-08 and a corrected fact sheet (attached).

Mike Boekhaus, Director of the Department's Audit Bureau, and members of his staff, are present to assist in answering any questions.

Notice

Notice Number: 07-08
Tax Type: Kansas Retailers' Sales Tax
Brief Description: Sales Tax Treatment of Charges for Participation in Guided vs. Non-guided hunting and Retail Sale of Game Birds
Keywords:
Approval Date: 12/20/2007

Body:

KANSAS DEPARTMENT OF REVENUE

December 20, 2007

Notice 07-08

Sales Tax Treatment of Charges for Participation in Guided vs. Non-guided Hunting and Retail Sale of Game Birds

This notice sets forth the Department's guidance on the sales tax treatment of charges for guided and non-guided hunts, and on the retail sale of game birds. To the extent this guidance is inconsistent with prior statements or interpretations issued by the Department, this guidance shall control.

Charges for Participation in Guided vs. Non-guided Hunting

The gross receipts derived from the participation in guided and non-guided hunts, as well as sporting clays are subject to Kansas retailers' sales tax. Kansas law imposes tax on the gross receipts received from the sale of tangible personal property, enumerated services and certain admissions. K.S.A 79-3603(m) imposes sales tax on the gross receipts received from fees and charges by public and private clubs, drinking establishments, organizations and businesses for participation in sports, games and other recreational activities. K.A.R 92-19-22b(a)(1) defines "sports, games, and other recreational activities" as follows:

diversions that restore or refresh strength and spirits by means of pastime, exercise, or similar activities that involve strength, speed, dexterity, stamina, or training. These activities shall include golf, pool, billiards, skating, bowling, swimming, skiing, baseball, softball, basketball, volleyball, racquetball, handball, squash, tennis, carnival rides, motor sports, batting practice, skeet, trap, target shooting, horse riding, pinball, darts, electronic games, physical fitness services, and all other similar activities.

Hunting falls within the category of "sports, games, and other recreational activities," and any fees or other charges for participation in hunting, whether a guide is or is not included, are subject to Kansas sales tax.

Gross receipts from non-guided hunts include any and all charges for access to property for the purpose of hunting.

Retail Sale of Game Birds

The retail sale of game birds within Kansas is subject to Kansas retailers' sales tax (the seller should collect sales tax on the selling price). Kansas sales tax is also due on the sale of game birds when sold as pets, when sold directly to the consumer who will use them as a food source, and when the purchaser cannot produce a valid Kansas Exemption Certificate.

The seller is not required to collect Kansas sales tax on sale of game birds shipped or delivered by common carrier to point outside of the State of Kansas. The seller should retain for audit purposes shipping documents, such as the bill of lading or invoice showing the shipping address indicating the out-of-state delivery.

If the buyer provides the seller with a Kansas Exemption Certificate indicating that the purchase of game birds is exempt for Kansas retailers' sales tax, then the seller is not required to collect sales tax. Some of the most common exemptions in the game bird industry are:

(1) Kansas Resale Exemption Certificate – This certificate indicates that the seller should not collect the sales tax because the buyer is going to resell the birds and collect sales tax. A prime example would be the purchase of birds by a sport hunting preserve. (See p. 43, Publication KS-1520).

(2) K.S.A. 79-3606(o) exempts all sales of fowl, the primary purpose of which is for use in the production of offspring or food production. A prime example would be the sale of birds to another producer who is going to use them to as breeding stock or, to a slaughter house that is going to process the birds for human consumption.

(3) Exempt Entity – No sales tax is due when birds are sold to an exempt entity such as a school, state of Kansas, federal government. Each of these exempt entities should have an Exemption Certificate issued to them similar to the one found on page 16 of Publication KS-1520.

Guided Hunts, Hunting Lodges and Clubs, Skeet and Trap Shooting Facilities

Purchases by Guided Hunts, Hunting Lodges and Clubs, Skeet and Trap Shooting Facilities

The taxability of purchases of tangible personal property and labor services by Guided Hunts, Hunting Lodges and Clubs, Skeet and Trap Shooting Facilities is summarized below. Sales tax should be paid to the vendor or accrued and paid directly to the State of Kansas. A properly completed exemption certificate should be provided to your vendor for all purchases made without tax.

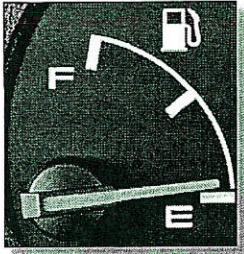
Traps and Throwers.	Taxable
Clay Pigeons and Targets.	Exempt
Batteries to run throwers.	Taxable
Target release systems and extension cords.	Taxable
Tree stands and blinds.	Taxable
Furniture and fixtures, including but not limited to: desks, lamps, tables, chairs, shelving, plants, planters, artwork, signs.	Taxable
Purchase of trucks, four-wheelers, and all terrain vehicles used in hunts, or on facilities.	Taxable
Food Preparation equipment such as: popcorn machine, microwaves, hot plates, griddles	Taxable
Complimentary bottled water, soft drinks, coffee, creamer, sugar, cups and stir sticks, balloons stickers, pens and candy.	Taxable
Advertising in newspapers, radio, television, etc.	Exempt
Newspaper and magazine subscriptions.	Taxable
Trash removal, shredding services, cleaning services, plant watering and care.	Exempt
Utilities(electricity, gas, water and heat) used for lighting, air conditioning, heating and cleaning, etc.	Taxable
Utilities (electricity, gas) used for cooking; water served to customers as water, coffee, tea, soup, etc.	Exempt
Professional services such as legal or accounting services.	Exempt
Laptop and desktop computers, copiers, printers, fax machines, calculators and other similar equipment.	Taxable
Printed materials production and distribution (such as direct mail items).	Taxable
Software and software upgrades and labor services to modify, alter, update or maintain software.	Taxable
Customized software, software upgrades and labor services to modify, alter, update or maintain customized software - "customized" software = software developed for a single end user.	Taxable on and after July 1, 2002 through December 31, 2004 - Exempt all other periods
Lease or rental of any tangible personal property.	Taxable
Tangible property to be given away or donated.	Taxable Note: Donations to exempt entities are not taxable after April 2007
Promotional items including but not limited to: calendars, mugs and items of clothing.	Taxable
Plumbing and other repair services.	Taxable
Repair and remodeling labor services to existing real estate.	Taxable
Pest control materials and supplies.	Taxable
Janitorial supplies.	Taxable
Labor services on original construction of new building or facility.	Exempt
Parts and labor services of repairing, servicing, altering or maintaining tangible personal property, such as computers, printers, copiers, security equipment, etc.	Taxable
Warranty or service agreements for tangible personal property such as, computers, printers, copiers, security equipment, etc.	Taxable
Items for resale such as food, soda, etc.	Exempt
Telephone answering services.	Taxable

Sales by Guided Hunts, Hunting Lodges and Clubs, Skeet and Trap Shooting Facilities

The taxability of sales of tangible personal property and labor services by Guided Hunts, Hunting Lodges and Clubs, Skeet and Trap Shooting Facilities is summarized below. The applicable sales tax must be collected unless the purchaser provides a proper exemption certificate.

Gift certificates.	Exempt
Admission or cover charges to participate in events including charitable.	Taxable
Tips that are freely given by customers.	Exempt
Mandatory tips.	Taxable
Vending machine sales and other concessions.	Taxable
Guided tour package including but not limited to: meals and lodging.	Taxable
Sales of meals or drinks, including meals sold to employees at full or reduced prices.	Taxable
Hunting license.	Exempt
Permits such as: deer or turkey.	Exempt
Sales of tangible personal property such as T-shirts, mugs, souvenirs, etc.	Taxable
Hunting and Shooting supplies such as: eye and ear protection, vests, shells, guns, gun cleaning kits.	Taxable
Memberships to hunting clubs.	Taxable

Motor Fuels Tax: *Future Viability?*



Please join us to learn about the future viability of the motor fuel tax. Nationally recognized and local speakers will be present to discuss the most recent studies, looming issues, alternative tax methods and more!



**House Taxation Committee
January 28, 2008, 9:00 AM to 11:00 AM
Supreme Court Chamber**

Mike Meyer

Georgia Tech University

•Future Viability, Looming
Issues, Alternative Tax Methods



Janet Kavinsky

U.S. Chamber of Commerce

•Future Issues, Federal Funding,
National Economy Perspective

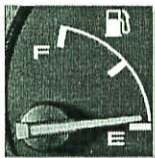
Deb Miller, Secretary

KS Department of Transportation

•What Does It All Mean to Kansas?

2-7

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