

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:40 A.M. on February 6, 2008 in Room 519-S of the Capitol.

All members were present except:
Anthony Hensley- excused

Committee staff present:
Gordon Self, Office of Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Scott Wells, Office of Revisor of Statutes
Ryan Hoffman, Kansas Legislative Research Department
Judy Swanson, Committee Assistant

Conferees appearing before the committee:
Sheila Frahm, Kansas Association of Community Colleges
Dr. William Wojciechowski, President of Pratt Community College (Written only)
Reginald Robinson, President of Kansas Board of Regents (Written only)
Richard Cram, Kansas Department of Revenue (KDOR)
April Holman, Kansas Action for Children
Alan Cobb, Americans for Prosperity
John Donley, Kansas Livestock Association
Brad Harrelson, Kansas Farm Bureau (Written only)

Others attending:
See attached list.

Marilyn Harp, Kansas Legal Services, requested a bill be introduced exempting Kansas Legal Services from sales tax. Senator Bruce moved to introduce requested bill, and Senator Donovan seconded the motion. Motion passed.

Chairman Allen moved to introduce a bill exempting Wayside Waifs Humane Society from sales tax. Senator Jordan seconded the motion, and the motion passed.

Senator Donovan moved to introduce a bill dealing with property valuation on for-profit golf courses changing it from valuation based on appraisal to ability-to-earn income. Senator Apple seconded the motion, and the motion passed.

Senator Apple moved to introduce a bill for sales tax exemption for East Central Economic Opportunity. Senator Pine seconded the motion, and the motion passed.

Senator Bruce moved to introduce a bill for sales tax exemption for Court Appointed Special Advocate and St. Francis Community Services. Senator Pine seconded the motion, and the motion passed.

Hearing on SB 436–Districtwide retailers’ sales tax authority for community colleges– was opened.

Sheila Frahm, Executive Director of Kansas Association of Community College Trustees, testified Kansas has 19 locally owned and administered community colleges in 18 counties, and the taxing districts for the property taxes are in these 18 counties. (Attachment 1) If **SB 436** was enacted, local community college boards could lower their property tax mill levy by partially replacing revenue with sales tax. Ms. Frahm reviewed sales and property tax data of Kansas Community Colleges. She indicated Kansas Department of Revenue (KDOR) needs to propose an amendment to deal with two community colleges in Montgomery County. Ms. Frahm presented written testimony from Dr. William Wojciechowski, President of Pratt Community College. (Attachment 2) She said Dr. Wojciechowski regretted he could not attend today’s Committee meeting due to inclement weather.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:40 A.M. on February 6, 2008 in Room 519-S of the Capitol.

Reginald Robinson, President of Kansas Board of Regents, presented written testimony in support of **SB 436**. (Attachment 3)

Richard Cram, KDOR, presented concerns from KDOR. (Attachment 4) Mr. Cram proposed a suggested amendment that would deal with Montgomery County, since Montgomery County has two community colleges. Montgomery County needs a sharing formula and statutory language to ensure legislation would go into effect and be cancelled simultaneously within the county. The amendment would simplify the administration of the proposed community college sales tax for both the retail community and KDOR. It proposes a method for allocating between Independence and Coffeyville Community Colleges the taxes collected from taxpayers in the unincorporated areas of Montgomery County.

April Holman, Kansas Action for Children (KAC), testified in opposition to **SB 436**. (Attachment 5) Although KAC supports community colleges, KAC's opposition to the bill stems from concern about the impact of additional local sales taxes on low and moderate income families and children.

Alan Cobb, Americans for Prosperity, testified in opposition to **SB 436**. (Attachment 6) Mr. Cobb thinks the language regarding financing property tax relief via sales tax proceeds is vague.

In response to Senator Donovan's question, Ms. Holman objected to replacing property tax with sales tax. Mr. Cobb did not object to a tax shift from property tax to sales tax.

In response to Senator Bruce, Chris Courtwright, Kansas Department of Legislative Research (KLRD), said the local ad valorem tax had not been distributed since 2002, and is not scheduled to be distributed again until 2010.

In response to Senator Apple, Gordon Self, Revisor of Statutes, said the bill does not expressly state whether the sales tax would be collected within the county only, or alternately within the entire taxing district of a community college.

Chairman Allen announced final action would not be taken on **SB 436** at tomorrow's Committee meeting. The hearing closed.

Hearing on **SB 510—property tax exemption; certain farm machinery and equipment**—was opened.

John Donley, Kansas Livestock Association (KLA), testified the need for **SB 510** arose due to inconsistent application of what was perceived to be the existing property tax treatment for truck beds and feed boxes. (Attachment 7) The Board of Tax Appeals (BOTA) has treated truck beds and feed boxes used for agriculture purposes inconsistently in the past. A survey of KLA members across the state showed most counties do not apply personal property tax to truck beds and feed boxes. Senator Donovan noted pick-up beds were included in this bill. Mr. Donley will provide an amendment to the bill which would exclude pick-up beds from the bill.

Written testimony from Brad Harrelson, Kansas Farm Bureau (KFB), in support of **SB 510** was distributed. (Attachment 8)

The hearing was closed.

Chris Courtwright, KLRD, reviewed **SB 471—Electronic filing of tax returns and reports**.

Senator Bruce moved to amend SB 471 on page 2, line 32, by lowering the 90% threshold to a 75% threshold. Senator Donovan seconded the motion, and the motion passed.

Senator Lee moved to further amend SB 471 in Section 1 and Section 3 by adding language that would specifically clarify individuals will not be required to file taxes electronically. Senator Jordan seconded the motion, and the motion passed.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:40 A.M. on February 6, 2008 in Room 519-S of the Capitol.

Senator Lee moved **SB 471**, as amended, favorable for passage. Senator Jordan seconded the motion, and the motion passed. Senator Schmidt voted NO.

Mr. Courtwright reviewed **SB 487—sales tax exemption for fees for guided and non-guided hunting**. Richard Cram, KDOR, distributed a Revised Notice 07-07 to the Committee. (Attachment 9) KDOR feels this clarifies the need for an amendment related to the taxation of hunting leases to **SB 487**.

Senator Bruce moved to amend **SB 487** on page 3, line 32, by deleting “fees and charges for sporting clays” and inserting in lieu thereof, “clay shorting sports”. Senator Pine seconded the motion, and the motion passed.

Senator Bruce moved to further amend **SB 487** on page 3, line 33, by adding “or hunting leases” after the word “clays”. Senator Schmidt seconded the motion, and the motion passed.

In response to Senator Schmidt, Mr. Cram said Notices are not the standard mechanism used by KDOR to distribute KDOR interpretation of legislation. In response to Chairman Allen, Mr. Cram said this interpretation has not been put into KDOR Rules and Regulations.

Senator Bruce moved conceptually to add fishing excursions and fishing leases to **SB 487** and give the Revisor leeway to craft the language. Senator Donovan seconded the motion, and the motion passed.

Senator Bruce moved **SB 487** as amended favorable for passage. Senator Apple seconded the motion, and the motion passed.

Senator Bruce moved to approve the Minutes of the January 30 and January 31 Committee meetings. Senator Schmidt seconded the motion, and the motion passed.

SB 497—creating the Kansas investment credit act and the Kansas jobs credit act— was briefly discussed. Senator Bruce expressed concerns over the removal of job training tax credits. He is interested in continuing discussion on the selling of tax credits. Senator Lee said she has particular interest in the Opportunity Zone portion of the bill.

Being no further business, the meeting adjourned at 11:40 a.m. The next Committee meeting will be February 7.

SENATE
ASSESSMENT & TAXATION COMMITTEE

GUEST LIST

DATE: 2-6-08

NAME	REPRESENTING
David B. Colvin	KDOR
Roger Hamm	KDOR
Tony Fabozzi	KDOR
April Holman	Kansas Action for Children
Brenda Koops	KOWP
John Donley	KS Lusk Ass'n
BRAD HARRELSON	KFB
Marilyn Harp	Kansas Legal Services
Tony A. Scott	KSCEA
Austin Hayden	Heinlaw Firm
Whitney Dawn	Holt & Off, LLC
Sheila Graham	KACCT
Michelle Peterson	Capitol Strategies
Ron Seiber	Heinlaw Firm
LARRY BEEL	KACCT



KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

700 SW Jackson, Suite 1000 • Topeka, KS 66603-3757 • Phone: 785-357-5156 • Fax: 785-357-5157
Sheila Frahm, Executive Director • E-mail: frahm@kacct.org • Website: www.kacct.org

MEMO

TO: Senate Assessment and Taxation Committee
Senator Barbara Allen, Chairman

From: Sheila Frahm, Executive Director

Date: February 6, 2008

Re: SB 436 – Community College Optional Sales Tax

Madam Chairman and members of the committee, thank you for the opportunity to bring SB 436 to your attention. The issue of an optional sales tax to offset the traditional property taxes has long been discussed by community colleges and other state leaders. During the planning steps, our Trustees and Presidents worked with the Kansas Board of Regents and their staff. Ultimately, this bill was introduced by LEPC along with other Regent's initiatives. We, also, appreciate the opportunity to bring this issue to the attention of the Interim Tax Committee.

It is important to note:

1. Kansas has 19 locally owned and administered community colleges in 18 counties – location and service area map attached.
2. The taxing districts for the property taxes are these 18 counties (Montgomery Co is divided into two taxing districts).
3. In addition to the statutory responsibility of running for office and being elected by their peers, each Board of Trustees has the responsibility for hiring a President, establishing the mission and direction for their local college; and, these locally elected Trustees (6 or 7 at each college) must also establish a budget and determine the elements necessary for funding that budget.
4. Available revenue:
 - a. State General Fund – through the Kansas Board of Regents after legislative approval
 - b. Tuition – set by each college
 - c. Property Taxes – levied by each college through their County Treasurer
 - d. Federal grants and donations
5. Each college and the community/service area served is unique.
6. With the passage of SB 436, local boards could determine the potential benefit and/or complications of reducing property taxes and moving partially to sales tax.
7. Sales tax alternative – these are the considerations each college must review and balance with the level of student tuition and State of Kansas SGF funding, (See attached)

Assessment & Taxation
Date 2-6-08
Attachment # 1

Dr. William (Bill) Wojciechowski, President at Pratt Community College is also here today to bring a local perspective from one college and assist with any questions.

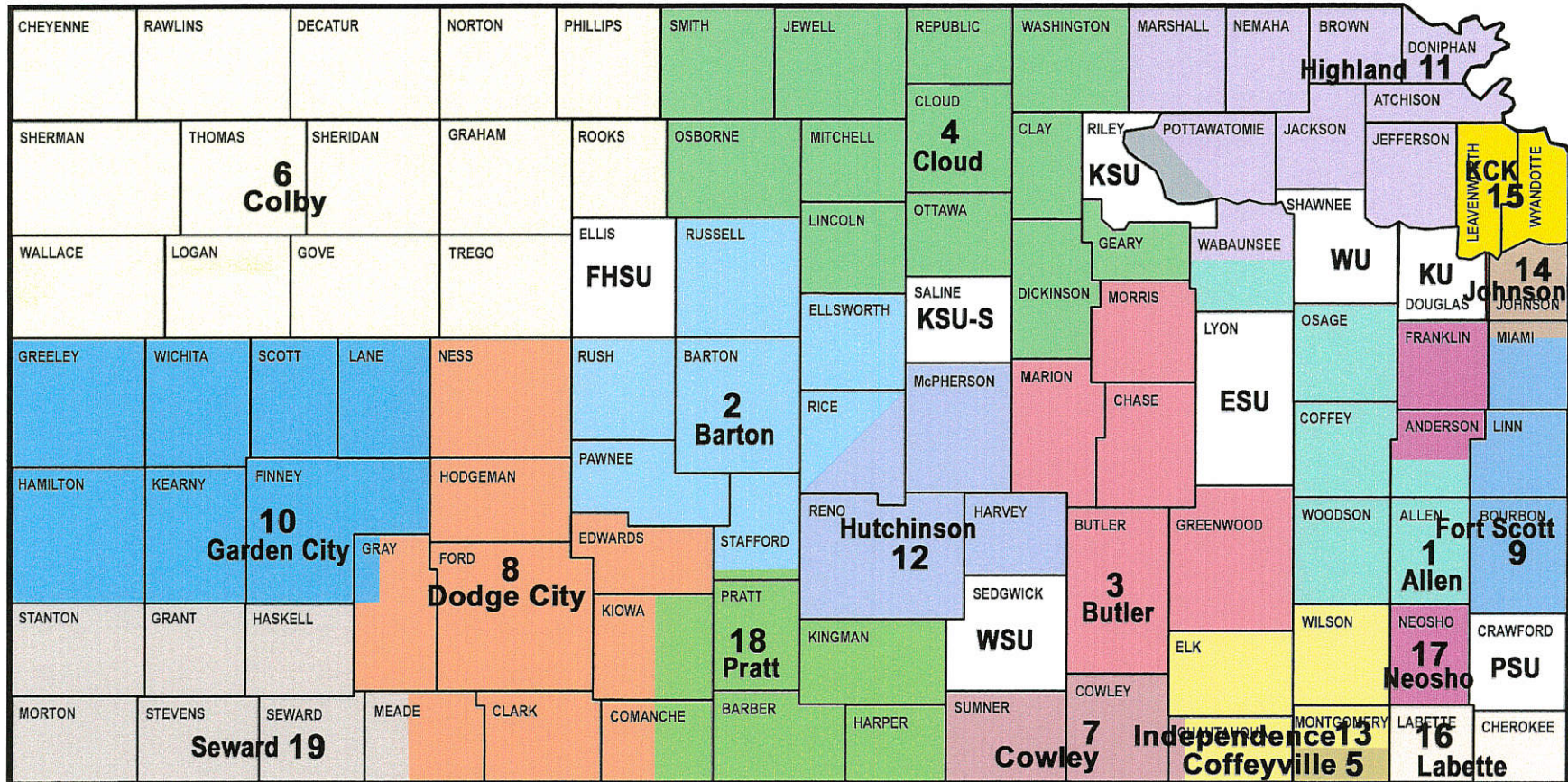
Attachments FYI:

- *Service Area Map
- *Snapshot in time view of each college with sales tax option
- *Map: Statewide average mill levies and CC mill levies
- *Map: County local sales tax rates
- *Assessed Valuation and Community College Levies
- *Enrollment 2000-2007
- *Sources of Revenue
- *Tuition & Fees

Kansas Community Colleges and Service Areas for Kansas Community Colleges

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1-8



- | | |
|---|---|
| 1. Allen County Community College, Iola | 12. Hutchinson Community College, Hutchinson |
| 2. Barton County Community College, Great Bend | 13. Independence Community College, Independence |
| 3. Butler County Community College, El Dorado | 14. Johnson County Community College Overland Park |
| 4. Cloud County Community College, Concordia | 15. Kansas City Kansas Community College, Kansas City |
| 5. Coffeyville Community College, Coffeyville | 16. Labette Community College, Parsons |
| 6. Colby Community College, Colby | 17. Neosho County Community College, Chanute |
| 7. Cowley County Community College, Arkansas City | 18. Pratt Community College, Pratt |
| 8. Dodge City Community College, Dodge City | 19. Seward County Community College, Liberal |
| 9. Fort Scott Community College, Fort Scott | |
| 10. Garden City Community College, Garden City | State Universities/Washburn |
| 11. Highland Community College, Highland | Unassigned |

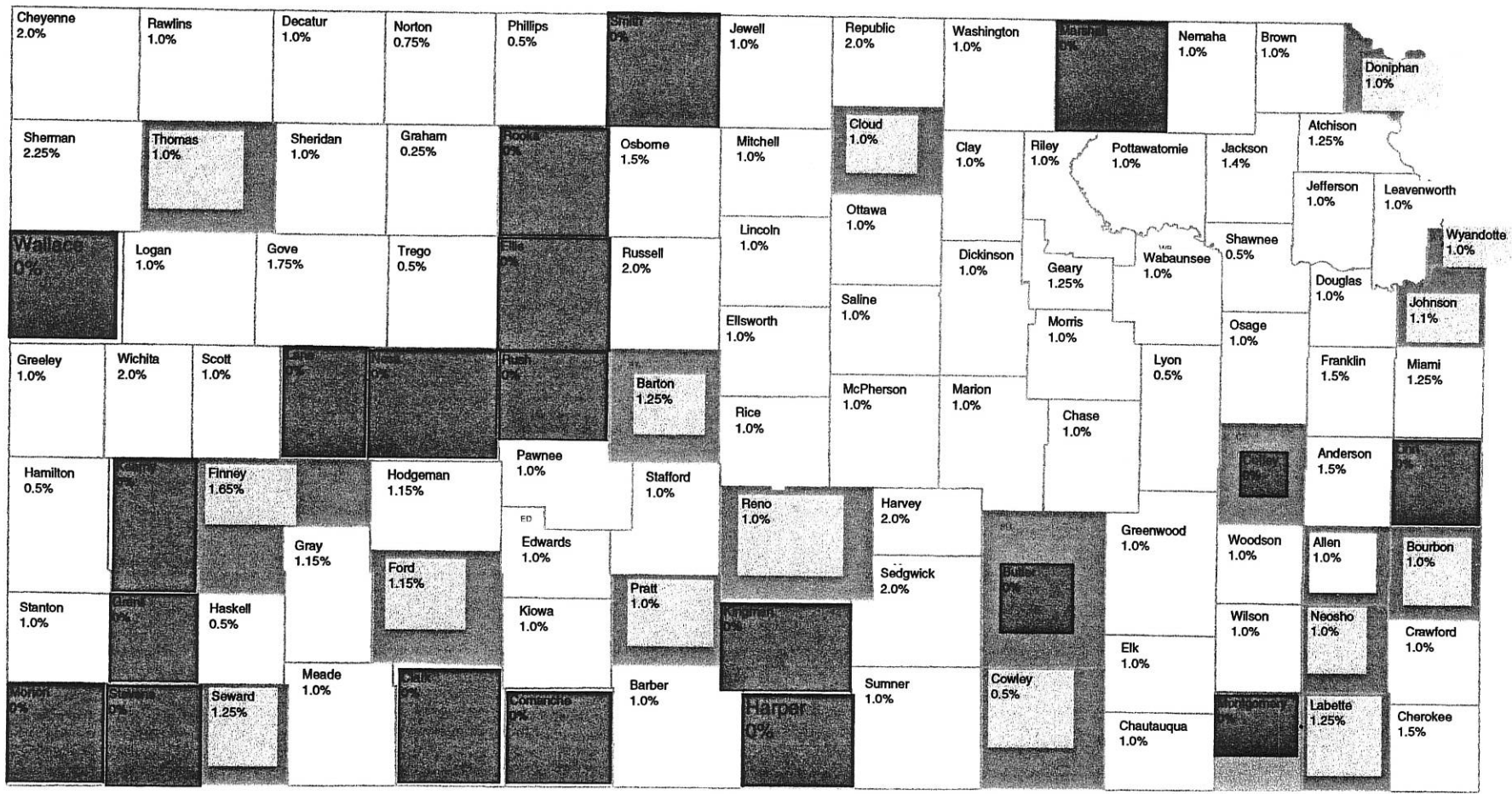
Kansas Counties with Average Mill Levies and Community College Mill Levies

<table border="1"> <tr> <td>CN</td> <td>97.394 0 97.394</td> <td>BA</td> <td>137.059 0 137.059</td> <td>DC</td> <td>137.844 0 137.844</td> <td>NT</td> <td>129.845 0 129.845</td> <td>PL</td> <td>141.819 0 141.819</td> <td>SM</td> <td>167.926 0 167.926</td> <td>JW</td> <td>147.753 0 147.753</td> <td>HP</td> <td>145.876 0 145.876</td> <td>MS</td> <td>148.13 0 148.13</td> <td>MS</td> <td>134.776 0 134.776</td> <td>NM</td> <td>120.749 0 120.749</td> <td>BR</td> <td>120.522 0 120.522</td> <td>DP</td> <td>94.548 14.62 109.168</td> </tr> </table>	CN	97.394 0 97.394	BA	137.059 0 137.059	DC	137.844 0 137.844	NT	129.845 0 129.845	PL	141.819 0 141.819	SM	167.926 0 167.926	JW	147.753 0 147.753	HP	145.876 0 145.876	MS	148.13 0 148.13	MS	134.776 0 134.776	NM	120.749 0 120.749	BR	120.522 0 120.522	DP	94.548 14.62 109.168																																															
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Legend		County Annotation Format	
	County With	nnn.nnn	Average Co. Mill Levy without Community College Mill Levy
	Community College	nn.nnn	Community College Mill Levy
	County	nnn.nnn	Average County Mill Levy
	County Name Abbreviation		

* Montgomery County is divided by two community colleges. The two tables show the average county mill levy without the community college mill levy, the individual community college mill levies, and the total average county mill levy.

Kansas Counties with County Local Sales Tax Rates



Legend

- County With Community College
- County with 0% Local Sales Tax

KANSAS COMMUNITY COLLEGE CREDIT HOUR ENROLLMENT DATA 2000-2008

COLLEGE	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Allen		54,772.0	50,947.0	49,865.0	47,252.0	44,161.0	38,908.0	36,353.0
Barton		79,091.0	79,939.0	77,742.5	75,998.5	83,145.5	76,192.0	72,158.5
Butler		157,327.0	160,400.0	160,714.0	159,012.5	154,118.5	131,200.5	123,876.0
Cloud		39,329.0	41,779.0	45,469.0	46,250.5	44,021.0	41,651.5	38,254.5
Coffeyville		22,782.0	22,998.0	24,568.5	24,724.5	25,254.0	24,103.0	23,601.5
Colby		28,205.0	28,499.0	30,294.0	32,297.5	31,449.0	33,323.5	31,271.5
Cowley		96,207.0	96,264.0	97,532.0	98,459.0	92,609.5	79,578.0	71,150.0
Dodge City		29,837.0	30,097.0	33,019.5	35,844.0	31,529.5	31,882.0	32,119.0
Fort Scott		37,171.0	38,294.0	39,056.0	38,225.0	38,327.0	33,941.4	32,709.0
Garden City		35,574.0	39,089.0	39,404.0	39,405.0	41,348.0	39,719.0	36,764.0
Highland		45,379.0	47,292.0	47,576.0	48,856.0	45,813.0	41,554.0	41,598.5
Hutchinson		83,465.0	84,338.0	82,622.0	80,328.5	73,030.5	71,498.5	66,345.0
Independence		18,689.0	16,257.0	17,159.5	20,022.5	20,067.5	18,862.5	18,730.5
JCCC		279,642.0	266,766.0	266,096.0	261,522.0	252,234.0	259,670.0	246,064.0
KCKCC		96,629.0	94,658.0	93,345.0	93,478.5	88,750.0	85,574.0	85,465.0
Labette		26,447.0	27,735.0	28,334.5	31,172.0	37,557.0	39,520.5	37,486.5
Neosho		32,198.0	33,070.0	31,164.0	31,489.0	29,939.0	24,623.5	23,859.0
Pratt		26,931.0	26,265.0	25,290.5	26,403.0	25,377.0	23,957.5	21,006.0
Seward		20,860.0	21,653.0	24,476.5	26,293.0	25,758.0	25,353.0	22,170.0
TOTAL		1,210,535.0	1,206,340.0	1,213,728.5	1,217,033.0	1,184,489.0	1,121,112.4	1,060,981.5

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1-1

Final Valuation/Mill Levy's Kansas Community Colleges	Certified							
Fiscal Year 2007-2008	2007/2008 Assessed Valuation	2007/2008 General Mill Levy	Adult Education	Bond & Interest	Capital Outlay	No Funds Warrants	Special Assessment	
COLLEGES								
Allen County	85,955,313	13.383			3.508			16.891
Barton County	213,302,770	33.498						33.498
Butler County	587,449,977	17.225						17.225
Cloud County	71,904,753	27.077			3.903			30.980
Coffeyville	173,346,469	37.020			2.013			39.033
Colby	80,588,565	33.453						33.453
Cowley County	213,555,662	19.932						19.932
Dodge City	226,324,854	28.112	0.221		2.00			30.330
Fort Scott	93,446,844	22.477						22.477
Garden City	475,127,875	18.168			1.033			19.201
Highland	66,735,890	14.480	0	0	0	0	0	14.480
Hutchinson	486,661,796	21.497			3			24.497
Independence	119,246,128	33.211	0	0	0	0	0	33.211
Johnson County	8,168,693,133	8.230			0.5		0.019	8.749
Kansas City Kansas	1,230,491,909	17.749			1.775			19.524
Labette	118,481,267	35.282	0.265					35.547
Neosho County	100,097,608	34.062	0.084					34.146
Pratt	116,205,898	36.895			3.273			40.168
Seward County	306,938,389	26.024						26.024
TOTALS	12,934,555,100.00		0.57	0.00	21.00	0.00	0.02	499.37

Kansas Community Colleges								
Revenue by Source for YE June 30, 2007								
Prepared for the Kansas Association of Community College Business Officers by Kent Williams, February 4, 2008								
	Student	Federal	State	State	County	Local	Other	
	<u>Sources</u>	<u>Sources</u>	<u>Oper Grant</u>	<u>Other</u>	<u>Sources</u>	<u>Sources</u>	<u>Sources</u>	<u>Total</u>
Allen	\$2,893,282	\$71,029	\$4,089,963	\$466,485	\$0	\$1,337,409	\$371,459	\$9,229,627
Barton	\$6,275,849	\$42,847	\$7,460,040	\$358,785	\$9,450	\$6,921,000	\$982,566	\$22,050,537
Butler	\$13,811,359	\$78,886	\$13,263,202	\$1,397,551	\$1,254	\$9,310,898	\$5,994,561	\$43,857,711
Cloud	\$3,361,681	\$9,797	\$4,246,878	\$397,081	\$0	\$2,142,617	\$440,382	\$10,598,436
Coffeyville	\$2,395,903	\$158,323	\$1,571,243	\$1,312,954	\$1,290	\$4,905,591	\$1,626,194	\$11,971,498
Colby	\$2,837,816	\$2,075	\$2,728,466	\$239,069	\$0	\$2,916,870	\$350,034	\$9,074,330
Cowley	\$6,451,001	\$170,821	\$8,184,059	\$1,043,699	\$0	\$4,364,865	\$1,039,079	\$21,253,524
Dodge	\$1,895,076	\$243,999	\$2,412,686	\$306,504	\$510	\$7,778,823	\$488,666	\$13,126,264
Fort Scott	\$3,642,067	\$176,762	\$3,109,873	\$317,863	(\$558)	\$2,318,950	\$367,341	\$9,932,298
Garden City	\$2,950,879	\$0	\$2,827,007	\$2,419	\$894	\$9,366,967	\$879,134	\$16,027,300
Highland	\$3,008,532	\$0	\$4,069,027	\$397,007	\$0	\$1,083,757	\$498,231	\$9,056,554
Hutchinson	\$5,928,753	\$465,117	\$6,716,066	\$1,492,822	\$6,306	\$12,592,909	\$2,078,803	\$29,280,776
Independence	\$428,312	\$38,715	\$1,451,000	\$606,932	\$0	\$4,071,557	\$78,700	\$6,675,216
Johnson	\$27,559,566	\$522,875	\$18,856,015	\$6,602,703	\$0	\$71,164,721	\$7,071,999	\$131,777,879
Kansas City	\$6,312,346	\$0	\$5,843,324	\$440,565	\$0	\$26,509,858	\$1,576,314	\$40,682,407
Labette	\$1,265,867	\$165,203	\$2,573,333	\$124,839	\$0	\$4,685,296	\$205,318	\$9,019,856
Neosho	\$2,034,192	\$216,871	\$2,612,991	\$502,657	\$13,968	\$4,255,413	\$4,527	\$9,640,620
Pratt	\$1,445,994	\$0	\$2,552,065	\$209,485	\$3,258	\$4,727,001	\$2,809,907	\$11,747,710
Seward	<u>\$1,568,316</u>	<u>\$1,485</u>	<u>\$1,583,715</u>	<u>\$104,917</u>	<u>\$24</u>	<u>\$8,597,583</u>	<u>\$543,781</u>	<u>\$12,399,821</u>
Totals	<u>\$96,066,791</u>	<u>\$2,364,804</u>	<u>\$96,150,953</u>	<u>\$16,324,338</u>	<u>\$36,396</u>	<u>\$189,052,085</u>	<u>\$27,406,997</u>	<u>\$427,402,365</u>

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Kansas Community Colleges								
Revenue Percentage by Source for YE June 30, 2007								
Prepared for the Kansas Association of Community College Business Officers by Kent Williams, February 4, 2008								
	Student	Federal	State	State	County	Local	Other	
	<u>Sources</u>	<u>Sources</u>	<u>Oper Grant</u>	<u>Other</u>	<u>Sources</u>	<u>Sources</u>	<u>Sources</u>	<u>Total</u>
Allen	31.3%	0.8%	44.3%	5.1%	0.0%	14.5%	4.0%	100.0%
Barton	28.5%	0.2%	33.8%	1.6%	0.0%	31.4%	4.5%	100.0%
Butler	31.5%	0.2%	30.2%	3.2%	0.0%	21.2%	13.7%	100.0%
Cloud	31.7%	0.1%	40.1%	3.7%	0.0%	20.2%	4.2%	100.0%
Coffeyville	20.0%	1.3%	13.1%	11.0%	0.0%	41.0%	13.6%	100.0%
Colby	31.3%	0.0%	30.1%	2.6%	0.0%	32.1%	3.9%	100.0%
Cowley	30.4%	0.8%	38.5%	4.9%	0.0%	20.5%	4.9%	100.0%
Dodge	14.4%	1.9%	18.4%	2.3%	0.0%	59.3%	3.7%	100.0%
Fort Scott	36.7%	1.8%	31.3%	3.2%	0.0%	23.3%	3.7%	100.0%
Garden City	18.4%	0.0%	17.6%	0.0%	0.0%	58.4%	5.5%	100.0%
Highland	33.2%	0.0%	44.9%	4.4%	0.0%	12.0%	5.5%	100.0%
Hutchinson	20.2%	1.6%	22.9%	5.1%	0.0%	43.0%	7.1%	100.0%
Independence	6.4%	0.6%	21.7%	9.1%	0.0%	61.0%	1.2%	100.0%
Johnson	20.9%	0.4%	14.3%	5.0%	0.0%	54.0%	5.4%	100.0%
Kansas City	15.5%	0.0%	14.4%	1.1%	0.0%	65.2%	3.9%	100.0%
Labette	14.0%	1.8%	28.5%	1.4%	0.0%	51.9%	2.3%	100.0%
Neosho	21.1%	2.2%	27.1%	5.2%	0.1%	44.1%	0.0%	100.0%
Pratt	12.3%	0.0%	21.7%	1.8%	0.0%	40.2%	23.9%	100.0%
Seward	<u>12.6%</u>	<u>0.0%</u>	<u>12.8%</u>	<u>0.8%</u>	<u>0.0%</u>	<u>69.3%</u>	<u>4.4%</u>	<u>100.0%</u>
Totals	<u>22.5%</u>	<u>0.6%</u>	<u>22.5%</u>	<u>3.8%</u>	<u>0.0%</u>	<u>44.2%</u>	<u>6.4%</u>	<u>100.0%</u>

**KANSAS COMMUNITY COLLEGES
FY 2008 TUITION AND FEES SCHEDULE**

Institution	Residence	Tuition per credit hour	Fees per credit hour	Fees per student	Room Charges per year	Board Charges per year	Room and Board Charges If combined	
ALLEN COUNTY CC	Resident	\$42.00	\$16.00		\$2,800.00	\$1,550.00	\$3,800.00	
	Non-resident	\$42.00	\$16.00					
	Allen Co. Resident	\$39.00	\$16.00					
	International	\$129.00	\$16.00					
BARTON COUNTY CC	Resident	\$49.00	\$18.00				\$4,236.00	
	Non-resident	\$68.00	\$18.00					
	International	\$127.00	\$18.00					
BUTLER COUNTY CC	Resident	\$57.75	\$14.50				\$4,600.00	
	Non-resident	\$103.75	\$14.50					
	Butler Co. Resident	\$46.75	\$14.50					
	International	\$180.25	\$14.50					
CLOUD COUNTY CC	Resident	\$58.00	\$19.00				\$2,582.50	
	Non-resident	\$125.00	\$19.00					
	International	\$125.00	\$19.00					
COFFEYVILLE CC	Resident	\$25.00	\$32.50				\$4,360.00	
	Non-resident	\$65.00	\$32.50					
	International	\$65.00	\$94.50					
COLBY CC	Resident	\$48.00	\$25.00		\$2,027.00	\$1,761.00	\$3,788.00	
	Non-resident	\$87.00	\$25.00					
	International	\$102.00	\$25.00					
	NE/CO Border Co.	\$58.00	\$25.00					
COWLEY COUNTY CC	Resident	\$50.00	\$20.00				\$3,600.00	
	Non-resident	\$102.00	\$20.00					
	Cowley Co. Resident	\$45.00	\$20.00					
	Oklahoma Resident	\$50.00	\$20.00					
	International	\$151.00	\$20.00					
DODGE CITY CC	Resident	\$35.00	\$30.00				\$4,210.00	
	Non-resident	\$55.00	\$40.00					
	International	\$100.00	\$65.00					
	Audit students pay \$100.00 per credit hour for tuition							
FORT SCOTT CC	Resident	\$40.00	\$28.00	\$2.00	\$2,020.00	\$1,900.00	\$3,920.00	
	Non-resident	\$96.00	\$28.00	\$2.00				
	Fort Scott Resident	\$36.00	\$28.00	\$2.00				
	Contiguous State	\$68.00	\$28.00	\$2.00				
	International	\$118.00	\$28.00	\$2.00				
GARDEN CITY CC	Resident	\$41.00	\$21.00		\$2,050.00	\$2,200.00		
	Non-resident	\$65.00	\$21.00					
	International	\$65.00	\$21.00					
HIGHLAND CC	Resident	\$50.00	\$25.00		\$1,170.00	\$850.00		
	Doniphan Co. Resident	\$37.00	\$25.00					
	Non-resident	\$101.00	\$25.00					
	Non-res.within 150 mi.	\$63.00	\$25.00					
HUTCHINSON CC	International	\$245.00	\$25.00					
	Resident	\$54.00	\$15.00		\$2,450.00	\$2,190.00	\$4,640.00	
	Non-resident	\$88.00	\$15.00					
INDEPENDENCE CC	International	\$96.75	\$15.00					
	Resident	\$27.50	\$27.50				\$2,100.00	
	Independence Co. Resident	\$25.00	\$27.50					
	Non-resident	\$67.50	\$27.50					
JOHNSON COUNTY CC	Border St. - OK, MO, NE, CO	\$35.00	\$27.50					
	International	\$110.00	\$27.50					
	Resident	\$64.00	\$14.00		N/A	N/A	N/A	
	Johnson Co. Resident	\$49.00	\$14.00					
KANSAS CITY KS CC	Non-resident	\$130.00	\$14.00					
	Resident	\$49.00	\$10.00		N/A	N/A	N/A	
	Non-resident	\$147.00	\$10.00					
LABETTE CC	International	\$147.00	\$10.00					
	Resident	\$42.00	\$29.00		N/A	N/A	N/A	
	Non-resident	\$67.00	\$29.00					
NEOSHO COUNTY CC	Border St.-OK, MO, AR	\$63.00	\$29.00					
	Resident	\$40.00	\$22.00				\$3,940.00	
	Non-resident	\$65.00	\$47.00					
	Neosho Co. Resident	\$40.00	\$22.00					
	International	\$113.00	\$47.00					
PRATT CC	Out-District-Fee - \$32.00 per credit hour							
	Resident	\$44.00	\$29.00		\$2,249.00	\$2,172.00	\$4,421.00	
	Non-resident	\$44.00	\$29.00					
	International	\$87.00	\$29.00					
	Out-District-Fee - \$50.00 for in-state students, \$100.00 for out-of-state students, and \$150.00 for international students per semester							
	Concurrent Fees - \$14.00 per credit hour							
	Special Fees - HOC100 - \$18.00, HOC101 - \$18.00, HOC102 - \$20.00, HOC107 - \$10.00, HOC110 - 2.00, HOC114(3 Cr. Hr.) - \$15.00, HOC116(1 Cr. Hr.) - \$2.00, HOC117(3 Cr. Hr.) - \$15.00, HOC120 (1 Cr. Hr.) - \$18.00, HOC183 (3 Cr. Hr.) - 10.00, HOC280 (1 Cr. Hr.) - \$18.00, NUR101 - \$409.50, NUR102 - \$181.00, NUR102(online) - \$500.00							
	Resident	\$40.00	\$22.00					\$4,100.00
	Non-resident	\$63.00	\$22.00					

**KANSAS COMMUNITY COLLEGES
FY 2008 TUITION AND FEES SCHEDULE**

Institution	Residence	Tuition per credit hour	Fees per credit hour	Fees per student	Room Charges per year	Board Charges per year	Room and Board Charges if combined
SEWARD COUNTY CC	Non-resident (Border County)	\$50.00	\$22.00				
	International	\$63.00	\$22.00				
	Seward Online Course	\$86.00	\$22.00				
	EduKan	\$115.00	\$22.00				
	Resident (Undergraduate)	\$185.00			\$3,026.00	\$2,340.00	

PRATT

Community College

348 NE SR 61 Pratt, KS 67124 www.prattcc.edu
620-672-5641 1-800-794-3091

William A. Wojciechowski, Ed. D.
President
Pratt Community College

SB 436 – Community College Optional Sales Tax

- **Pratt Community College demographics**
 - 1600 Students (1040 Fulltime Equivalent)
 - Service Area
 - 6 ½ counties [Pratt, Kiowa, Kingman, Harper, Barber, Comanche, Stafford (0.5)]
 - 5,000 square miles
 - 39,000 population
- **Mill Levy = 40.5**
 - Highest community college mill levy in Kansas for past 20 years
 - greatest concern for Board of trustees
 - No formal/organized taxpayer protest over past 15 years
- **Pratt County landowner views (primarily rural)**
 - Source of irritation: other counties served by college don't share expense of support
 - Out district tuition same as for Pratt County students
 - Visit to co-ops: welcome property tax relief even at cost of sales tax
 - Recognize Pratt as trade center that draws business from counties college serves
- **Business owners views: don't like sales taxes**
 - Understand need for property tax relief
 - Realize that college's financial health is closely linked to Pratt's economic health
 - Would like to see other service area counties sharing some of the burden
- **Prevalent view of both groups: More state support because:**
 - College mission more regional and statewide than local
 - Population of Pratt County: 9300
 - Population of City of Pratt: 6300
 - 68 percent of college's students are out-district
- **Funding experts generally agree multiple revenue sources reduce financial risk**
 - Property Tax
 - Sales Tax
 - State Funding
 - Tuition and Fees



KANSAS BOARD OF REGENTS

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February 6, 2008

Senator Barbara Allen, Chair
Senate Assessment & Taxation Committee
Statehouse, Room 122-E
Topeka, KS 66612

Senator Janis Lee, Ranking Member
Senate Assessment & Taxation Committee
Statehouse, Room 162-E
Topeka, KS 66612

Dear Chairwoman Allen and Ranking Member Lee:

On behalf of the Kansas Board of Regents, I write to you in support of Senate Bill 436, enabling legislation that would provide community college boards of trustees with the option to offset local property taxes, which are levied in 18 counties and support the annual operating costs of 19 community colleges, with a local sales tax. The Kansas Association of Community College Trustees brought this proposal before the Board last fall, and the Board officially endorsed the proposal in November.

Traditionally, community college funding comes from three main sources: 1) student tuition; 2) state operating grant; and 3) local property taxes. The idea of sales taxes as an alternative to property taxes has long been considered by the community college sector and was specifically reviewed following the conversion of total property tax provisions to sales taxes for Washburn University. Senate Bill 436 would provide an alternative/offsetting source of revenue from local sales taxes. These sales taxes would be collected from the existing "taxing districts" and used to offset local property taxes.

The option to select sales taxes as an offset for local property taxes would provide alternatives for a Board of Trustees' consideration. After careful review, it may be determined to be more acceptable to local taxpayers. If this option was made available to community colleges, each local board would consider their unique local situation; weigh positives and negatives, and the potential value before seeking to offset property taxes with sales taxes.

On behalf of the Board, thank you for your consideration of Senate Bill 436.

Sincerely,

Reginald L. Robinson
President and CEO

Assessment & Taxation
Date 2-6-08
Attachment # 3

Testimony to the Senate Committee on Assessment and Taxation

Richard Cram

February 6, 2008

Department Concerns with Senate Bill 436

Senator Allen, Chair, and Members of the Committee:

Senate Bill 436 would allow a community college to adopt a resolution imposing a districtwide retailers' sales tax within the taxing district of the college for the purpose of property tax relief. The proposal would enable the community college to impose the local sales tax by resolution, subject to a protest petition and possible election if 5% of the qualified electors of the taxing district signed the petition. The Department's fiscal note is attached.

The Department recommends adoption of the attached balloon amendment to simplify the administration of the community college sales tax for both the retail community and the department of revenue. This would require the Independence and Coffeyville community colleges to jointly propose a countywide tax for the same rate, to be effective on the same date, expire on the same date and jointly subject to protest petition on a countywide basis. The amendment also proposes a method for allocating between Independence and Coffeyville community colleges the taxes collected from taxpayers in the unincorporated areas of the county. Taxes collected from retailers located within a city would be properly distributed, as the city's taxing jurisdiction code would tell the Department which college district to distribute the tax. Only taxes from unincorporated areas would require allocation.

Processing of a community college sales tax for 17 of the 19 colleges can be easily accommodated, because the taxing district coincides with the county's boundary. However, with two colleges located in Montgomery County at Independence and Coffeyville, the administrative problems and costs are significant unless the suggested revisions are made to the proposal to require coordination between the two colleges on any sales tax imposition. Otherwise, two additional taxing jurisdictions will be created within Montgomery County.

Additional language may also be needed to implement the requirement in Section 1(c) that revenue received must be used solely for property tax relief in direct relationship to the amounts collected. One option would be to provide that when the sales tax goes into effect, the mill levy will be set based on estimated first year sales tax receipts, to be adjusted annually thereafter based on the actual prior year receipts.

2008 Senate Bill 436a Revised Fiscal Note

Introduced as a Senate Bill

Brief of Bill

Senate Bill 436, as Introduced, would allow a community college to adopt a resolution imposing a districtwide retailers' sales tax within the taxing district of the college for the purpose of property tax relief. The proposal would enable the community college to impose the local sales tax by resolution, subject to a protest petition and possible election if 5% of the qualified electors in the taxing district sign the petition. The proposal requires the sales tax to be used solely for the purpose of financing the costs of property tax relief within the taxing district in direct relationship to the amount of sales tax received.

The Act would be effective July 1, 2008.

Fiscal Impact

The proposal does not impact state sales tax revenues.

Administrative Impact

If suggested revisions are enacted (see Administrative Problems and Comments) the costs associated with the proposal include revising sales tax publications and distribution processing, estimated at \$6,000.

If the suggested revisions (see Administrative Problems and Comments) are not enacted for processing of the colleges in Montgomery County there are additional costs that will be incurred by the department. To handle the two community colleges in Montgomery County the address database will require modifications and ongoing maintenance to ensure homes and businesses in the county are correctly assigned to their respective community college. In addition, all businesses located throughout the county (including those in a city) will have to have their taxing jurisdiction code changed, which will require modification to their sales tax reporting and accounting software. Due to the complexity for retailers in complying with reporting requirements, the department will require one FTE for responding to inquiries and correcting accounts on an ongoing basis. This cost is estimated at \$43,414 for salary and wages and \$4,430 in one-time equipment and office furnishings costs. The costs to update and maintain the address database and modify the distribution system is estimated at \$29,000 in salary costs in the initial year and \$15,000 on an ongoing basis

Administrative Problems and Comments

The proposal does not reference that the tax would be on both sales and use tax, however if a community college enacts a sales tax the use tax would also be enacted. The local sales and use tax would be imposed by resolution of the board of trustees with a protest petition vs. requiring approval by the voters through an election.

The department respectively suggests the proposal be amended to simplify the administration of

the community college sales tax for both the retail community and the department of revenue. It is recommended the proposal include statutory language that requires the Independence and Coffeyville Community Colleges to jointly propose a countywide tax of the same rate, to be effective on the same date, expire on the same date and jointly subject to protest petition on a countywide basis. The amendment would also provide for the Independence and Coffeyville community colleges and the department to work on an allocation method for the distribution of taxes collected from taxpayers in the unincorporated areas of the county. Taxes collected from retailers located within a city would be properly distributed as the city's taxing jurisdiction code would tell the department which college district to distribute the tax. Only taxes from unincorporated areas would require allocation.

The processing of a community college sales tax for 17 of the 19 colleges can be easily accommodated by the department because the taxing district is a county's boundary. However with two colleges located in Montgomery County at Independence and Coffeyville the administrative problems and costs are significant. If the suggested revisions are made in the proposal, these issues and the associated costs would be eliminated.

Taxing jurisdiction issues: The department will have to develop a database of addresses for Montgomery County by community college district. This address database would be used by retailers, utility companies, telecommunication companies, and the department to ensure the correct tax rate is charged and the money credited to the correct college. Address changes will require manual updating on the address database vs. updated through electronic updates from the US Post Office or address providers. Retailers will have to ensure they are properly charging the correct tax rate based on the address to where the item is delivered. All retailers selling in Montgomery County would be assigned new taxing jurisdiction codes to use for the reporting of the sales tax as the existing taxing jurisdiction code would not allow the proper distribution of the tax receipts back to the community colleges. Based on other special taxing districts, the department anticipates ongoing problems in the reporting of the tax and significant time in correcting submitted tax returns and communicating with retailers on the proper method for filing taxes within Montgomery County. The taxes will add to the retailer's burden in reporting sales tax collections on their tax returns, including modifications to their accounting software.

Unincorporated sales distribution: Without the suggested revisions to the proposal, utility and telecommunication companies would be required to modify their billing systems to correctly charge and remit the tax by community college district in order for the department to distribute the funds back to the colleges. Retailers that delivery goods to homes and businesses in the unincorporated area of the county would need to know what college district the delivery address is in by either asking the consumer or checking the address database vs. assigning to the Montgomery County jurisdiction code. If the suggested revisions are made, utility and telecommunication companies and retailers making deliveries in the county would not have to change their billing systems as the allocation of the tax collected would be based on a formula that would represent a fair proportion of the unincorporated tax collections are allocated to each college. It would also eliminate the incorrect filing of returns and the work associated with filing amended returns for both the retail community and the department. Taxes collected within in the unincorporated areas of the county make up less than 20% of the total sales of the county. Sales

made within a city can be identified by the city's taxing jurisdiction code and would be properly distributed.

Taxpayer/Customer Impact

Would provide community colleges the authority for a sales tax to reduce property taxes.

Legal Impact

SENATE BILL No. 436 KDOR Balloon Amendment

Section 1. (a) The board of trustees of any community college may adopt a resolution imposing a ~~districtwide~~ **countywide** retailers' sales tax within the ~~taxing district of~~ **county in which** such community college **is located** for the purpose specified in subsection (c) **when not more than one community college is located within such county. When more than one community college is located within such county, all community colleges within such county shall adopt a joint resolution in order to impose a countywide retailers' sales tax within such county.** Such resolution shall be published once each week for two consecutive weeks in the official newspaper of the county in which the ~~taxing district~~ **community college** is located. The rate of any such tax shall not exceed .5%. Such community college is prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Such tax shall be identical in its application and exemptions therefrom to the Kansas retailers' sales tax act, and all laws and rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax act shall apply to such tax insofar as the same may be made applicable.

(b) (1) The secretary of revenue is authorized to administer, enforce and collect the ~~districtwide~~ **countywide** retailers' sales tax provided in this section and to adopt such rules and regulations necessary for the efficient and effective administration, enforcement and collection thereof. **The tax authorized by this Act shall be administered, collected and subject to the provisions of K.S.A. 12-187 to 12-197, inclusive, and amendments thereto.**

(2) **Where a countywide tax has been enacted by two or more community colleges within a county, the sales tax generated within cities of the county shall be distributed to the community college based on the taxing district the city is located in. Sales tax under such imposition generated within the unincorporated areas of a county shall be allocated as follows: 1) one-half of such revenue shall be apportioned to each community college in the proportion that population in each community college taxing district bears to the total population in the county; and 2) one-half of such revenue shall be apportioned to each community college in the proportion that the total tangible property tax levies made in each community college taxing district in the preceding year bears to the total tangible property tax levies within the county for the preceding year.**

(3) The state director of taxation shall cause such taxes to be collected ~~within the boundaries of the taxing district~~ at the same time and in the same manner provided for the collection of the state retailers' sales tax. All moneys collected by the director of taxation pursuant to the provisions of 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 community college retailers' sales tax fund, which fund is hereby established in the state treasury. Any refund due on any tax collected pursuant to this section shall be paid out of the sales tax refund fund and reimbursement to such fund shall be made by the director of taxation from collections of the community college sales tax revenue. All moneys collected pursuant to this section for such

ommunity college shall be remitted at least quarterly by the state treasurer to the treasurer of such community college.

(c) All revenue received by a community college from its retailers' sales tax shall be used solely for the purpose of financing the costs of property tax relief within the **community college** taxing district in direct relationship to amounts collected pursuant to this section. ***After such community college retailers' sales tax goes into effect, the mill levy shall be adjusted based on an estimate of first year of receipts, and such mill levy will be adjusted annually thereafter based on the actual receipts.***

(d) If within 30 days of the final publication of a resolution adopted pursuant to subsection (a), a petition signed by a number of electors of the taxing district of the community college equal to not less than 5% of the number of qualified electors of the ~~taxing district~~ **county** shall be filed in the office of the county election officer of the county in which the ~~taxing district~~ **community college** is located demanding that such resolution be submitted to a vote of the electors, it shall not take effect until submitted to and approved by the qualified electors of the ~~taxing district~~ **county**. Such election shall be noticed, called and held in the manner provided by law for question submitted elections. Such election may be conducted in accordance with the provisions of the mail ballot election act. The proposition shall be: "Shall Community College be authorized to impose a ~~districtwide~~ **countywide** retailers' sales tax not to exceed .5% for purposes of financing the costs of property tax relief by eliminating mills of ad valorem property taxes now levied on taxpayers owning property within the taxing district of Community College?"

(e) The provisions of K.S.A. 12-191, and amendments thereto, insofar as may be made applicable, shall apply to sales subject to the tax imposed pursuant to this section.

(f) The powers conferred by this section are for public uses or purposes for which public money may be expended, and such powers shall be in addition to any other power provided by law.

(g) As used in this section:

(1) "Community college" has the meaning ascribed thereto in K.S.A. 71-701, and amendments thereto.

(2) "Taxing district" means the taxing district of a community college.

(3) "Board of trustees" or "board" means the board of trustees of a community college.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

FISCAL FOCUS

Budget and Tax Policy in  Perspective

April Holman
Legislative Testimony
Senate Bill 436
Senate Committee on Assessment and Taxation
February 6, 2008

Good morning Madam Chair and members of the Committee. On behalf of Kansas Action for Children (KAC), I would like to thank you for this opportunity to testify.

KAC is a not-for-profit child advocacy organization that has been in existence since 1979. KAC works to promote policies that improve child well-being in the areas of health, education and family economic success. Several years ago KAC developed Fiscal Focus as part of this work to promote family economic success. The purpose of Fiscal Focus is to improve the economic security of Kansas children and their families, and ensure a balanced and fair tax system and budget process that promotes both the well-being of children and families and provides a stable system of state revenues.

The community college system in Kansas is not only a major asset to the state, but also a key piece of public infrastructure benefiting families and their children. We are very supportive of the mission of Kansas community colleges and we acknowledge the good work they are doing throughout the state. We also acknowledge and understand the need for additional funding for community colleges.

Our opposition to SB 436 stems from concerns about the impact of additional local sales taxes on low- and moderate-income families and children. The sales tax is a regressive tax in that it disproportionately impacts lower income taxpayers. This is exacerbated in Kansas because the sales tax is imposed on the sale of basic necessities such as food. Although the Legislature has taken steps to offset the impact of the sales tax on food by way of the Food Sales Tax Rebate, this measure is not based on the actual amount of taxes paid. Therefore, if community colleges were given sales tax authority, sales taxes for low- and moderate-income families purchasing food would rise with no offsetting rebate.

The solution for community college funding, as well as problems with structural deficits and tax fairness at the state level, would be better served by a broader approach to modernizing the Kansas tax structure. To this end, we respectfully urge the committee to instead support a broader approach by passing SB 305 to create a Tax Modernization Commission.



AMERICANS FOR PROSPERITY

K A N S A S

February 6, 2008

Madam Chair and members of the committee,

I am Alan Cobb, Kansas State Director of Americans for Prosperity, a free-market grassroots public policy group with more than 12,000 members in Kansas.

We oppose SB 436.

While we do not oppose true tax shifts, it appears there is nothing in this bill to prevent the mill levy from continuing to increase.

Kansas has a poor record of tax shifts. Tax shifts inevitably become tax increases. The 1992 School Finance Act is a prime example.

The language regarding financing property tax relief via sales tax proceeds is vague. If the intent is to lower the mill levy, then that should be stated clearly.

While the notion of a petition that would require a vote of citizens is laudable, the 30-day time limit is unrealistic. Why not simply put any sales tax creation or increase to a vote of the people?

Kansas already has 775 sales taxing districts. Do we need 18 more?

Government spending in Kansas is a problem. Local tax revenue in Kansas has increased more than twice the rate of inflation since 1990.

From 1990 through 2007, inflation was 54%. Local taxes tracked by the state were up 130%. There are many local taxes not tracked by the state.

Over the last several years, total per pupil spending at Kansas Community Colleged has increased faster than inflation. In addition, it appears that there is a total of \$124 MM in unused Community College revenue over the last seven years. That is 29% of all Community College expenditures for 2007.



AMERICANS FOR PROSPERITY K A N S A S

Community College Funding in Kansas

Year	Avg. Cost Per Student	Annual increase	Inflation
2000	\$7,848		
2001	\$8,229	4.85%	3.36%
2002	\$8,452	2.71%	1.05%
2003	\$8,158	-3.48%	1.72%
2004	\$8,268	1.35%	2.09%
2005	\$8,804	6.48%	2.55%
2006	\$9,203	4.53%	2.59%

Total increase 17.27%

Inflation 2000 - 2006 14.00%

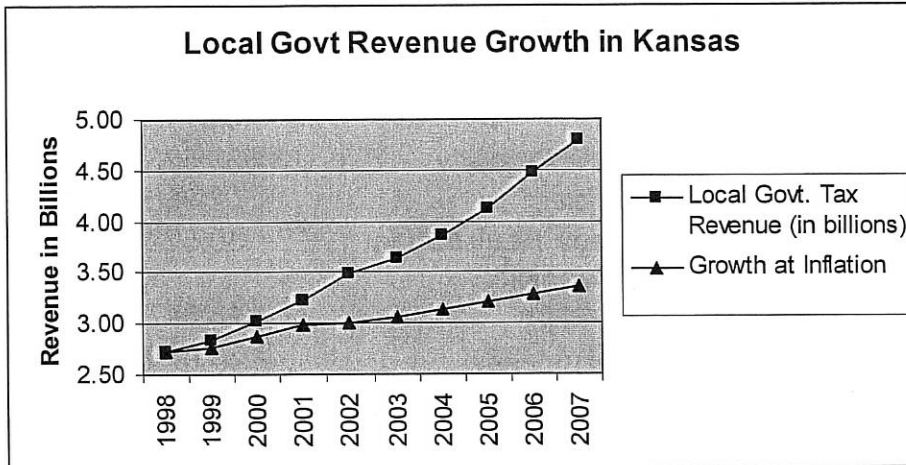
Year	Total CC Revenue	Actual Expenditure	Unused Funds
2000	\$303,829,209	\$302,020,628	\$1,808,581
2001	\$321,481,290	\$320,614,261	\$867,029
2002	\$350,736,449	\$347,538,303	\$3,198,146
2003	\$368,523,681	\$357,583,542	\$10,940,139
2004	\$434,384,511	\$371,610,356	\$62,774,155
2005	\$419,868,136	\$396,241,188	\$23,626,948
2006	\$444,212,866	\$423,399,215	\$20,813,651
*These figures do not include "restricted funds", which totaled ~\$63 MM in revenue and expenditures in 2006			
		Total Unused Funds	\$124,028,649

Source:

Kansas Board Of Regents, "Kansas Community Colleges Enrollment And Financial Statistics"; 2007 Edition, Compiled December 2006
 Kansas Association Of Community College Business Officials

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Kansas Local Government Tax Revenue Skyrockets



“Local governments continue to spend most of the state and local tax revenue. In FY2006, local government tax revenue was \$4.470 billion and local units received another \$3.142 billion from state taxes allocated to or shared with them. Thus, local units received \$7.612 billion, or about 69%, of total state and local taxes in FY2006.” -- Kansas Legislative Research Division

The following figures show only those local taxes that are tracked by the State of Kansas. There are many more local taxes, as will be shown below.

State sales tax revenues allocated to locals are not included in the figures below.

OTHER LOCAL TAXES AND FEES

Following is a partial list of local taxes and fees not tracked by the state.

- | | |
|---------------------------------------|--|
| Cable/CATV Franchise Fee Receipts | Dog and Cat Licenses |
| Electricity Franchise Fee Receipts | Building and Construction Fees |
| Natural Gas Franchise Fee Receipts | Building Permit Charges |
| Telephone Franchise Fee Receipts | Contractor License Fees |
| Other Franchise Fee Receipts | Contractor Examination Fees |
| Business Improvement District Taxes | Dangerous Structure Removal Fees |
| Special Assessment District Taxes | Mobile Home Permits |
| City Vehicle Taxes | Building Inspection Charges |
| Emergency Phone/911 Taxes | Street and Curb Cut Fees |
| Transient Guest Taxes | Zoning Amendment Fees |
| Intangibles Taxes | Zoning Board of Appeals Fees |
| Cable/CATV Sales, Fees, and Services | Sign Permit Fees |
| Electricity Sales, Fees, and Services | Special Use Permit Fees |
| Natural Gas Sales, Fees, and Services | Street Vacation Fees |
| Sewer/Wastewater Fees and Services | Zoning Change Permit Fees |
| Water Sales, Fees, and Services | Subdivision Plat Fees |
| Storm Water Fees and Services | Excise Taxes on Building Developments (Johnson County) |
| Fines and Forfeitures Collected | Excise Taxes on Event Tickets (Johnson County) |
| Municipal Court Costs Collected | |

From 1990 through 2007, inflation was 54%. Local taxes tracked by the state were up 130%. The taxes not tracked by the state were up far more. Many of those taxes did not exist in 1990.

Source: “Kansas Tax Facts”, Kansas Legislative Research Division, December 2007, Page 2 and 2008 Guide To Kansas Small business Issues, Presented by The Kansas Small Business Coalition, January, 2008

2007 Local Government Revenue in Kansas

Counties	Revenue (in thousands)	Summary of Sources		% of total
Tangible Property	998,314	Tangible Property	3,533,523	73.67%
Intangibles	1,319	Intangibles	2,968	0.06%
Mortgage Registration	50,522	Mortgage Registration	50,522	1.05%
Motor Vehicle Registration	13,847	Motor Vehicle Registration	13,847	0.29%
Transient Guest	1,641	Transient Guest	25,430	0.53%
Various Vehicle Sales and Use	105,946	Various Vehicle Sales and Use	318,345	6.64%
County total	1,672,626	TOTAL	4,796,184	17.75%
Cities				
Tangible Property	676,378			
Intangibles	897			
Transient Guest	23,789			
Various Vehicle Sales and Use	73,356			
City total	1,090,418			
Schools				
Tangible Property	1,607,240			
Various Vehicle Sales and Use	117,938			
School total	1,725,178			
Townships				
Tangible Property	51,271			
Intangibles	752			
Various Vehicle Sales and Use	5,402			
Total Townships	57,425			
Special Districts				
Tangible Property	200,320			
Various Vehicle Sales and Use	15,703			
Total Special Districts	250,537			
TOTAL Local	\$4,796,184			



Since 1894

TESTIMONY

To: The Senate Committee on Assessment and Taxation
Sen. Barbara Allen, Chairperson

From: John Donley

Date: February 6, 2008

Subject: **Senate Bill 510** -Sales tax exemption for fees for guided and non-guided hunting and sale of game birds for hunting

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing approximately 6,000 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf and stocker production, cattle feeding, grazing land management and diversified farming operations.

Good morning. My name is John Donley, and I am the Assistant General Counsel for the Kansas Livestock Association (KLA.) I am here today to extend KLA's support of SB 510.

The agricultural industry is a vital part of the Kansas economy. Ensuring that Kansas agriculture has favorable tax treatment is extremely important to ensure that Kansas continues to be a leading state in terms of the agricultural economy as well as ensuring that Kansas remains competitive with neighboring states.

The need for SB 510 arose due to inconsistent application of what was perceived to be the existing property tax treatment for truck beds and feed boxes. Current law states that farm machinery and equipment is currently exempt from property tax in Kansas. However, the Board of Tax Appeals (BOTA) has treated truck beds and feed boxes used for agricultural purposes inconsistently in the past. While it is true that motor vehicles used for agricultural purposes are not exempt from personal property tax, it has always been perceived that a truck bed or feed box that is attached to the motor vehicle should be exempt if it is used for farming or ranching purposes.

This issue was brought to our attention recently when a KLA member called and said that the county appraiser in their county was charging personal property tax

Assessment & Taxation
Date 2-6-08
Attachment # 7

for the feed box on a feed truck. After contacting the county attorney, KLA was able to track down the BOTA ruling that the appraiser was relying upon to justify the tax treatment. The 1997 BOTA ruling stated that the truck bed/feed box was not an exempt piece of personal property. KLA had been relying on a 1995 BOTA ruling that had reached the exact opposite conclusion. This ruling stated that while the truck itself was taxable, the truck bed or feed box was exempt from personal property tax as farm machinery and equipment.

A quick survey of members across the state showed us that most counties do not apply personal property tax for truck beds and feed boxes. Therefore, we felt that a statutory clarification should be made to make it clear that the policy of this state supports the exemption for truck beds and feed boxes used in farming and ranching operations. It is our belief that the amendment proposed in SB 510 will help clarify what has always been the intent of the existing statute.

Thank you. I will stand for questions at the appropriate time.

PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON ASSESSMENT and TAXATION

RE: SB 510 – an act concerning property taxation; relating to exemptions for certain farm machinery and equipment.

**February 6, 2008
Topeka, Kansas**

**Testimony provided by:
Brad Harrelson
State Policy Director
KFB Governmental Relations**

Chairperson Allen, and members of the Senate Committee on Assessment and Taxation, thank you for the opportunity to appear before you today. I am Brad Harrelson, State Policy Director—Governmental Relations for Kansas Farm Bureau. KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

Kansas Farm Bureau supports SB 510 and statutory clarification that property tax should not be applied to certain feed boxes or vehicle beds that are regularly used in farming or ranching operations. Clearly, the type of equipment referenced in SB 510 meets the intent of existing statute. This technical amendment to existing law will provide needed guidance to counties that are inconsistently interpreting and applying the law.

In conclusion, Kansas Farm Bureau respectfully urges your recommendation to pass favorably SB 510. Thank you, once again, for the opportunity to appear before you and share the policy of our members. KFB stands ready to assist as you consider this important measure. Thank you.

February 4, 2008

Senator Barbara Allen
State Capitol Building, Room 122-E
Topeka, KS 66612

Re: Revised Notice 07-08

Dear Senator Allen:

Please be advised that the Department has revised Notice 07-08 to state as follows: "The lease or rental of hunting rights to real property is considered a real property interest, and lease or rental payments made pursuant thereto are not subject to sales tax." A copy of Revised Notice 07-08 is enclosed herein and has been posted in the Department's Policy Information Library.

Please let me know if you have additional questions.

Sincerely,



Richard Cram

Cc: Joan Wagnon

KANSAS DEPARTMENT OF REVENUE

February 4, 2008

Revised 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.

The lease or rental of hunting rights to real property is considered a real property interest, and lease or rental payments made pursuant thereto are not subject to sales tax.

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.